EXECUTION VERSION

DEFINITIVE COOPERATION AND IMPLEMENTATION AGREEMENT

Dated as of August 17, 2026

DEFINITIVE COOPERATION AND IMPLEMENTATION AGREEMENT BETWEEN NEWFOUNDLAND AND LABRADOR HYDRO, HYDRO-QUÉBEC AND CHURCHILL FALLS (LABRADOR) CORPORATION LIMITED

This Definitive Cooperation and Implementation Agreement dated as of August 17, 2026 (this "**Agreement**"), is entered into by and among Newfoundland and Labrador Hydro, a body corporate existing pursuant to the *Hydro Corporation Act, 2024*, being Chapter H-18 of the Statutes of Newfoundland and Labrador ("**NLH**"), Hydro-Québec, a company incorporated under the *Hydro-Québec Act*, RLRQ c H-5 ("**HQ**"), and Churchill Falls (Labrador) Corporation Limited, a corporation incorporated under the laws of Canada ("**CF(L)Co**", and, collectively, with NLH and HQ, the "**Parties**" and each, a "**Party**").

WHEREAS renewable energy and hydroelectric power in particular are a strategic lever to fight climate change, support decarbonization and sustainable development in the best interests of the populations of Newfoundland & Labrador ("**NL**") and Québec ("**Québec**");

WHEREAS NLH and HQ are currently the shareholders of CF(L)Co, respectively at 65.8% and 34.2%, which owns and operates the Churchill Falls power generating facility ("**CF**") for which HQ is the principal off-take customer under a power contract dated May 12, 1969, as automatically renewed on September 1, 2016, which expires on the 25th anniversary of such date, namely August 31, 2041 (the "**RPC**"), and the Churchill Falls Guaranteed Winter Availability Contract, dated November 1, 1998, by and between HQ and CF(L)Co, which also expires on August 31, 2041 (the "**GWAC**", and together with the RPC, the "**Principal CF-HQ Agreements**");

WHEREAS NLH and CF(L)Co are parties to certain agreements for the sale of electricity generated by CF, namely the Recapture Sales Agreement dated March 9, 1998, and the TwinCo Power Purchase Agreement dated December 5, 2014 (collectively, the "**Principal CF-NLH Agreements**", and together with the Principal CF-HQ Agreements, the "**Principal Existing Agreements**");

WHEREAS on December 12, 2024, the Parties entered into a Memorandum of Understanding for a New Long-Term Energy Purchase and Development Initiative (the "**2024 MOU**");

WHEREAS the Parties subsequently engaged in negotiations with the objective of executing binding definitive agreements in accordance with the terms of the 2024 MOU and HQ performed preliminary onsite technical groundwork with respect to the Development Projects contemplated in the 2024 MOU;

WHEREAS in December 2025, the Government of NL established the Independent Churchill River Review Committee (the "**IRC**") to evaluate whether the 2024 MOU is in the best long-term interests of NL;

WHEREAS the 2024 MOU expired on April 30, 2026;

WHEREAS on May 19, 2026, following the completion of the IRC's review of the 2024 MOU, the Government of NL released the IRC's formal report (the "**IRC Report**");

WHEREAS in light of the conclusions and recommendations of the IRC Report, the technical groundwork performed by HQ since the 2024 MOU, and the Parties' ongoing constructive engagement with one another, the Parties have negotiated and reached a new mutually enhanced and more comprehensive agreement that is beneficial to each of the Parties and their respective stakeholders;

WHEREAS NLH and HQ have a commitment to increase the installed capacity of the existing Churchill Falls power generating facility and to develop significant new hydro-electric projects on the Churchill River and associated transmission, which have in part been the subject of prior provincial and federal regulatory review and approvals;

WHEREAS, in relation to that commitment, the Parties have agreed:

(a) that the Principal Existing Agreements should be terminated, prior to their current expiry dates, to be replaced by new long-term power purchase agreements in respect of the volumes of electricity from the existing CF plant (as further described herein, the "**New CF PPAs**" and each, a "**New CF PPA**") and to amend, terminate or replace certain other ancillary agreements as described herein; and

(b) to use their respective best efforts to negotiate and enter (or cause their relevant subsidiaries to enter) into Definitive Agreements (as defined below) in connection with the completion of development projects;

WHEREAS the Parties acknowledge they have a mutually beneficial interest in and commitment to building respectful relationships with and consulting Indigenous communities in connection with the proposed development projects; and

WHEREAS the Parties commit to use their respective best efforts to negotiate the Definitive Agreements (as defined below) relating to the enhanced long-term energy purchase and development initiative contemplated herein (the "**Enhanced Long-Term Energy Purchase and Development Initiative**") throughout the Term (as defined below).

NOW, **THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1
OBJECTIVES AND FUNDAMENTAL PRINCIPLES

1.1 OBJECTIVES. During the Term and as further provided in this Agreement, including in Article 2:

(a) the Parties agree to use their respective best efforts to negotiate and enter into the New CF PPAs which are intended, among other things, to (i) terminate and replace the Principal Existing Agreements, (ii) extend the contractual duration for the benefit of both HQ and NLH, (iii) enhance pricing terms, and (iv) provide capacity and flexibility to meet future supply requirements of both NL and Québec; and

(b) the Parties agree to use their respective best efforts to negotiate and enter (or cause their relevant subsidiaries to enter) into the Definitive Agreements in connection with the following development projects, as more specifically described in Schedule A hereto:

(i) the upgrade by CF(L)Co of all turbine-generator units at CF, which is expected to increase its installed capacity by 23.5% (the "**CF Upgrades**");

(ii) the development, construction and operation of a new hydroelectric power generating facility on the Churchill River, downstream from CF and approximately 100 km to the southwest of the Town of Happy Valley-Goose Bay, commonly referred to as "Gull Island" (the "**Gull Island Project**" or the "**GI Project**" and, together with the CF Upgrades, the "**Development Projects**" and each, a "**Development Project**"), to be owned and operated by a new joint venture entity which will be held 60% by NLH and 40% by HQ (the "**GI Project Entity**" or "**GIJVE**"); and

(iii) the development, construction (or upgrade) and operation of the required electricity transmission assets in Labrador and Québec for such Development Projects (respectively, the "**NL Transmission Assets**" and the "**QC Transmission Assets**").

(c) In addition, the Parties agree to study:

(i) the potential expansion of CF as it currently exists by way of the development, construction and operation of a new powerhouse and related interconnection facilities adjacent to the existing generating facility ("**CFX**"); and

(ii) the potential development, construction and operation of a new wind project generating facility to be located in Newfoundland and Labrador (the "**Wind Project**").

1.2 FUNDAMENTAL PRINCIPLES. It is proposed that the following fundamental principles form the basis to ensure the successful achievement of the aforementioned objectives:

(a) **Alignment of Strategic and Economic Interests**: The Parties agree that they have a mutual interest and commitment to implement the Enhanced Long-Term Energy Purchase and Development Initiative for the economic and social prosperity of the populations of NL and Québec. The Enhanced Long-Term Energy Purchase and Development Initiative represents a unique opportunity for environmentally sustainable growth for both provinces' economies and populations for decades to come. The Parties recognize their strategic and economic alignment and commitment to enter into the New PPAs (as defined below) and to construct the Development Projects and accordingly commit to engage in good faith with one another to complete the Enhanced Long-Term Energy Purchase and Development Initiative.

(b) **Relationships with Indigenous Communities**: The Parties confirm that they are committed to the objective of building respectful relationships with and consulting Indigenous communities in connection with the Enhanced Long-Term Energy Purchase and Development Initiative and that they will collaborate with one another to achieve this important objective.

(c) **Environmental and Other Approvals**: The Parties agree that they have a mutual interest in and commitment to ensuring that the requisite environmental and other approvals in connection with the development, construction and operation of the Development Projects and the associated NL Transmission Assets and QC Transmission Assets will be obtained, and that all aspects of such projects (including obtaining or updating applicable provincial and federal permits) will require important interaction with various regulatory bodies, including by leveraging NLH's or its affiliate's existing approvals and their prior engagement with the applicable regulatory bodies.

(d) **Health and Safety and Environmental Industry Standards**: The Parties agree that the Development Projects shall be implemented according to safety and environmental standards that are appropriate for industrial projects of this magnitude, aligned with best practices, and in compliance with applicable laws and regulations.

(e) **Governance**: The Parties agree that the governance arrangements applicable to every stage of the Enhanced Long-Term Energy Purchase and Development Initiative, including the design, execution and/or construction of the Development Projects, as well as the ownership and operation of the related power generating facilities, must be structured appropriately and in a balanced manner, taking into account the Parties' respective roles, responsibilities and financial exposures at each stage, as well as their respective shareholdings, all as further provided under the Material Terms (as defined below).

(f) **Transparent Communication, Coordination and Collaboration**: The Parties agree that it will only be through transparent communication, coordination and collaboration with one another and with other key interested parties that the five principles above will be achieved successfully across all phases of the Enhanced Long-Term Energy Purchase and Development Initiative.

The Definitive Agreements will be negotiated in light of and to advance each of the six principles above (collectively, the "**Fundamental Principles**").

1.3 Role of the Federal Government. NLH and HQ welcome the commitment of the Government of Canada to provide critical support for the Development Projects and will continue their collaboration with the Governments of Canada, NL and Quebec and Indigenous partners to fully articulate that support and realize the full potential of the Development Projects.

ARTICLE 2
COMMITMENT TO PROCESS AND MATERIAL TERMS

2.1 Commitment to Process. During the Term (as defined below), the Parties agree to use their respective best efforts to negotiate in good faith long-form definitive agreements (collectively, the "**Definitive Agreements**") reflecting, among other things, the Material Terms and implementing the Enhanced Long-Term Energy Purchase and Development Initiative provided herein, with the goal of entering into such Definitive Agreements by December 31, 2026 and in any event by no later than the end of the Term, including the following, each as further described under the Material Terms:

(a) the New CF PPAs in respect of the volumes of electricity from the existing CF plant, (x) between CF(L)Co and HQ, and (y) between CF(L)Co and NLH, which, when entered into, will terminate and replace the Principal Existing Agreements;

(b) the CF Upgrades power purchase agreements in respect of the volumes of electricity from the CF Upgrades, (x) between CF(L)Co and HQ, and (y) between CF(L)Co and NLH (together, the "**CF Upgrades PPAs**");

(c) power purchase agreements in respect of the Gull Island Project (x) between the GI Project Entity and HQ, and (y) between the GI Project Entity and NLH (together, the "**GI PPAs**", and together with the New CF PPAs and the CF Upgrades PPAs, the "**New PPAs**");

(d) a power purchase and sale agreement between HQ and NLH, as referred to in Section 4 of the Material Terms;

(e) an amended and restated shareholders' agreement governing CF(L)Co;

(f) a shareholders' agreement governing the GI Project Entity;

(g) a joint development agreement providing for the development, execution and construction of the GI Project;

(h) a development and construction management agreement with Société d'énergie de la Baie James ("**SEBJ**"), a subsidiary of HQ, for the management of the development and construction of the Gull Island Project;

(i) a development and construction management agreement between a subsidiary of NLH and SEBJ for the management of the development and construction of the NL Transmission Assets;

(j) agreements with respect to the usage and payment for the NL Transmission Assets;

(k) an operation and maintenance agreement between NLH and the GI Project Entity;

(l) a dispute resolution agreement;

(m) a procurement and benefit policy; and

(n) an amended and restated water management agreement with respect to the Churchill River.

2.2 Agreement on Material Terms. The Parties agree that their understanding of the key transaction terms for the Enhanced Long-Term Energy Purchase and Development Initiative is set forth in Schedule B hereto (the "**Material Terms**"). The Material Terms will serve as the basis for the drafting of the Definitive Agreements and the Parties acknowledge and agree that they will not modify the Material Terms substantively (or otherwise in a manner inconsistent with the substantive intent expressed in such Material Terms) in connection with the negotiation or drafting of the Definitive Agreements.

ARTICLE 3
IMPLEMENTATION COMMITTEE AND ACCESS DURING THE TERM

3.1 Implementation Committee. The Parties hereby agree to create an implementation committee (the "**Implementation Committee**") comprised of four members, two being appointed by each of NLH and HQ. The individuals appointed to the Implementation Committee shall be senior ranking individuals at NLH and HQ. The Implementation Committee will be the primary forum for discussion between NLH and HQ to coordinate and resolve any issues arising in connection with the negotiation and preparation of the Definitive Agreements.

3.2 Access. During the Term, NLH shall grant such access to HQ and SEBJ, without consideration, as may be reasonably necessary in order for HQ and SEBJ to undertake development work, including to carry out and/or update all engineering and environmental studies required for the Development Projects and the NL Transmission Assets to be under its responsibility per the Material Terms.

ARTICLE 4
ADDITIONAL COVENANTS

4.1 Confidentiality; Proprietary Information.

(a) The Parties agree that the discussions between NLH and HQ related to this Agreement are confidential and commercially sensitive, including the discussions held in connection with the negotiation of this Agreement as well as any documentation produced or exchanged in connection therewith.

(b) Subject to applicable law, NLH and HQ shall (and shall cause their respective subsidiaries and representatives) provide each other with all information that may be reasonably necessary or advisable to share in connection with development and construction of the Development Projects and the NL Transmission Assets (or the completion of studies for CFX and the Wind Project), including without limitation diligence information and materials that are customary for projects of this magnitude.

(c) All information shared between NLH and HQ (as applicable, the "**Disclosing Party**") in relation to this Agreement and the associated negotiations shall be considered confidential by the receiving party of such information (the "**Receiving Party**"). The Receiving Party shall not reproduce, copy, use or disclose (except when required by law) any such information in whole or in part for any purpose other than the Enhanced Long-Term Energy Purchase and Development Initiative without the prior written consent of the Disclosing Party, which consent shall not be unreasonably withheld. The Receiving Party may use such copy, the information contained therein, or both, only in the exercise of performance of its rights and obligations pursuant to this Agreement, and such information will not be sold or used for any other purpose. The Receiving Party shall take all appropriate action to protect the Disclosing Party's confidential, privileged or proprietary information, including by (i) restricting its use internally on a "need-to-know" basis, (ii) obtaining appropriate confidentiality agreements from agents and contractors to whom such information may be otherwise disclosed in connection with the development, construction and operation of the Development Projects and the NL Transmission Assets (or the completion of studies for CFX and the Wind Project) as contemplated by this Agreement, (iii) having appropriate confidentiality policies applicable to employees, and (iv) ensuring the return or destruction of all copies of all confidential information to the Disclosing Party when the need therefor to aid in performance of this Agreement or the Definitive Agreements no longer exists.

(d) To the extent any information or material furnished pursuant to this Section 4.1 or otherwise in accordance with the terms of this Agreement may include material subject to the attorney-client privilege, work product doctrine or other applicable privilege, the Parties understand and agree that they have a commonality of interest with respect to such matters and it is their desire, intention and mutual understanding that the sharing of such material is not intended to, and shall not, waive or diminish in any way the confidentiality of such material or its continued protection under the attorney-client privilege, work product doctrine or other applicable privilege.

(e) NLH is at all times subject to the provisions of Newfoundland and Labrador legislation as such legislation may be amended or varied, including, but not limited to, the *Access to Information and Protection of Privacy Act*, 2015, S.N.L. 2015, c.A.1.2., as amended, ("**ATIPPA**"), and the *Public Utilities Act*, R.S.N.L 1990, c. P 47. The Parties acknowledge that NLH may incur disclosure obligations pursuant to the provisions of the ATIPPA or other provincial legislation, and disclosure pursuant to such an obligation shall not be a breach of this Agreement. NLH shall, to the extent permitted under section 19 of the ATIPPA, give the other Party prompt written notice of such requirement prior to releasing such information so that such other Party may seek a protective order or other appropriate remedy. To the extent the information to be disclosed meets the disclosure harmful to business interests of a third party test as set out in the ATIPPA, section 39 of the ATIPPA will require that disclosure of such information be refused if requested by a third party. Where there is a challenge to such refusal, a review by the Access to Information and Privacy Commissioner, and ultimately the Supreme Court of Newfoundland Trial Division may occur. HQ will be entitled to be represented and make arguments in support of non-disclosure at each step in this process. NLH shall cooperate with HQ to obtain a protective order.

(f) HQ is at all times subject to the provisions of Québec and federal legislation as such legislation may be amended or varied, including the *Act respecting Access to documents held by public bodies and the Protection of personal information*, C.Q.L.R. c. A-2.1 ("**Québec Access Act**"). The Parties acknowledge that HQ may incur disclosure obligations pursuant to the provisions of the Québec Access Act or other applicable legislation, and disclosure pursuant to such an obligation shall not be a breach of this Agreement. HQ shall, to the extent permitted under section 25 and section 49 of the Québec Access Act, give CF(L)Co and NLH prompt written notice of such requirement prior to releasing such information so that CF(L)Co and NLH may seek a protective order or other appropriate remedy. To the extent the information to be disclosed meets the disclosure harmful to business interests of a third party test as set out under the Québec Access Act, section 25 will require that disclosure of such information be refused if requested by a third party. Where there is a challenge to such refusal, a review by the *Commission d'accès à l'information*, and ultimately the Court of Québec may occur. NLH will be entitled to be represented and make arguments in support of non-disclosure at each step in this process. HQ shall cooperate with NLH to obtain a protective order.

4.2 **Public Announcements.** Prior to making any public statement relating to this Agreement, the Definitive Agreements and any aspect of the Enhanced Long-Term Energy Purchase and Development Initiative (including its different components), each Party shall use its best efforts to consult with the other Parties, and provide meaningful opportunity for review and give due consideration to comments by the other Party, with both Parties acting reasonably.

4.3 **Survival.** This Article 4 shall survive the early termination or expiration of this Agreement.

ARTICLE 5
DISPUTE RESOLUTION

5.1 **Consultation and Negotiation.** The Parties shall use their respective best efforts to resolve all differences between them arising out of or in connection with the provisions of this Agreement, including its existence and validity or its breach or termination by any Party of such provisions, by good faith consultation and negotiation with each other with a view to reaching a just and equitable resolution.

5.2 **Implementation Committee**. If any dispute arises out of or in connection with this Agreement, a Party may deliver a notice of dispute to the other Parties, and such dispute shall first be submitted to the Implementation Committee for resolution. The Implementation Committee shall endeavour to resolve the dispute within five (5) business days.

5.3 **Chief Executive Officers**. If the Implementation Committee is unable to resolve the dispute within the period specified in Section 5.2, the dispute shall be escalated to the respective chief executive officers of NLH and HQ for negotiation. The chief executive officers shall endeavour to resolve the dispute within ten (10) business days.

5.4 **Court**. The Parties hereby attorn to the jurisdiction of the Ontario Superior Court of Justice in the judicial district of Toronto to resolve any dispute arising from the Binding Provisions (as defined below) in the event that such dispute is not resolved pursuant to the foregoing Sections 5.1 to 5.3.

ARTICLE 6
MISCELLANEOUS

6.1 **Non-Binding and Binding Provisions.**

(a) Nothing in this Agreement is intended, nor should it be construed to be legally binding on the Parties with respect to the matters set forth herein, except for Section 3.2 (*Access*), Article 4 (*Additional Covenants*), Article 5 (*Dispute Resolution*) and Article 6 (*Miscellaneous*) (the "**Binding Provisions**"), which provisions are legally binding from the date hereof. Further, this Agreement is also not intended to, and does not purport to, summarize all the terms, conditions, and other provisions that would be contained in the Definitive Agreements, which Definitive Agreements shall be subject to negotiation, execution and delivery, each in form and substance satisfactory to each Party.

(b) For the avoidance of doubt, nothing in this Agreement (including the Schedules) shall modify or otherwise affect the terms of the Principal Existing Agreements or any other ancillary agreement between the Parties and CF(L)Co until the Definitive Agreements have been fully negotiated and executed.

6.2 **Expenses.** Except as otherwise provided herein, including under Section 15 (*Intellectual Property*) of the Material Terms, each Party shall be responsible for and bear its own fees, costs and expenses incurred by such Party in connection with the negotiation and execution of this Agreement and the Definitive Agreements.

6.3 **Term and Exclusivity.**

(a) *Term*. This Agreement shall terminate on the earliest to occur of (i) the execution of the Definitive Agreements, (ii) the mutual agreement of NLH and HQ to terminate this Agreement, and (iii) March 31, 2027 (unless mutually extended in writing by the Parties) (the "**Term**").

(b) *Exclusivity*. From the date hereof and during the Term, NLH shall not discuss, or enter into any agreement, with any party other than HQ with respect to the possibility of developing a hydro-electric project at the Gull Island site.

6.4 **No Other Damages.** The Parties hereby agree that no contractual damages or specific performance or injunctive relief remedies shall be available as a result of a breach by NLH or HQ of this Agreement, other than specific performance or injunctive relief remedies in respect of the Binding Provisions.

6.5 **Shareholders' Approval of this Agreement.** Each of NLH and HQ, in their respective capacity as shareholders of CF(L)Co, hereby consents to the entering into of this Agreement by CF(L)Co.

6.6 **Approval of Definitive Agreements.** Provided agreement is reached on the contents of the Definitive Agreements, NLH and HQ each intend to recommend for approval the entering into of same to its board of directors and shall seek governmental approval, if required.

6.7 **Assignment.** Neither this Agreement nor any of the binding rights or binding obligations under this Agreement shall be assignable or transferable by any Party without the prior written consent of the other Party.

6.8 **Amendment.** No amendment or modification to this Agreement will be binding unless it is in writing and executed by a duly authorized representative of each Party.

6.9 **Severability.** If any provision of this Agreement shall be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force and effect.

6.10 **Interpretation**.

(a) In this Agreement, the words "includes", "including", "included" and similar expressions mean "include (or including or included) without limitation"; and

(b) All net present values in this Agreement (including the Schedules) have been established based on the agreed upon 5.822% discount rate with a value date of December 31, 2024.

6.11 **No Third-Party Beneficiary**. The terms and provisions of this Agreement are intended solely for the benefit of the Parties and their respective successors or permitted assigns, and it is not the intention of the Parties to create any right, or cause of action in favor of, any person, other than the Parties.

6.12 **Governing Law.** The binding provisions of this Agreement shall be governed by and interpreted and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable in such province.

6.13 **Entire Agreement.** This Agreement contains the entire agreement between the Parties and supersedes and replaces any prior agreements, discussions or understandings, written or oral, between the Parties in relation to the subject matter of this Agreement. The Schedules attached hereto (including all Annexes attached to any Schedule) form an integral part of this Agreement.

6.14 **Counterparts.** This Agreement may be executed in any number of counterparts (including counterparts electronically (PDF)) and all such counterparts taken together shall be deemed to constitute one and the same instrument.

6.15 Language. The Parties confirm that this Agreement be drafted both in the French and in the English language in manner and form satisfactory to each of them, and that both versions shall be official versions thereof.

[*Execution Page Follows*]

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

NEWFOUNDLAND AND LABRADOR HYDRO

By: ____________________________
Name: Jennifer Williams
Title: President & Chief Executive Officer

By: ____________________________
Name: Erin McCormack
Title: VP, Business Development & Indigenous Affairs

HYDRO-QUÉBEC

By: ____________________________
Name: Claudine Bouchard
Title: President and Chief Executive Officer

CHURCHILL FALLS (LABRADOR) CORPORATION LIMITED

By: ____________________________
Name: Michael Ladha, K.C.
Title: VP, Chief Legal Officer & Corporate Secretary

By: ____________________________
Name: Lisa Hutchens
Title: VP, Chief Financial Officer

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

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By: ______________________________
Name: Claudine Bouchard
Title: President and Chief Executive Officer

CHURCHILL FALLS (LABRADOR) CORPORATION LIMITED

By: ______________________________
Name: Michael Ladha, K.C.
Title: VP, Chief Legal Officer & Corporate Secretary

By: ______________________________
Name: Lisa Hutchens
Title: VP, Chief Financial Officer

SCHEDULE A

DESCRIPTION OF DEVELOPMENT PROJECTS

1. CF Upgrades

The CF Upgrades consist in the upgrade of the 11 turbine-generator units of the existing Churchill Falls power generating facility expected to increase the installed capacity by 23.5% (or approximately 1,275 MW), for a total rated capacity of approximately 6,703 MW.

The upgraded units will be fed by the existing individual penstocks and the turbined water will continue to return to the Churchill River through the surge chamber located downstream to the powerhouse and the two parallel tailrace tunnels.

2. Description of Gull Island Project

The construction and operation of a new hydroelectric power generating facility on the Churchill River, downstream from Churchill Falls and approximately 100 km to the southwest of the Town of Happy Valley-Goose Bay, commonly referred to as "Gull Island", expected to provide an installed capacity of approximately 2,250 MW or 2,700 MW (depending on the final configuration of Gull Island).

Subject to additional technical and environmental studies to be carried out by the Parties and input to be received from the relevant key interested parties and governmental authorities, it is currently anticipated that the Gull Island Project will involve the following:

a) a powerhouse containing at least 5 or 6 turbine generator units (depending on the final configuration of Gull Island);

b) a new dam;

c) a reservoir, which is currently expected to be around 230 km long;

d) a worker's camp; and

e) other temporary or permanent infrastructure in Labrador.

SCHEDULE B

COMPREHENSIVE MATERIAL TERMS

This Schedule sets out the comprehensive material terms (the "**Material Terms**") attached to the Definitive Cooperation and Implementation Agreement (the "**DCIA**") entered into between Newfoundland and Labrador Hydro ("**NLH**"), Hydro-Québec ("**HQ**") and Churchill Falls (Labrador) Corporation Limited ("**CF(L)Co**", and together with NLH and HQ, the "**Parties**"). These Material Terms will serve as the basis for the drafting of the definitive agreements identified in Annex A (the "**Definitive Agreements**"), and the Parties acknowledge and agree that they will not modify the Material Terms substantively (or otherwise in a manner inconsistent with the substantive intent expressed in such Material Terms) in connection with the negotiation or drafting of the Definitive Agreements which the Parties shall use all reasonable efforts to finalize by December 31, 2026 and in no event later than the expiration of the DCIA.

When used in these Material Terms, "volumes" means, with respect to any Project, the relevant capacity, energy, or both capacity and energy, entitlements of either NLH or HQ or both, as the context requires. Each reference to an Annex in this Schedule B is a reference to an Annex attached to this Schedule B.

	Topic	Term
1.	**Parties**	(a) NLH, HQ and CF(L)Co
2.	**Volume Allocation**	(a) NLH and HQ agree to an allocation of capacity as set out in Annex B that may, upon and subject to terms set out in these Material Terms, provide NLH with access to up to 2,350 MW and HQ with access to up to 6,915 MW once the Development Projects (as defined in the DCIA) are completed and, respectively, up to 2,750 MW and 8,515 MW if the Wind Project (as defined below) is completed. (b) The allocation of capacity set out in Annex B is based on the Parties' joint preliminary understanding of the Development Projects and related completion timelines as of the date hereof and will be adjusted to the extent such Development Projects or related timelines change. (c) If the capacity available from a particular Development Project differs from the current projections and assumptions applicable to such Development Project, the capacity allocated from such Development Project shall be adjusted on a pro rata basis in accordance with the relative capacity being allocated from such Development Project between NLH and HQ in Annex B. (d) Further, approximate capacity figures and expected completion timelines referenced in respect of each Development Project are subject to completion of detailed studies. If final designs of each Development Project do not achieve targeted capacity for the applicable project, NLH's and HQ's capacity entitlements for such project will be allocated in accordance with Section 2(b) and (c), and neither NLH nor HQ will be subject to financial penalties in such circumstance. (e) For clarity, if the GI Project's installed capacity is above 2,250 MW and below 2,700 MW, the volume from the GI Project available to NLH shall be

	Topic	Term
		determined using straight-line interpolation. For example, if the GI Project's installed capacity is 2,475 MW (i.e., the midpoint between 2,250 MW and 2,700 MW), NLH shall be entitled to 349 MW, which is the midpoint between 266 MW and 432 MW. (f) Volume caps and the applicable triggers for such caps are as set out in Annex C.
3.	**New Churchill Falls Power Purchase Agreements**	(a) As part of the Definitive Agreements, each of HQ and NLH shall enter into a distinct new power purchase agreement with CF(L)Co (collectively, the "**New CF PPAs**"). (b) HQ's New CF PPA will: (i) be structured as an availability contract with fixed target payments as specified in Annex D, invoiced monthly, applicable to the amount of volumes attributed to the Churchill Falls power generating facility ("**CF**") as it currently exists (i.e., volumes that do not reflect the CF Upgrades) as specified in Annex B. The payments specified in Annex D will be adjusted downwards (to reflect monthly invoicing which results in payments to CF(L)Co that occur faster than as implied in Annex D) such that the NPV of the monthly payments remain equal to those specified in Annex D. The fixed payments will be adjusted to reflect changes in volume entitlements in the event that volume caps come into effect; (ii) be structured to reflect that HQ assumes all hydrology upsides or downsides with no annual energy limit; (iii) provide HQ with multi-annual storage in the Smallwood reservoir subject to the following conditions: (i) maintaining sufficient reservoir levels to meet NLH's recapture requirements, and (ii) respecting minimum CF plant generation requirement of 1,500 MW[1]; (iv) preserve intra-hour scheduling flexibility for HQ; (v) run from January 1, 2027 to December 31, 2077, without any automatic renewal rights, except that such term will be applied retroactively to January 1, 2027 to the extent the New CF PPAs are executed following such date; (vi) contain performance clauses consistent with Annex E (and as further delineated in the applicable Definitive Agreements); (vii) contain a payment adjustment mechanism consistent with Annex F resulting in adjustment of target payments by reference to CPI (as

[1] Consistent with the RPC value of 1,200 (including NLH recapture), TwinCo, local loads and losses. Subject to any agreed upon change necessary to reflect future changes to the characteristics of CF.

	Topic	Term
		defined in Annex F); and (viii) provide HQ with scheduling rights over the firm transmission rights held by CF(L)Co to the Newfoundland & Labrador (“**NL**”) and Québec interface (“**LAB-HQT**”) to schedule deliveries from CF or other suppliers who are party to the water management agreement. (c) NLH’s New CF PPA will: (i) be structured as a take-or-pay capacity purchase contract with fixed annual energy quantities consistent with Annex B, invoiced monthly; (ii) have the same term as HQ’s New CF PPA; (iii) not provide performance incentives payable by NLH; (iv) result in payment of the same equivalent blended price per MWh and CPI-based adjustment mechanism as HQ; (v) provide that NLH’s volumes are “first out of plant” (i.e., priority for its volumes of energy and capacity); and (vi) provide NLH with scheduling rights over 300 MW of the firm transmission rights held by CF(L)Co to the LAB-HQT. (d) The New CF PPAs will include provisions that are consistent with the water management principles set out in Annex G and the terms and conditions of the amended and restated water management agreement with respect to the Churchill River in its version executed concurrently with the other Definitive Agreements.
4.	**HQ-NLH Power Purchase and Sale Agreement**	(a) NLH’s CF, CF Upgrades and GI capacity and energy entitlements will only be used to serve its domestic load or as otherwise provided in this Section 4. (b) NLH may elect to sell to HQ, and HQ will be obligated to purchase from NLH, any portion of its CF, CF Upgrades and GI capacity and energy entitlements under one or more of the following mechanisms or combination thereof: (i) Up to 280 MW at a synthetic export price (the “**Synthetic Export Price**”). The Synthetic Export Price will comprise energy as follows and winter capacity pricing (in each case, as defined in Annex H), and will be net of transmission charges that would otherwise have been paid: ▪ 1/3 New England, plus ▪ 1/3 New York (Astoria delivery point), plus ▪ 1/3 Ontario (PQAT interface).

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		(ii) Up to 240 MW, at a capacity factor which will be agreed upon in the Definitive Agreements, for HQ to satisfy its Champlain Hudson Power Express ("**CHPE**") contract, at a net pricing[2] equivalent to the CHPE contract (the "**CHPE Equivalent Pricing**"). For clarity, such arrangement will not be on a back-to-back basis with the CHPE contract but rather at an equivalent pricing arrangement (without considering any applicable penalties or deductions applicable under the CHPE contract) whereby NLH's obligation is limited to deliver at the LAB-HQT (and not elsewhere). (iii) Up to 200 MW, at a capacity factor which will be agreed upon in the Definitive Agreements, for HQ to satisfy the New England Clean Energy Connect ("**NECEC**") contract, at a net pricing equivalent to the NECEC contract (the "**NECEC Equivalent Pricing**"). For clarity, such arrangement will not be on a back-to-back basis with the NECEC contract but rather at an equivalent pricing arrangement (without considering any applicable penalties or deductions applicable under the NECEC contract) whereby NLH's obligation is limited to deliver at the LAB-HQT (and not elsewhere). (iv) Any volumes at 95% of: (i) the New CF PPA pricing for NLH's CF entitlements, (ii) the pricing for NLH's CF Upgrades entitlements under the applicable CF Upgrades PPA, and (iii) the pricing for NLH's GI entitlements under the applicable GI PPA, in each case of clauses (i), (ii) and (iii), whenever NLH is left with unplanned unused energy to serve its domestic load (the "**Discounted PPA Price**"). (v) With reference to NLH's CF entitlements only, any volumes at a premium price, being 1.5x the New CF PPA price based on the payments schedule as set out in Annex D, subject to the CPI-based adjustment mechanism (the "**Premium PPA Price**"). (c) NLH must provide a prior notice of at least three years to HQ in order to sell to HQ at the Synthetic Export Price, the CHPE Equivalent Pricing, the NECEC Equivalent Pricing or the Premium PPA Price. NLH must also provide a prior notice of at least three years to HQ in order to reallocate any volumes sold to HQ between or from any of the Synthetic Export Price, the CHPE Equivalent Pricing, the NECEC Equivalent Pricing and/or the Premium PPA Price. (d) NLH may recapture energy and capacity previously sold to HQ under any of these four pricing regimes at its discretion upon a prior notice of at least three years to HQ, provided that such recaptured energy and capacity is used to serve NLH's domestic load. NLH will be the selling entity, not CF(L)Co or GIJVE, as applicable. NLH will continue to be paid in accordance with the currently

[2] Net pricing refers to the gross contract price, minus transmission charges that would otherwise have been paid, including the applicable transmission charges on the respective NECEC and CHPE transmission lines, as applicable, to reach the delivery point.

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		applicable pricing regime during the three-year notice period leading up to a requested change in applicable pricing regime. (e) For greater clarity, NLH may not arbitrage on a short-term basis between the Synthetic Export Price, the CHPE Equivalent Pricing, the NECEC Equivalent Pricing and the Premium PPA Price. Any change must respect the three-year notice requirement and the caps provided for in Section 4(b) and (c), as applicable, for each of the Synthetic Export Price, the CHPE Equivalent Pricing and the NECEC Equivalent Pricing. (f) Following the expiry of each of the CHPE and NECEC contracts, unless mutually agreed otherwise between HQ and NLH, NLH will maintain the option to sell to HQ up to the volumes set forth in Section 4(b) in respect of each of CHPE and NECEC and earn the same net price that HQ will be earning for such volumes based on whatever strategy HQ decides to implement at that time (whether through spot sales, renewal of the long-term CHPE and/or NECEC contracts or execution of one or more new long-term contracts). (g) Any sale by NLH to HQ not covered by a prior notice of at least three years shall be made at the Discounted PPA Price, and HQ shall remain obligated to purchase in all events. NLH will be the selling entity, not CF(L)Co or GIJVE, as applicable. (h) Notwithstanding the foregoing requirements under this Section 4 to provide prior notice of at least three years to HQ, for the period starting as at the beginning of the term of the New CF PPAs, NLH will be entitled to make any such election to sell to HQ in accordance with the foregoing mechanisms upon the entering into of the Definitive Agreements. (i) NLH will retain its 265 MW point-to-point transmission reservation from Labrador to New York through Québec's open-access transmission system. NLH may, from time to time during the term of the New CF PPAs, offer to make available to HQ all or any portion of its 265 MW transmission reservation for a minimum term of one year. HQ may accept or decline any such offer in its sole discretion. If HQ accepts, HQ will be responsible for the associated transmission charges. HQ's obligation will continue only until the earlier of the following (i) NLH requires the rights back for its own use upon a one-year prior written notice to HQ and (ii) HQ no longer requires such rights upon a one-year prior written notice to NLH. Where HQ accepts all or a portion of NLH's 265 MW transmission reservation, NLH and HQ shall collaborate to ensure that such transmission rights are renewed (including by the exercise of the applicable rollover rights).
5.	**CF Upgrades Development**	(a) CF(L)Co will lead the development and construction of the upgrade of all turbine-generator units at CF with a target of 23.5% increase in capacity (as further described in Schedule A of the DCIA, the "**CF Upgrades**"), or more if

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		such increase reduces costs on a per MW basis and is determined to be mutually acceptable by the Parties from a technical risk perspective. (b) HQ shall provide technical assistance for the development and construction of the CF Upgrades as required by CF(L)Co.
6.	**CF Upgrades PPA and Financing**	(a) As part of the Definitive Agreements, each of HQ and NLH shall enter into a distinct power purchase agreement with CF(L)Co as it relates to the volumes from the CF Upgrades (collectively, the "**CF Upgrades PPAs**"). (b) The CF Upgrades PPAs shall be structured as an availability payment arrangement and not a lease. (c) The CF Upgrades PPAs will provide HQ with intra-hour scheduling flexibility, similar to the intra-hour scheduling flexibility used by HQ for CF. (d) The CF Upgrades PPA entered into by HQ will contain performance clauses consistent with Annex E (and as further delineated in the applicable Definitive Agreements). For clarity, such performance clauses shall apply on a global basis (without duplication) with the performance clauses to be included under HQ's New CF PPA (and vice versa). The CF Upgrades PPA entered into by NLH will not provide performance incentives payable by NLH. (e) NLH's CF Upgrades power and energy entitlements will only be used to serve its domestic load, or as otherwise provided in Section 4. (f) HQ shall purchase 100% of the CF Upgrades production, subject to recapture by NLH in the amounts specified in Annex B, on a cost-plus formula containing the following features (the "**CF Upgrades Cost-Plus Formula**"): (i) NLH's recapture pursuant to its CF Upgrades PPA shall be first out of plant (i.e., priority for its volumes of energy and capacity); (ii) return on deemed equity of 8.5% (provided that the return on deemed equity for the CF Upgrades will not be lower at any given time than the interest rate applicable to the debt related to the CF Upgrades); (iii) deemed capital structure of 75% debt / 25% equity. Return on and return of equity shall be deemed "distributed" when paid in the capital cost recovery charge; (iv) term to match the term of the New CF PPAs, without any automatic renewal rights; (v) capital charge to be calculated using a straight-line declining traditional cost of service model; (vi) initial development capital costs are to be actual costs minus $700

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		million (2026$). The initial development capital costs (including debt financing and related costs and deemed equity) will be amortized over the term of the CF Upgrades PPAs (on a straight-line basis), provided that initial development capital costs in respect of each turbine will be amortized over a period of 50 years from the commissioning of such turbine; (vii) incremental O&M costs caused by the CF Upgrades on a "flow-through" basis and incremental capitalized post-COD costs (non-development) amortized in accordance with applicable generally accepted accounting principles for commercial (not public) enterprises (ignoring write-downs) consistently applied with capitalized assets amortized over their estimated useful lives, including any share of the Revenue Requirement payable by CF(L)Co to NLH Transco (as defined below) (provided that such Revenue Requirement shall only be included in the CF Upgrades Cost-Plus Formula applicable to HQ's CF Upgrades PPA, subject to Section 10) and incremental water rentals and royalties, as applicable; (viii) favourable cost outcomes and unfavourable cost overruns to be borne by the off-takers; and (ix) investment tax credits, if applicable, to reduce project costs. (g) HQ will have access to and will purchase any volumes from the CF Upgrades being subject to NLH's recapture rights until any such volumes are actually recaptured by NLH. For such volumes that NLH has not exercised its recapture right, the rate payable by HQ will be the cost-plus pricing provided under Section 6(f). For greater certainty, when used in this "Schedule B – Comprehensive Material Terms" in connection with CF Upgrades, "recapture" means NLH having provided HQ with a three-year advance notice informing CF(L)Co and HQ that NLH will exercise its entitlement to purchase under its CF Upgrades PPA any specified portion of its volume entitlements from the CF Upgrades. (h) The CF Upgrades PPAs will include provisions that are consistent with the water management principles set out in Annex G and the terms and conditions of the amended and restated water management agreement with respect to the Churchill River in its version executed concurrently with the other Definitive Agreements. (i) The CF Upgrades will be financed by CF(L)Co without any special purpose vehicle. (j) CF(L)Co will finance the upgrades with debt as part of CF(L)Co's financing operations that are governed by the CF(L)Co financing policies described in Annex I.

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7.	**Gull Island Incentive Payments**	(a) HQ shall pay NLH the following exclusivity and development-related payments[3]: (i) $500 million NPV upon execution of the Definitive Agreements; (ii) $500 million NPV one year after execution of the Definitive Agreements; (iii) $300 million NPV two years after execution of the Definitive Agreements; and (iv) $2.2 billion NPV in installments to satisfy the equity requirements of the GI Project (NLH never to be out of the money; meaning that incentive payments shall be paid by HQ concurrently with any capital call funding deadline). (b) The initial payments totalling $1.3 billion NPV are compensation from HQ to NLH for the right to access and co-develop the GI Project. (c) For clarity, if the volumes available from the Development Projects differ from the current outlook and assumptions, including if Gull Island's total rated capacity is less than 2,700 MW, there shall be no reduction to the foregoing exclusivity and development-related payments. (d) The full $3.5 billion NPV is intended to provide NLH with funds required to contribute its 60% equity ownership into the GI Project, and will represent NLH's equity contribution cap (the "**NLH GI Equity Contribution Cap**") in the GI Project Entity (as defined below). (e) NLH may use all or a portion of the $3.5 billion NPV to meet its equity contribution obligations for the NL Transmission Assets, provided that NLH shall remain at all times responsible to meet its equity contribution obligations in respect of the Gull Island Project up to the NLH GI Equity Contribution Cap. (f) To the extent that the total equity needed from NLH for the GI Project and/or the NL Transmission Assets is less than $3.5 billion NPV, then such difference shall be payable by HQ to NLH on the date that is six months after the GI Project has been fully commissioned. (g) Once any payment forming part of the $3.5 billion NPV has been paid, such payment shall not be refundable.

[3] All references to "NPV" herein (including in the Annexes and Schedules) are net present values established based on the agreed upon 5.822% discount rate with a value date of December 31, 2024.

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8.	**Gull Island Development**	(a) The GI Project will be owned and operated by a new joint venture entity which will be held 60% by NLH and 40% by HQ (the "**GI Project Entity**" or "**GIJVE**"). (b) As further provided in this Section 8 and in Section 10 in respect of the NL Transmission Assets, HQ and its subsidiary, Société d'énergie de la Baie James ("**SEBJ**") shall lead the development and construction of: (i) the Gull Island generating facility; (ii) the 735 kV line from Gull Island to Churchill Falls and the associated substation; and (iii) the 735 kV line from Gull Island to Romaine 4. (c) An Executive Construction Committee (the "**ECC**") shall be established to oversee the GI Project throughout the FEL process up to final completion of the GI Project, with majority HQ membership and minority NLH representation. (d) NLH shall have approval rights over a material change to the GI Project that results in: (i) a decrease in capacity or energy production above 10%; (ii) an increase in expected total project costs above 20% based on the then currently applicable project budget; or (iii) a change requiring a new impact assessment under federal regulation (each, a "**NLH Approval Right**"). (e) At any given time, the most recently available FEL report will be used for the purpose of determining whether a proposed change is a material change to the GI Project. (f) NLH may withhold its approval in respect of an NLH Approval Right only if NLH determines, acting reasonably and in good faith, based on bona fide technical, regulatory, operational or financial considerations and on the basis of facts and assumptions then reasonably available to it, that the proposed change would result in one or more of the matters described in Section 8(d). The Definitive Agreements will provide for a dispute resolution mechanism designed to minimize the risk of any slowdown or suspension in construction arising from any dispute between NLH and HQ. (g) The most advanced FEL report for the GI Project will be attached to the Definitive Agreements and will be shared with NLH at least 30 days prior to the entering into of the Definitive Agreements.

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		(h) NLH and GIJVE shall provide HQ and its affiliates, including SEBJ, full and free access to the Gull Island site and any other lands, facilities and infrastructure owned or controlled by NLH or GIJVE that are required for the design, development, construction and commissioning of the GI Project, subject to compliance with applicable laws. NLH and GIJVE will each use their respective reasonable best efforts to resolve any limitation to access of the Gull Island site that occurs as a result of a third party action. In that regard, NLH and GIJVE shall collaborate with SEBJ (in its capacity as manager) to obtain any relevant input and assess the appropriate course of action to be undertaken in the best interest of the GI Project. (i) SEBJ shall be appointed project manager for the GI Project. SEBJ shall oversee the development, design, procurement, construction and commissioning of the GI Project and manage project contractors and suppliers. (j) SEBJ will report to the ECC and will be bound to obtain the prior approval of the ECC for matters of importance to be listed in the Definitive Agreements. (k) Through NLH's membership on the ECC, HQ and SEBJ shall consult with NLH throughout the design phase of the GI Project, the scope of which consultation will be further defined in the Definitive Agreements, and which will be based on the objectives of achieving an optimal project from the perspectives of scheduling, cost, quality, health and safety standards, environmental sustainability, maintainability and operability. (l) Pursuant to an operation and maintenance agreement to be entered into with the GI Project Entity, NLH shall operate the facility (the "**O&M Agreement**").
9.	**Gull Island PPA and Financing**	(a) Each of HQ and NLH will enter into a distinct power purchase agreement with GIJVE as it relates to the volumes from the GI Project (collectively, the "**GI PPAs**" or "**Gull Island PPAs**"). (b) HQ's GI PPA will: (i) be structured as an availability payment arrangement and not as a lease; and (ii) provide HQ with scheduling rights over the firm transmission rights held by GIJVE to the LAB-HQT to schedule deliveries from Gull Island or other suppliers who are party to the water management agreement. (c) NLH's GI PPA will be structured as a take-or-pay capacity purchase contract with fixed annual energy quantities, invoiced monthly. (d) NLH's Gull Island power and energy entitlements will only be used to serve its domestic load, or as otherwise provided in Section 4.

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		(e) NLH's recapture pursuant to its GI PPA shall be first out of plant (i.e., priority for its volumes of energy and capacity). (f) The Gull Island PPAs will be structured to reflect that HQ assumes all hydrology upsides and downsides. (g) The Gull Island PPAs will provide HQ with intra-hour scheduling flexibility, similar to the intra-hour scheduling flexibility used by HQ for CF. (h) HQ's GI PPA will include performance clauses consistent with Annex E (as further delineated in the applicable Definitive Agreements). For greater certainty, NLH's GI PPA will not provide performance incentives payable by NLH. (i) HQ shall purchase 100% of Gull Island production, subject to recapture by NLH of up to 16% of such production, on a cost-plus formula containing the following features (the "**GI Cost-Plus Formula**"): (i) return on equity of 8.5%; (ii) the capital structure, throughout the term of the GI PPAs, shall be maintained at 75% debt / 25% equity. Equity shall be equal to all equity contributed by the shareholders, plus Equity Replacement Subordinated Debt (if any) (as defined in the Financing Policies in Annex I), and any accrued and undistributed contractually receivable return on equity and Equity Replacement Subordinated Debt (e.g., as contemplated by the initial power purchase agreements) (it being understood that appropriate restrictions on repayment of interest associated with Equity Replacement Subordinated Debt will be provided for in the Definitive Agreements); (iii) term of 50 years from COD (to be defined in the Definitive Agreements), without any automatic renewal rights; (iv) capital charge to be calculated using a straight-line declining traditional cost of service model; (v) outstanding capital at expiry shall not exceed the sum of (1) 15/65 of the sum of the initial construction and development debt and the initial construction and development equity, including any Equity Replacement Subordinated Debt, as applicable, (2) the sum of debt and equity related to unamortized post-COD capitalized costs (other than development and construction related costs incurred post-COD) which will be amortized (on a straight-line basis) in accordance with applicable generally accepted accounting principles for commercial (not public) enterprises (ignoring write-downs) consistently applied with capitalized assets amortized over their estimated useful lives, and (3) the amount of capital required to finance working capital and other cash flow requirements of GIJVE (the sum of (1), (2) and (3), the "**GI**

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		PPA Expiry Outstanding Amount"); (vi) O&M on a "flow-through" basis, with post-COD capitalized costs (other than development and construction related costs incurred post-COD) amortized in accordance with applicable generally accepted accounting principles for commercial (not public) enterprises (ignoring write-downs) consistently applied with capitalized assets amortized over their estimated useful lives, including any share of the Revenue Requirement payable by GIJVE to NLH Transco (provided that such Revenue Requirement shall only be included in the GI Cost-Plus Formula applicable to HQ's GI PPA, subject to Section 10) and incremental water rentals and royalties, as applicable; (vii) favourable cost outcomes and unfavourable cost overruns to be borne by PPA off-takers; and (viii) investment tax credits, if applicable, to reduce project costs. (j) HQ will have access to and will purchase any volumes from the GI Project being subject to NLH's recapture rights until any such volumes are actually recaptured by NLH. For such volumes that NLH has not exercised its recapture right, the rate payable by HQ will be the cost-plus pricing provided under Section 9(i). For greater certainty, when used in this "Schedule B – Comprehensive Material Terms" in connection with Gull Island, "recapture" means NLH having provided HQ with a notice informing GIJVE and HQ that NLH will exercise its entitlement to purchase under its GI PPA any specified portion of its volume entitlements from Gull Island. (k) The GI PPAs will include provisions that are consistent with the water management principles set out in Annex G and the terms and conditions of the amended and restated water management agreement with respect to the Churchill River in its version executed concurrently with the other Definitive Agreements. (l) During the period commencing at the start of development and ending at the end of the term of the Gull Island PPAs, HQ shall be responsible for financing activities related to the Gull Island Project, with full authority and discretion, in accordance with, and subject to, the GIJVE Financing Policies attached hereto as Annex I. (m) Following the expiration of the GI PPAs, HQ shall no longer have the sole responsibility and decision-making with respect to the financing activities of the Gull Island Project, the responsibility for overseeing and directing financing activities related to the Gull Island Project shall be subject to the authority and oversight of the board of directors of GIJVE, in accordance with GIJVE shareholders agreement and other constating documents.

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10.	**NL Transmission Assets**	(a) The NL Transmission Assets will be owned and financed through a subsidiary of NLH ("**NLH Transco**"). For greater certainty, HQ shall not own any part of the NL Transmission Assets. (b) The Parties agree that HQ and SEBJ will lead and be responsible for the development of the NL Transmission Assets as required to transport electricity generated by the Development Projects to an agreed HQ delivery point by no later than the commercial operations date of each Development Project. (c) As such, SEBJ shall be appointed project manager for the NL Transmission Assets. SEBJ shall oversee the development, design, procurement, construction and commissioning of the NL Transmission Assets and manage project contractors and suppliers. (d) NLH and NLH Transco shall provide SEBJ reasonable and timely access to relevant lands, facilities and infrastructure owned or controlled by NLH or NLH Transco that are required for the design, development, construction and commissioning of the NL Transmission Assets. Such access shall be provided at all times and on such terms as reasonably necessary to enable SEBJ to perform its obligations, subject to compliance with applicable laws, benefit agreements and NL benefit strategies. (e) NLH will be responsible to obtain, in a timely manner, all NL provincial permits necessary for the development of the NL Transmission Assets. (f) SEBJ will report to NLH and NLH Transco and will be bound to obtain the prior approval of NLH and NLH Transco for matters of importance relating to the NL Transmission Assets to be listed in the Definitive Agreements, which will be customary for a project of comparative nature and size. (g) SEBJ shall consult with NLH and NLH Transco throughout the design phase of the NL Transmission Assets, the scope of such consultation to be further defined in the Definitive Agreements, and which will be based on the objectives of achieving an optimal project from the perspectives of scheduling, cost, quality, health and safety standards, environmental sustainability and operability. (h) For clarity, unless and to the extent caused by the gross negligence or willful misconduct of NLH or NLH Transco or by a breach of their obligations under the Definitive Agreements, if the NL Transmission Assets are not commissioned by the commercial operations date of each Development Project, NLH and NLH Transco will not be liable for damages or to pay any indemnity in favour of HQ or any off-takers. (i) NLH Transco will finance the development of the NL Transmission Assets on a limited recourse basis. Subject to applicable debt parameters, financial covenants and regulatory requirements, the capital structure of NLH Transco shall have a debt-to-equity ratio of 75% debt and 25% equity. The annual rate of return on equity shall be the rate of return on equity set for privately owned

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		regulated electrical utilities in NL for the year by the PUB, subject to achieving the debt service coverage ratio or any other financing covenants agreed in the financing documents. For greater certainty, no financing of the NL Transmission Assets shall have recourse to NLH's general corporate assets beyond NLH's equity interest in NLH Transco. (j) GIJVE and CF(L)Co (collectively, the "**Transmission Customers**") will each enter into agreements with respect to the usage and payment for the NL Transmission Assets (the "**NL Transmission Agreements**"). The NL Transmission Agreements shall include a minimum 50-year term and shall, with respect to each Development Project, commence upon the commissioning of such Development Project. (k) The NL Transmission Agreements shall give each Transmission Customer, at its sole discretion, a right of renewal for additional terms of the same duration as the initial term and provide that the applicable service price for any such additional term shall be based on a traditional cost of service model. If any Transmission Customer and NLH Transco fail to agree on the terms and conditions of any renewal term at least five years prior to the expiry of the term of any NL Transmission Agreement (including any renewal term), then upon the request of such Transmission Customer, the NL Transmission Assets shall become regulated assets commencing on the date of expiry of the applicable term of such NL Transmission Agreement, in order for the NL Transmission Assets to be subject to an open access regime. (l) Upon commissioning of the NL Transmission Assets and annually thereafter, NLH Transco shall establish a revenue requirement specific to the NL Transmission Assets (the "**Revenue Requirement**") based on a traditional cost of service model comprising (i) capital costs incurred in accordance with good utility practice, including, among others, depreciation of initial and sustaining capital costs amortized over a 50-year period (it being understood that post-commissioning capitalized costs will be amortized in accordance with applicable generally accepted accounting principles for commercial (not public) enterprises (ignoring write-downs) consistently applied with capitalized assets amortized over their estimated useful lives) and annual return on undepreciated capital weighted according to the debt to equity ratio, and (ii) operating and maintenance costs, including costs of administration, operating financing costs, insurance, property access costs, applicable Indigenous benefit agreement payments, and taxes (net of any taxes recovered). (m) The Revenue Requirement shall be entirely recovered from the Transmission Customers. Each Transmission Customer shall pay NLH Transco a share of the Revenue Requirement proportionate to the export rights they each hold. For any period after commissioning of the NL Transmission Assets in which the NL Transmission Agreement with CF(L)Co is not in effect, GIJVE shall be responsible for 100% of the Revenue Requirement.

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		(n) All amounts paid by the Transmission Customers pursuant to the NL Transmission Agreements shall be fully recovered from the off-takers as part of the cost pass-through in the applicable PPAs (i.e., the GI Cost-Plus Formula and the CF Upgrades Cost-Plus Formula, as applicable). The off-takers' obligation to make such payments shall commence immediately upon commissioning of the NL Transmission Assets irrespective of whether the Development Projects are commissioned (provided that the NL Transmission Assets are not commissioned earlier than the target commissioning date agreed between HQ and NLH), and shall not be subject to reduction under any circumstances unless all financings associated with the initial capital costs have been repaid in full. (o) Notwithstanding anything to the contrary in this Section 10, the Revenue Requirement to be recovered from the Transmission Customers will be reduced to the extent that the NL Transmission Assets are used by any other customer of NLH Transco, including if they are used by NLH to sell volumes from the CF Upgrades or Gull Island to HQ at the Synthetic Export Price, the CHPE Equivalent Pricing, the NECEC Equivalent Pricing or the Discounted PPA Price as contemplated in Section 4.
11.	**QC Transmission Assets**	(a) The QC Transmission Assets will be wholly-owned by HQ. (b) The Parties agree that HQ will lead and be responsible for the concurrent development of the QC Transmission Assets as required to transport electricity generated by the Development Projects beyond the agreed HQ delivery point.
12.	**Muskrat Falls**	(a) As part of the negotiation of the Definitive Agreements, the Parties shall analyze the potential impacts of the Development Projects on Muskrat Falls' existing facilities and operations at each stage of the Development Projects with the objective of compensating Muskrat Falls for such impacts, it being understood that the objective shall be to protect Muskrat Falls' annual production, and that such compensation may, among others, be potentially achieved, in whole or in part, through the amended and restated water management agreement with respect to the Churchill River. Any such compensation will be assumed by the off-takers under the applicable PPAs.
13.	**Conditional Feasibility Study Undertakings**	(a) Upon execution of the Definitive Agreements, NLH and HQ will undertake the following feasibility studies and related work: *Wind* (b) NLH shall lead a feasibility study concerning the development of a new 2,000 MW wind farm project in Newfoundland & Labrador (the "**Wind Project**"). In performing such feasibility study, NLH and HQ shall consider any required

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		balancing services or arrangements from CF(L)Co and/or GIJVE and related compensation. (c) NLH and HQ will seek to determine, among other things, project costs and viability and commercial arrangements related thereto. (d) If undertaken and completed, the Wind Project will be owned and operated by a new special purpose entity to be held as may be determined by NLH, in its sole discretion. (e) If undertaken and completed, consistent with Annex B, HQ would be a majority off-taker with the balance being allocated to NLH, all to be determined following completion studies and agreement on commercial arrangements. (f) As upfront compensation for fiscal or equivalent charges, HQ would pay the Government of Newfoundland and Labrador $400,000 per MW (which corresponds to $640 million based on a proposed allocation of 1,600 MW for HQ) upon: (i) completion of the wind feasibility study (FEL 1, 2 and 3), (ii) receipt of necessary permits, and (iii) finalized negotiation of a PPA. (g) The wind feasibility study assumes a market cost-plus 30-year PPA, and an eight-year period from the start of the study to COD. *<u>CFXL</u>* (h) HQ shall lead a feasibility study for development of CFXL, specifically FEL-1 and FEL-2. (i) If HQ concludes that CFXL is a viable project, HQ and NLH shall undertake commercial negotiations at that stage.
14.	**First Nations Matters**	(a) The Parties agree that the completion of the Development Projects is subject to consultation and engagement with Indigenous communities in accordance with applicable laws and existing obligations, including the relevant legal obligations applicable under the New Dawn Agreement dated September 26, 2008 amongst NL, NLH and Innu Nation.
15.	**Intellectual Property**	(a) All work product and all other forms of intellectual property resulting from (i) the development studies conducted by HQ or any of its affiliates in connection with the GI Project since December 12, 2024, and (ii) the design and development of the GI Project completed by HQ or any of its affiliates at any time prior to the commissioning of the GI Project (collectively, the "**GI Development IP**") is the exclusive property of HQ or its affiliates, as applicable. GI Development IP does not include any pre-existing IP of HQ nor any IP not specifically developed by HQ or its affiliates, as applicable, for the GI Project ("**Retained IP**"). Retained IP remains at all times the exclusive property of HQ.

	Topic	Term
		(b) Effective upon the entry of the Definitive Agreements, HQ or its affiliates, as applicable, will irrevocably license (except in cases of any material breach of such license by GIJVE and such material breach entitles HQ to terminate same, and such material breach is confirmed in accordance with the procedures set forth in the dispute resolution agreement) (i) the GI Development IP to GIJVE until the commissioning of the GI Project and (ii) the Retained IP, provided that the license to the Retained IP shall be for the limited purpose to permit the development, construction, operation and maintenance of the GI Project. (c) Upon the commissioning of the GI Project, HQ or its affiliates, as applicable, will assign the relevant rights to such GI Development IP required for the operations and maintenance of the GI Project to GIJVE. Concurrently with such assignment, GIJVE shall license back to HQ the non-exclusive, royalty-free, worldwide, perpetual, irrevocable, transferable and sub-licensable rights to use, modify and exploit the assigned GI Development IP. (d) If HQ provides (or is deemed to have provided) written notice to NLH of its decision not to proceed with the development or construction of the GI Project, the license by HQ to GIJVE in respect of the GI Development IP and the Retained IP shall terminate automatically. For clarity, if the GI Project is commissioned, the license to the Retained IP will remain effective. (e) HQ will fund all IP-related costs until the GI Development IP is assigned to the GI Project Entity. NLH will not contribute to any IP-related costs prior to the assignment of the GI Development IP to the GI Project Entity. (f) Following such assignment, NLH will contribute its proportionate share of the IP-related costs associated with the GI Development IP based on its ownership interest in the GI Project Entity. (g) Upon assignment of the GI Development IP, all IP-related costs associated with the GI Development IP will be capitalized, recognized as shareholder equity, and allocated among the shareholders in proportion to their respective ownership interests in the GI Project Entity.
16.	**Conditions to Signing Definitive Agreements**	(a) The obligation to execute the Definitive Agreements shall be subject to satisfaction or confirmation of the following conditions: (i) confirmation that all material existing federal and provincial permits in the possession of NLH and its affiliates, which are listed in Annex J, remain valid, and GIJVE has procured the full benefit of such permits and the rights related thereto (including as required for GIJVE's financing activities following the entry of the Definitive Agreements); (ii) assignment of the Gull IBA to GIJVE; (iii) amendment of the benefits strategy document in accordance with

	Topic	Term
		Section 21 and Annex L; (iv) receipt by GIJVE of land and water rights; (v) exemption of the GI Project and the CF Upgrades from the jurisdiction of the NL PUB; and (vi) the final form of the Federal government support for the Development Projects will be to the mutual satisfaction of NLH and HQ. (b) The Parties have identified a potential accounting matter related to the recording of revenues for CF(L)Co as a result of the New CF PPAs. Accounting rules may require the revenues to be booked on a straight-line basis regardless of when cash is actually received, which may have an impact on water rental payments by CF(L)Co. The Parties agree to work together to confirm the accounting approach and if required, arrive at a satisfactory commercial arrangement prior to signing the Definitive Agreements. (c) Prior to the entering into of the Definitive Agreements, the Parties will identify any relevant assets related to the GI Project that are in the possession of NLH or any of its subsidiaries. NLH will transfer such assets (or grant the relevant rights thereto) in favour of GIJVE, without further consideration, upon the entering into of the Definitive Agreements.
17.	**Exclusivity for Gull Island**	(a) Upon execution of the Definitive Agreements, NLH shall grant HQ exclusive rights with respect to the development of hydroelectric projects at the Gull Island site (the "**Gull Island Exclusivity**"). (b) The Gull Island Exclusivity shall remain in effect for an initial term equal to seven (7) years following the date the Definitive Agreements are entered into (the "**Initial Exclusivity Term**"). (c) Upon the expiry of the Initial Exclusivity Term, the Gull Island Exclusivity shall renew for an additional term of five (5) years (the "**Additional Exclusivity Term**" and together with the Initial Exclusivity Term, the "**Exclusivity Term"**), provided that, on such renewal date, (i) HQ and its affiliates are in compliance in all material respects with the Joint Development Agreement and the Development and Construction Management Agreement (each as defined in Annex A) for the GI Project and (ii) HQ has demonstrated that it has made a minimum of $1 billion NPV in expenditures for the GI Project during the Initial Exclusivity Term (in addition to the incentive payments made to NLH during such Initial Exclusivity Term). (d) Notwithstanding anything to the contrary, the aggregate number of years of the Gull Island Exclusivity shall not exceed twelve (12) years following the date the Definitive Agreements are entered into.

	Topic	Term
		(e) If HQ or SEBJ is in material breach of the Joint Development Agreement or the Development and Construction Management Agreement for the GI Project and such material breach entitles NLH or GIJVE to terminate the Joint Development Agreement or the Development and Construction Management Agreement for the GI Project, as the case may be, and such material breach is confirmed in accordance with the procedures set forth in the dispute resolution agreement (a "**Material Breach Termination**"), then the Gull Island Exclusivity shall automatically terminate upon NLH or GIJVE exercising its termination right under such agreement(s). (f) In addition, the Gull Island Exclusivity will terminate early in the Additional Exclusivity Term upon the occurrence of either of: (a) three years following the date on which the necessary conditions to the construction of the GI Project (including all permits and consents to commence the construction of the GI Project) have been satisfied, but the commencement of construction of the GI Project has been delayed solely and intentionally by HQ without any material legal, contractual or financial justification (an "**Intentional HQ Delay Termination**"), or (b) the date on which HQ has provided (or is deemed to have provided) written notice to NLH of its decision not to proceed with the development or construction of the GI Project due to the occurrence of one or more of the following circumstances (a "**HQ Notice Termination**", and collectively with a Material Breach Termination and an Intentional HQ Delay Termination, the "**Termination Events**"): (i) The GI Project will not be built or commissioned as the sole result of a decision by HQ based only upon conditions, events or changes under its control, including if HQ decides not to proceed with the GI Project because of its decision not to invest Subordinated Debt (as defined in the Financing Policies in Annex I); (ii) HQ decides not to proceed with the GI Project due to material negative macroeconomic conditions (e.g., generalized interest rate environment, inflation, economic growth); (iii) HQ decides not to proceed with the GI Project due to the inability to construct the requisite transmission line in Québec; (iv) HQ decides not to proceed with the GI Project due to the increased cost of labour, contractors, suppliers or equipment; (v) HQ decides not to proceed with the GI Project due to technological changes rendering such projects financially non-viable or uncompetitive; (vi) HQ decides not to proceed with the GI Project due to a poor outlook for power demand or price; or (vii) HQ decides not to proceed, or is unable to proceed, with the GI Project due to legislative or regulatory actions by the Québec Government or

	Topic	Term
		an agency under its jurisdiction. (g) The Definitive Agreements shall provide for a mechanism under which HQ shall confirm within 45 days upon receipt of a written request by NLH, whether a decision has been made by HQ not to proceed (or continue to proceed) with the development or construction of the GI Project. If HQ has not provided a response in writing that it is continuing to pursue the GI Project within such 45 day period, HQ shall be deemed to have provided notice to NLH of its decision not to proceed therewith. For the avoidance of doubt, any confirmation by HQ that it is continuing to pursue the GI Project will not foreclose, under any circumstances, HQ's ability to decide not to proceed with the GI Project following such confirmation. (h) During the Exclusivity Term, NLH and its affiliates shall cooperate with HQ and SEBJ and shall not engage with third parties regarding the GI Project in violation of the Definitive Agreements. (i) Upon (i) the occurrence of a Termination Event, (ii) the expiration of the Exclusivity Term (without (x) the GI Project having reached financial close (as defined in Annex C), (y) HQ having provided its completion guarantee and (z) HQ actively developing or constructing the GI Project) or (iii) HQ has otherwise provided NLH written notice of its abandonment of the GI Project after the expiration of the Exclusivity Term, all direct or indirect interest held by HQ in the GI Project and in GIJVE shall be forfeited in favour of NLH without further consideration; provided that (a) the license by HQ to GIJVE in respect of the GI Development IP and the Retained IP shall terminate automatically upon the occurrence of any such event, and (b) to the extent the Gull Island Project is restarted with or without the direct or indirect investment of a third party within fifteen (15) years following such forfeiture of interest by HQ, NLH will (i) engage a nationally recognized financial institution to conduct a valuation of the assets constructed by HQ or SEBJ and that are owned by GIJVE (the "**Residual Assets**") using customary market valuation analyses taking into consideration that GIJVE no longer holds a license to use the Development IP and the Retained IP, (ii) keep HQ reasonably informed of such valuation exercise, including by sharing the final valuation report with HQ, and (iii) pay HQ its pro rata share (being 40%) of an amount equal to the final valuation of the Residual Assets. For clarity, if financial close of the GI Project has occurred, HQ has provided its completion guarantee and HQ is actively developing or constructing the GI Project after expiration of the Exclusivity Term, this mechanism shall not apply, unless HQ has provided NLH written notice of its abandonment of the GI Project.
18.	**Financial Reporting**	(a) In developing the Definitive Agreements, the Parties shall consider the anticipated financial reporting implications of the transaction contemplated therein and shall use reasonable efforts, where practicable, to mitigate unintended financial reporting consequences, provided that doing so does not

	Topic	Term
		materially alter the agreed economic terms or commercial objectives of the transaction contemplated therein.
19.	**Governance Principles**	(a) Governance principles as set out in Annex K.
20.	**Water Management Principles**	(a) Water management principles as set out in Annex G.
21.	**Procurement and Benefits Principles**	(a) Procurement and benefit principles as set out in Annex L.
22.	**Amendments or Termination of Certain Other Existing Agreements**	(a) Following the entry of the DCIA, the Parties shall review existing ancillary agreements related to CF to determine whether they need to be terminated, amended, replaced or remain in place in connection with the entry of the Definitive Agreements. Any such termination or amendment of the existing ancillary agreements related to CF shall become effective concurrently with the entry of the Definitive Agreements.
23.	**Governing Law & Dispute Resolution Agreement**	(a) Each of the new commercial relationship related agreements, including the Definitive Agreements, will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein, except for the amended and restated water management agreement which will be governed by the laws of the Province of NL and the federal laws applicable therein. (b) The Parties will develop a dispute resolution agreement that will apply to the different disputes that arise under the different Definitive Agreements.
24.	**Prior Exchanges**	(a) These Material Terms supersede all prior negotiations, representations, understandings and agreements (whether written or oral), including any term sheets, letters of intent, memorandum of understanding or other documents previously exchanged among the Parties with respect to the subject matter hereof. No prior draft, proposal, position paper or other document previously exchanged among the Parties shall be deemed to constitute a position accepted by any Party or evidence of any Party's agreement to any terms, and no Party shall be bound by or have any obligation or liability in respect of any position or term contained in any such prior document except to the extent expressly set forth in these Material Terms. The Material Terms will serve as the sole basis for the negotiation and drafting of the Definitive Agreements.

<u>Annex A– Definitive Agreements</u>

(a) New CF PPAs;

(b) CF Upgrades PPAs;

(c) GI PPAs;

(d) a power purchase and sale agreement between HQ and NLH, as referred to in Section 4 of the Material Terms;

(e) an amended and restated shareholders' agreement governing CF(L)Co;

(f) a shareholders' agreement governing the GIJVE;

(g) a joint development agreement providing for the development, execution and construction of the GI Project (the "**Joint Development Agreement**");

(h) a development and construction management agreement with SEBJ for the management of the development and construction of the GI Project (the "**Development and Construction Management Agreement**");

(i) development and construction management agreement between NLH Transco and SEBJ for the management of the development and construction of the NL Transmission Assets;

(j) NL Transmission Agreements;

(k) the O&M Agreement;

(l) a dispute resolution agreement;

(m) a joint procurement policy; and

(n) an amended and restated water management agreement with respect to the Churchill River.

Annex B – Volume Allocation

Overall allocation of volumes (Gull @2700 MW) (MW)

	Total	Existing CF	CF upgrades	Gull	Wind
2027	5,290	5,290	0	0	0
2028	5,290	5,290	0	0	0
2029	5,290	5,290	0	0	0
2030	5,290	5,290	0	0	0
2031	5,290	5,290	0	0	0
2032	5,406	5,290	116	0	0
2033	5,522	5,290	232	0	0
2034	5,638	5,290	348	0	0
2035	6,154	5,290	464	0	400
2036	8,020	5,290	580	1,350	800
2037	9,885	5,290	695	2,700	1,200
2038	10,401	5,290	811	2,700	1,600
2039	10,917	5,290	927	2,700	2,000
2040	11,033	5,290	1,043	2,700	2,000
2041	11,149	5,290	1,159	2,700	2,000
2042	11,265	5,290	1,275	2,700	2,000
2043	11,265	5,290	1,275	2,700	2,000
2044	11,265	5,290	1,275	2,700	2,000
2045	11,265	5,290	1,275	2,700	2,000
2046	11,265	5,290	1,275	2,700	2,000
2047	11,265	5,290	1,275	2,700	2,000
2048	11,265	5,290	1,275	2,700	2,000
2049	11,265	5,290	1,275	2,700	2,000
2050	11,265	5,290	1,275	2,700	2,000
2051	11,265	5,290	1,275	2,700	2,000
2052	11,265	5,290	1,275	2,700	2,000
2053	11,265	5,290	1,275	2,700	2,000
2054	11,265	5,290	1,275	2,700	2,000
2055	11,265	5,290	1,275	2,700	2,000
2056	11,265	5,290	1,275	2,700	2,000
2057	11,265	5,290	1,275	2,700	2,000
2058	11,265	5,290	1,275	2,700	2,000
2059	11,265	5,290	1,275	2,700	2,000
2060	11,265	5,290	1,275	2,700	2,000
2061	11,265	5,290	1,275	2,700	2,000
2062	11,265	5,290	1,275	2,700	2,000
2063	11,265	5,290	1,275	2,700	2,000
2064	11,265	5,290	1,275	2,700	2,000
2065	11,265	5,290	1,275	2,700	2,000
2066	11,265	5,290	1,275	2,700	2,000
2067	11,265	5,290	1,275	2,700	2,000
2068	11,265	5,290	1,275	2,700	2,000
2069	11,265	5,290	1,275	2,700	2,000
2070	11,265	5,290	1,275	2,700	2,000
2071	11,265	5,290	1,275	2,700	2,000
2072	11,265	5,290	1,275	2,700	2,000
2073	11,265	5,290	1,275	2,700	2,000
2074	11,265	5,290	1,275	2,700	2,000
2075	11,265	5,290	1,275	2,700	2,000
2076	11,265	5,290	1,275	2,700	2,000
2077	11,265	5,290	1,275	2,700	2,000

NLH	Total	Existing CF	CF upgrades	Gull	Wind
2027	525	525	0	0	0
2028	550	550	0	0	0
2029	550	550	0	0	0
2030	575	575	0	0	0
2031	575	575	0	0	0
2032	856	830	26	0	0
2033	1,032	980	52	0	0
2034	1,209	1,130	79	0	0
2035	1,315	1,130	105	0	80
2036	1,637	1,130	131	216	160
2037	1,959	1,130	157	432	240
2038	2,065	1,130	183	432	320
2039	2,171	1,130	209	432	400
2040	2,198	1,130	236	432	400
2041	2,224	1,130	262	432	400
2042	2,250	1,130	288	432	400
2043	2,250	1,130	288	432	400
2044	2,250	1,130	288	432	400
2045	2,250	1,130	288	432	400
2046	2,250	1,130	288	432	400
2047	2,250	1,130	288	432	400
2048	2,250	1,130	288	432	400
2049	2,250	1,130	288	432	400
2050	2,250	1,130	288	432	400
2051	2,500	1,380	288	432	400
2052	2,500	1,380	288	432	400
2053	2,500	1,380	288	432	400
2054	2,500	1,380	288	432	400
2055	2,500	1,380	288	432	400
2056	2,500	1,380	288	432	400
2057	2,500	1,380	288	432	400
2058	2,500	1,380	288	432	400
2059	2,500	1,380	288	432	400
2060	2,500	1,380	288	432	400
2061	2,750	1,630	288	432	400
2062	2,750	1,630	288	432	400
2063	2,750	1,630	288	432	400
2064	2,750	1,630	288	432	400
2065	2,750	1,630	288	432	400
2066	2,750	1,630	288	432	400
2067	2,750	1,630	288	432	400
2068	2,750	1,630	288	432	400
2069	2,750	1,630	288	432	400
2070	2,750	1,630	288	432	400
2071	2,750	1,630	288	432	400
2072	2,750	1,630	288	432	400
2073	2,750	1,630	288	432	400
2074	2,750	1,630	288	432	400
2075	2,750	1,630	288	432	400
2076	2,750	1,630	288	432	400
2077	2,750	1,630	288	432	400

HQ	Total	Existing CF	CF upgrades	Gull	Wind
2027	4,765	4,765	0	0	0
2028	4,740	4,740	0	0	0
2029	4,740	4,740	0	0	0
2030	4,715	4,715	0	0	0
2031	4,715	4,715	0	0	0
2032	4,550	4,460	90	0	0
2033	4,489	4,310	179	0	0
2034	4,429	4,160	269	0	0
2035	4,839	4,160	359	0	320
2036	6,383	4,160	449	1,134	640
2037	7,926	4,160	538	2,268	960
2038	8,336	4,160	628	2,268	1,280
2039	8,746	4,160	718	2,268	1,600
2040	8,836	4,160	808	2,268	1,600
2041	8,925	4,160	897	2,268	1,600
2042	9,015	4,160	987	2,268	1,600
2043	9,015	4,160	987	2,268	1,600
2044	9,015	4,160	987	2,268	1,600
2045	9,015	4,160	987	2,268	1,600
2046	9,015	4,160	987	2,268	1,600
2047	9,015	4,160	987	2,268	1,600
2048	9,015	4,160	987	2,268	1,600
2049	9,015	4,160	987	2,268	1,600
2050	9,015	4,160	987	2,268	1,600
2051	8,765	3,910	987	2,268	1,600
2052	8,765	3,910	987	2,268	1,600
2053	8,765	3,910	987	2,268	1,600
2054	8,765	3,910	987	2,268	1,600
2055	8,765	3,910	987	2,268	1,600
2056	8,765	3,910	987	2,268	1,600
2057	8,765	3,910	987	2,268	1,600
2058	8,765	3,910	987	2,268	1,600
2059	8,765	3,910	987	2,268	1,600
2060	8,765	3,910	987	2,268	1,600
2061	8,515	3,660	987	2,268	1,600
2062	8,515	3,660	987	2,268	1,600
2063	8,515	3,660	987	2,268	1,600
2064	8,515	3,660	987	2,268	1,600
2065	8,515	3,660	987	2,268	1,600
2066	8,515	3,660	987	2,268	1,600
2067	8,515	3,660	987	2,268	1,600
2068	8,515	3,660	987	2,268	1,600
2069	8,515	3,660	987	2,268	1,600
2070	8,515	3,660	987	2,268	1,600
2071	8,515	3,660	987	2,268	1,600
2072	8,515	3,660	987	2,268	1,600
2073	8,515	3,660	987	2,268	1,600
2074	8,515	3,660	987	2,268	1,600
2075	8,515	3,660	987	2,268	1,600
2076	8,515	3,660	987	2,268	1,600
2077	8,515	3,660	987	2,268	1,600

Existing CF Energy Allocation (TWh)

	Total	NLH	HQ
2027	33.540	4.333	29.207
2028	33.540	4.456	29.084
2029	33.540	4.456	29.084
2030	33.540	4.609	28.931
2031	33.540	4.609	28.931
2032	33.540	6.173	27.367
2033	33.540	7.092	26.448
2034	33.540	8.012	25.528
2035	33.540	8.012	25.528
2036	33.540	8.012	25.528
2037	33.540	8.012	25.528
2038	33.540	8.012	25.528
2039	33.540	8.012	25.528
2040	33.540	8.012	25.528
2041	33.540	8.012	25.528
2042	33.540	8.012	25.528
2043	33.540	8.012	25.528
2044	33.540	8.012	25.528
2045	33.540	8.012	25.528
2046	33.540	8.012	25.528
2047	33.540	8.012	25.528
2048	33.540	8.012	25.528
2049	33.540	8.012	25.528
2050	33.540	8.012	25.528
2051	33.540	9.545	23.995
2052	33.540	9.545	23.995
2053	33.540	9.545	23.995
2054	33.540	9.545	23.995
2055	33.540	9.545	23.995
2056	33.540	9.545	23.995
2057	33.540	9.545	23.995
2058	33.540	9.545	23.995
2059	33.540	9.545	23.995
2060	33.540	9.545	23.995
2061	33.540	11.078	22.462
2062	33.540	11.078	22.462
2063	33.540	11.078	22.462
2064	33.540	11.078	22.462
2065	33.540	11.078	22.462
2066	33.540	11.078	22.462
2067	33.540	11.078	22.462
2068	33.540	11.078	22.462
2069	33.540	11.078	22.462
2070	33.540	11.078	22.462
2071	33.540	11.078	22.462
2072	33.540	11.078	22.462
2073	33.540	11.078	22.462
2074	33.540	11.078	22.462
2075	33.540	11.078	22.462
2076	33.540	11.078	22.462
2077	33.540	11.078	22.462

Overall allocation of volumes (Gull @2250 MW) (MW)

	Total	Existing CF	CF upgrades	Gull	Wind
2027	**5,290**	5,290	0	0	0
2028	**5,290**	5,290	0	0	0
2029	**5,290**	5,290	0	0	0
2030	**5,290**	5,290	0	0	0
2031	**5,290**	5,290	0	0	0
2032	**5,406**	5,290	116	0	0
2033	**5,522**	5,290	232	0	0
2034	**5,638**	5,290	348	0	0
2035	**6,154**	5,290	464	0	400
2036	**7,795**	5,290	580	1,125	800
2037	**9,435**	5,290	695	2,250	1,200
2038	**9,951**	5,290	811	2,250	1,600
2039	**10,467**	5,290	927	2,250	2,000
2040	**10,583**	5,290	1,043	2,250	2,000
2041	**10,699**	5,290	1,159	2,250	2,000
2042	**10,815**	5,290	1,275	2,250	2,000
2043	**10,815**	5,290	1,275	2,250	2,000
2044	**10,815**	5,290	1,275	2,250	2,000
2045	**10,815**	5,290	1,275	2,250	2,000
2046	**10,815**	5,290	1,275	2,250	2,000
2047	**10,815**	5,290	1,275	2,250	2,000
2048	**10,815**	5,290	1,275	2,250	2,000
2049	**10,815**	5,290	1,275	2,250	2,000
2050	**10,815**	5,290	1,275	2,250	2,000
2051	**10,815**	5,290	1,275	2,250	2,000
2052	**10,815**	5,290	1,275	2,250	2,000
2053	**10,815**	5,290	1,275	2,250	2,000
2054	**10,815**	5,290	1,275	2,250	2,000
2055	**10,815**	5,290	1,275	2,250	2,000
2056	**10,815**	5,290	1,275	2,250	2,000
2057	**10,815**	5,290	1,275	2,250	2,000
2058	**10,815**	5,290	1,275	2,250	2,000
2059	**10,815**	5,290	1,275	2,250	2,000
2060	**10,815**	5,290	1,275	2,250	2,000
2061	**10,815**	5,290	1,275	2,250	2,000
2062	**10,815**	5,290	1,275	2,250	2,000
2063	**10,815**	5,290	1,275	2,250	2,000
2064	**10,815**	5,290	1,275	2,250	2,000
2065	**10,815**	5,290	1,275	2,250	2,000
2066	**10,815**	5,290	1,275	2,250	2,000
2067	**10,815**	5,290	1,275	2,250	2,000
2068	**10,815**	5,290	1,275	2,250	2,000
2069	**10,815**	5,290	1,275	2,250	2,000
2070	**10,815**	5,290	1,275	2,250	2,000
2071	**10,815**	5,290	1,275	2,250	2,000
2072	**10,815**	5,290	1,275	2,250	2,000
2073	**10,815**	5,290	1,275	2,250	2,000
2074	**10,815**	5,290	1,275	2,250	2,000
2075	**10,815**	5,290	1,275	2,250	2,000
2076	**10,815**	5,290	1,275	2,250	2,000
2077	**10,815**	5,290	1,275	2,250	2,000

NLH	Total	Existing CF	CF upgrades	Gull	Wind
2027	**525**	525	0	0	0
2028	**550**	550	0	0	0
2029	**550**	550	0	0	0
2030	**575**	575	0	0	0
2031	**575**	575	0	0	0
2032	**856**	830	26	0	0
2033	**1,032**	980	52	0	0
2034	**1,209**	1,130	79	0	0
2035	**1,315**	1,130	105	0	80
2036	**1,554**	1,130	131	133	160
2037	**1,793**	1,130	157	266	240
2038	**1,899**	1,130	183	266	320
2039	**2,005**	1,130	209	266	400
2040	**2,032**	1,130	236	266	400
2041	**2,058**	1,130	262	266	400
2042	**2,084**	1,130	288	266	400
2043	**2,084**	1,130	288	266	400
2044	**2,084**	1,130	288	266	400
2045	**2,084**	1,130	288	266	400
2046	**2,084**	1,130	288	266	400
2047	**2,084**	1,130	288	266	400
2048	**2,084**	1,130	288	266	400
2049	**2,084**	1,130	288	266	400
2050	**2,084**	1,130	288	266	400
2051	**2,334**	1,380	288	266	400
2052	**2,334**	1,380	288	266	400
2053	**2,334**	1,380	288	266	400
2054	**2,334**	1,380	288	266	400
2055	**2,334**	1,380	288	266	400
2056	**2,334**	1,380	288	266	400
2057	**2,334**	1,380	288	266	400
2058	**2,334**	1,380	288	266	400
2059	**2,334**	1,380	288	266	400
2060	**2,334**	1,380	288	266	400
2061	**2,584**	1,630	288	266	400
2062	**2,584**	1,630	288	266	400
2063	**2,584**	1,630	288	266	400
2064	**2,584**	1,630	288	266	400
2065	**2,584**	1,630	288	266	400
2066	**2,584**	1,630	288	266	400
2067	**2,584**	1,630	288	266	400
2068	**2,584**	1,630	288	266	400
2069	**2,584**	1,630	288	266	400
2070	**2,584**	1,630	288	266	400
2071	**2,584**	1,630	288	266	400
2072	**2,584**	1,630	288	266	400
2073	**2,584**	1,630	288	266	400
2074	**2,584**	1,630	288	266	400
2075	**2,584**	1,630	288	266	400
2076	**2,584**	1,630	288	266	400
2077	**2,584**	1,630	288	266	400

HQ	Total	Existing CF	CF upgrades	Gull	Wind
2027	**4,765**	4,765	0	0	0
2028	**4,740**	4,740	0	0	0
2029	**4,740**	4,740	0	0	0
2030	**4,715**	4,715	0	0	0
2031	**4,715**	4,715	0	0	0
2032	**4,550**	4,460	90	0	0
2033	**4,489**	4,310	179	0	0
2034	**4,429**	4,160	269	0	0
2035	**4,839**	4,160	359	0	320
2036	**6,241**	4,160	449	992	640
2037	**7,642**	4,160	538	1,984	960
2038	**8,052**	4,160	628	1,984	1,280
2039	**8,462**	4,160	718	1,984	1,600
2040	**8,552**	4,160	808	1,984	1,600
2041	**8,641**	4,160	897	1,984	1,600
2042	**8,731**	4,160	987	1,984	1,600
2043	**8,731**	4,160	987	1,984	1,600
2044	**8,731**	4,160	987	1,984	1,600
2045	**8,731**	4,160	987	1,984	1,600
2046	**8,731**	4,160	987	1,984	1,600
2047	**8,731**	4,160	987	1,984	1,600
2048	**8,731**	4,160	987	1,984	1,600
2049	**8,731**	4,160	987	1,984	1,600
2050	**8,731**	4,160	987	1,984	1,600
2051	**8,481**	3,910	987	1,984	1,600
2052	**8,481**	3,910	987	1,984	1,600
2053	**8,481**	3,910	987	1,984	1,600
2054	**8,481**	3,910	987	1,984	1,600
2055	**8,481**	3,910	987	1,984	1,600
2056	**8,481**	3,910	987	1,984	1,600
2057	**8,481**	3,910	987	1,984	1,600
2058	**8,481**	3,910	987	1,984	1,600
2059	**8,481**	3,910	987	1,984	1,600
2060	**8,481**	3,910	987	1,984	1,600
2061	**8,231**	3,660	987	1,984	1,600
2062	**8,231**	3,660	987	1,984	1,600
2063	**8,231**	3,660	987	1,984	1,600
2064	**8,231**	3,660	987	1,984	1,600
2065	**8,231**	3,660	987	1,984	1,600
2066	**8,231**	3,660	987	1,984	1,600
2067	**8,231**	3,660	987	1,984	1,600
2068	**8,231**	3,660	987	1,984	1,600
2069	**8,231**	3,660	987	1,984	1,600
2070	**8,231**	3,660	987	1,984	1,600
2071	**8,231**	3,660	987	1,984	1,600
2072	**8,231**	3,660	987	1,984	1,600
2073	**8,231**	3,660	987	1,984	1,600
2074	**8,231**	3,660	987	1,984	1,600
2075	**8,231**	3,660	987	1,984	1,600
2076	**8,231**	3,660	987	1,984	1,600
2077	**8,231**	3,660	987	1,984	1,600

Existing CF Energy Allocation (TWh)

	Total	NLH	HQ
2027	**33.540**	4.333	29.207
2028	**33.540**	4.456	29.084
2029	**33.540**	4.456	29.084
2030	**33.540**	4.609	28.931
2031	**33.540**	4.609	28.931
2032	**33.540**	6.173	27.367
2033	**33.540**	7.092	26.448
2034	**33.540**	8.012	25.528
2035	**33.540**	8.012	25.528
2036	**33.540**	8.012	25.528
2037	**33.540**	8.012	25.528
2038	**33.540**	8.012	25.528
2039	**33.540**	8.012	25.528
2040	**33.540**	8.012	25.528
2041	**33.540**	8.012	25.528
2042	**33.540**	8.012	25.528
2043	**33.540**	8.012	25.528
2044	**33.540**	8.012	25.528
2045	**33.540**	8.012	25.528
2046	**33.540**	8.012	25.528
2047	**33.540**	8.012	25.528
2048	**33.540**	8.012	25.528
2049	**33.540**	8.012	25.528
2050	**33.540**	8.012	25.528
2051	**33.540**	9.545	23.995
2052	**33.540**	9.545	23.995
2053	**33.540**	9.545	23.995
2054	**33.540**	9.545	23.995
2055	**33.540**	9.545	23.995
2056	**33.540**	9.545	23.995
2057	**33.540**	9.545	23.995
2058	**33.540**	9.545	23.995
2059	**33.540**	9.545	23.995
2060	**33.540**	9.545	23.995
2061	**33.540**	11.078	22.462
2062	**33.540**	11.078	22.462
2063	**33.540**	11.078	22.462
2064	**33.540**	11.078	22.462
2065	**33.540**	11.078	22.462
2066	**33.540**	11.078	22.462
2067	**33.540**	11.078	22.462
2068	**33.540**	11.078	22.462
2069	**33.540**	11.078	22.462
2070	**33.540**	11.078	22.462
2071	**33.540**	11.078	22.462
2072	**33.540**	11.078	22.462
2073	**33.540**	11.078	22.462
2074	**33.540**	11.078	22.462
2075	**33.540**	11.078	22.462
2076	**33.540**	11.078	22.462
2077	**33.540**	11.078	22.462

Annex C – Volume Caps

1. Volume caps (as specified in the table included in this Annex C) will apply if the following conditions have been met:

(i) HQ has provided (or is deemed to have provided) written notice to NLH of its decision not to proceed with or abandon the development or construction of the Gull Island Project (a "**Specified Notice**"); and

(ii) at the time that HQ provides (or is deemed to have provided) a Specified Notice:

(a) HQ and SEBJ are in compliance in all material respects with their obligations under the Joint Development Agreement and the Development and Construction Management Agreement for the GI Project; and

(b) a Specified Scenario (as defined below) occurred prior to the delivery (or deemed delivery) of the Specified Notice and such Specified Scenario remains applicable; and

(iii) such Specified Scenario is the principal reason for HQ having provided (or being deemed to have provided) a Specified Notice and that Specified Scenario has on its own, or together with one or more Specified Scenarios, caused the expected date of commissioning of the Gull Island Project to be delayed by at least four (4) years, based on the project schedule that is approved by applicable lenders (or otherwise certified by the applicable independent engineer in connection with the financing of the GI Project) at financial close (being the date where all financial agreements are finalized, and funding is secured, allowing the development and construction of the GI Project to officially commence).

2. As used herein, "**Specified Scenario**" means any of the following:

(i) The required NL permits and other rights under NL's jurisdiction are not granted for the development, construction, ownership or operation of the Gull Island Project notwithstanding compliance, in all material respects, by HQ, SEBJ and GIJVE with (i) the Joint Development Agreement and the Development and Construction Management Agreement for the Gull Island Project, (ii) all documents reasonably required having been filed and reasonable conditions having been satisfied, and (iii) compliance with all applicable legal and regulatory requirements to obtain any such permits or rights (provided that such requirements are not of the nature described in paragraph 3(b) below);

(ii) The required federal permits and other rights are not granted for the development, construction, ownership or operation of the Gull Island Project, as a result of a material breach by NLH of the Definitive Agreements;

(iii) Any "**Permit-Related Discriminatory Action**" (as defined below) occurs that makes the development, construction, ownership or operation of the Gull Island Project illegal or otherwise prohibits, enjoins or materially and adversely affects the development and construction of the Gull Island Project;

(iv) The occurrence of a Discriminatory Action (as defined in the governance principles set out in Annex K) by the NL government or any provincial Governmental Authority in NL, including any agency, regulator, board, commission, tribunal, municipality or other public authority exercising statutory or regulatory powers in NL (each, a "**NL Governmental Authority**") that makes the development or construction of the Gull Island Project illegal or otherwise prohibits, enjoins or materially and adversely affects the development, construction or operation of the Gull Island Project; or

(v) A material breach that remains uncured by NLH of its obligations under the Definitive Agreements as they relate to the development and construction of the Gull Island Project, as determined in accordance with the procedures set forth in the dispute resolution agreement.

3. As used herein, "**Permit-Related Discriminatory Action**" means any action, omission, decision or measure of a NL Governmental Authority that results in:

   (a) the revocation, suspension, refusal, failure to issue, amend or renew (including any failure to act, in any material respects, within any applicable statutory or regulatory timeframe, or, where no such timeframe applies, within a reasonable period having regard to the nature and complexity of the Gull Island Project and the treatment of comparable projects), any permit, license, right, approval or consent required for the development, construction, ownership or operation of the Gull Island Project or the implementation of any scope change having been approved in accordance with the Definitive Agreements, in each case, notwithstanding compliance, in all material respects, by HQ, SEBJ and GIJVE with (i) the Joint Development Agreement and the Development and Construction Management Agreement for the Gull Island Project, (ii) all documents reasonably required having been filed and reasonable conditions having been satisfied, and (iii) compliance with all applicable legal and regulatory requirements to obtain any such permit, license, right, approval or consent (provided that such requirements are not of the nature described in paragraph (b) below); or

   (b) the issuance or amendment of any such permit, license, right, approval or consent on terms or conditions, or the imposition of any other legal or regulatory requirement, where such action, omission, decision or measure, in whole or in part:

      (i) is arbitrary, capricious or discriminatory and, in each case;

      (ii) is taken in bad faith or for an improper purpose; or

      (iii) is not reasonably connected or proportionate to legitimate environmental, health, safety or other public policy objectives, as applied in good faith and supported by the evidentiary record.

4. The Definitive Agreements will list the required permit, license, approval or consent for the development, construction, ownership or operation of the Gull Island Project, as designed pursuant to the most recent FEL study available on the date of execution of such agreements.

5. The Definitive Agreements will include customary efforts covenants to be complied with by HQ, SEBJ, NLH and GIJVE to obtain all required permit, license, approval or consent for the development, construction, ownership and operation of the Gull Island Project.

	Scenario 1 : Gull is not commissioned			
	Total	CF Existing	CF New	CF Upgrades
2027	525	525	0	0
2028	525	525	0	0
2029	525	525	0	0
2030	525	525	0	0
2031	525	525	0	0
2032	534	525	0	9
2033	668	525	125	18
2034	677	525	125	27
2035	686	525	125	36
2036	695	525	125	45
2037	705	525	125	55
2038	714	525	125	64
2039	723	525	125	73
2040	732	525	125	82
2041	741	525	125	91
2042	750	525	125	100
2043	750	525	125	100
2044	750	525	125	100
2045	750	525	125	100
2046	750	525	125	100
2047	750	525	125	100
2048	750	525	125	100
2049	750	525	125	100
2050	750	525	125	100
2051	750	525	125	100
2052	750	525	125	100
2053	825	525	200	100
2054	825	525	200	100
2055	825	525	200	100
2056	825	525	200	100
2057	825	525	200	100
2058	825	525	200	100
2059	825	525	200	100
2060	825	525	200	100
2061	825	525	200	100
2062	825	525	200	100
2063	925	525	300	100
2064	925	525	300	100
2065	925	525	300	100
2066	925	525	300	100
2067	925	525	300	100
2068	925	525	300	100
2069	925	525	300	100
2070	925	525	300	100
2071	925	525	300	100
2072	925	525	300	100
2073	925	525	300	100
2074	925	525	300	100
2075	925	525	300	100
2076	925	525	300	100
2077	925	525	300	100

Note: Recapture from new developments to reflect actual in service dates. In the event a project is delayed (or in advance), NLH access to recapture from that development project would only begin when it is in service.

Annex D – New CF PPA Yearly Payments[4]

ANNEX D – New CF PPA Yearly Payments

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Payments by HQ for existing CF volumes ($B)	0.531	0.601	0.683	0.772	0.877	0.942	1.034	1.134	1.288	1.463	1.662	1.889

2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
2.145	2.437	2.769	3.144	3.223	3.303	3.386	3.471	3.557	3.646	3.738	3.831

2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
3.691	3.783	3.878	3.975	4.074	4.176	4.280	4.387	4.497	4.609	4.423	4.533

2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074
4.647	4.763	4.882	5.004	5.129	5.257	5.389	5.524	5.662	5.803	5.948	6.097

2075	2076	2077
6.249	6.406	6.566

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Capacity (MW)	4765	4740	4740	4715	4715	4460	4310	4160	4160	4160	4160	4160

2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160	4160

2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
3910	3910	3910	3910	3910	3910	3910	3910	3910	3910	3660	3660

2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074
3660	3660	3660	3660	3660	3660	3660	3660	3660	3660	3660	3660

2075	2076	2077
3660	3660	3660

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Energy (TWh)	29.207	29.084	29.084	28.931	28.931	27.367	26.448	25.528	25.528	25.528	25.528	25.528

2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
25.528	25.528	25.528	25.528	25.528	25.528	25.528	25.528	25.528	25.528	25.528	25.528

2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
23.995	23.995	23.995	23.995	23.995	23.995	23.995	23.995	23.995	23.995	22.462	22.462

2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074
22.462	22.462	22.462	22.462	22.462	22.462	22.462	22.462	22.462	22.462	22.462	22.462

2075	2076	2077
22.462	22.462	22.462

[4] The amounts set forth in this Annex D are shown as of December 31st of the applicable year.

Annex E – Performance Clauses

In accordance with the applicable payment terms contained in the HQ's New CF PPA, HQ's CF Upgrades PPA and HQ's Gull Island PPA, HQ pays a predetermined amount for plant availability, regardless of the actual capacity or energy delivered. Accordingly, performance incentive mechanisms are to be provided to incentivize CF(L)Co and GIJVE to operate their respective plant(s) efficiently and to meet HQ's capacity requirements.

The Parties will agree to performance incentive mechanisms described in the table below, based on the following over-arching principles:

- The Parties will establish a performance incentive framework related to capacity availability and plant dispatch.
- Parties will collectively define thresholds which would be realistic and achievable to incentivize CF(L)Co/GIJVE to perform and operate efficiently.
- CF(L)Co/GIJVE will not be subject to performance penalties or payment deductions resulting from the construction and commissioning of the Development Projects or from any significant refurbishment of CF or Gull Island, as applicable, approved by the Parties.
- CF(L)Co/GIJVE will not be subject to performance penalties or payment deductions for deficiencies attributable to inefficient scheduling or changes in scheduling by HQ, provision of operating reserve to HQ, maintenance, testing, ramping, or dispatch required for CF(L)Co/GIJVE compliance with the water management agreement that are already assigned to another supplier.
- Unit characteristics and parameters utilized to measure efficiency losses will be reviewed by the Parties as required and from time to time to ensure that CF(L)Co/GIJVE can reasonably achieve the thresholds while meeting their respective contractual obligations and carrying out approved maintenance.
- The penalties and payment deductions under this Annex E will constitute the sole and exclusive remedy of the Parties with respect to the events/non-performance giving rise to such payments and will not apply cumulatively to the same event/non-performance resulting in a double penalty.

Responsibility for Spills

HQ and NLH will each be responsible to minimize spill related to CF and Gull Island, as applicable, to the extent reasonable and within operating and reliability constraints, and in circumstances where spill does occur, the party that caused the spill will incur the loss of energy equivalent to such spill.

Spill from Operational Causes

- The energy equivalent to a spill resulting from operational causes attributed to HQ will be counted as energy delivered to HQ. In addition, HQ will indemnify CF(L)Co/GIJVE from any incidental damages, costs or expenses incurred by CF(L)Co/GIJVE as a result of a spill resulting from operational causes attributed to HQ.
- Similarly, the energy equivalent to spill resulting from operational causes attributed to NLH will be counted as energy delivered to NLH in the contract year in which the spill occurred. In addition, NLH will indemnify CF(L)Co/GIJVE from any incidental damages, costs or expenses incurred by CF(L)Co/GIJVE as a result of a spill resulting from operational causes attributed to NLH.

Spill from Safe Operating Conditions or Hydrology

- The energy equivalent to spills resulting from safe operating conditions consistent with good utility practices or hydrology conditions (e.g. exceeding full reservoir), other than spill identified as spills of banked water that had been stored in the Churchill Falls reservoir in accordance with the amended and restated water management agreement, will be considered energy that has been delivered to HQ.

The following performance incentive mechanisms will be negotiated in accordance with the foregoing principles and incorporated into the Definitive Agreements. For CF, all initial thresholds and ratios will be specified in the Definitive Agreements, while for Gull Island, the corresponding ratios and thresholds will be established once sufficient operating data is available. Such thresholds and ratios will be reviewed by the Parties as required and from time to time in accordance with the foregoing principles. For better clarity, performance items #1 and #2 can result in an incentive or deduction for CF(L)Co/GIJVE and performance items #3, #4 and #5 would only result in a deduction.

Mechanism	Proposed Provision
1. Firm Capacity Performance Payment *incentive or deduction, monthly calculation*	Measures firm capacity availability during winter (December 1 to March 31) through an availability ratio, based on a set threshold, with allowances for planned generation and transmission outages during Summer. Capacity which is not available due to a force majeure shall be deemed available for the purpose of calculation of the availability ratio. Each [●]% above the threshold generates a payment incentive from HQ to CF(L)Co/GIJVE of [●]% of the Capacity Monthly Payment, and each [●]% below the threshold generates a payment deduction from CF(L)Co/GIJVE to HQ of [●]% of the Capacity Monthly Payment. During summer, no incentive applies.
2. Efficiency Losses Performance Payment *incentive or deduction, annual calculation*	Sum of Unit Commitment Energy Losses and Unit Loading Energy Losses, compared to an Efficiency Losses Threshold. If losses exceed the threshold, CF(L)Co/GIJVE pays HQ the excess multiplied by [●]% of the Blended Price. If losses are below the threshold, HQ pays CF(L)Co/GIJVE the difference multiplied by [●]% of the Blended Price.
3. Delivery Shortfall Deduction *deduction, monthly calculation*	For each hour where CF(L)Co/GIJVE delivers less than HQ Scheduled Energy at the Delivery Points, and after taking into consideration routine system imbalance, standard ramping times, and any HQ intra-hour scheduling changes, there is a delivery shortfall. CF(L)Co/GIJVE pays HQ the shortfall multiplied by [●]% of the Blended Price. No deduction applies where the shortfall arises from an excusable event, including an unplanned shutdown caused by a force majeure or other circumstances required to safeguard human life or protect CF or Gull Island, except where attributable to CF(L)Co/GIJVE negligence.
4. CF(L)Co/GIJVE Spillage Deduction *deduction, monthly calculation*	For any spill resulting from operational causes attributed to CF(L)Co/GIJVE error, CF(L)Co/GIJVE pays HQ the energy equivalent of the volume spilled, using the water to energy conversion factor to be provided for in the Definitive Agreements, multiplied by [●]% of the Blended Price. For greater clarity, CF(L)Co/GIJVE will not be subject to penalties for spill attributable to force majeure and spill required for safe operating conditions and hydrology.
5. Excess Recaptured Energy Deduction *deduction, annual calculation*	For any energy delivered to NLH in excess of the maximum annual energy, CF(L)Co/GIJVE pays HQ the excess multiplied by [●]% of the Blended Price.

Annex F – New CF PPA Inflation Adjustment Mechanism

The payments related to the New CF PPA as per Annex D, will be adjusted yearly using an inflation-based adjustment mechanism as provided under Attachment 1. The key terms of this adjustment mechanism are highlighted here:

(i) The inflation adjustment is based on the Consumer Price Index (CPI) as reported by Statistics Canada (Consumer Price Index, monthly, not seasonally adjusted - CANSIM table 18-10-0004-01, Canada All-items) (“**CPI**”)

(ii) The annual average CPI shall be determined by calculating the percentage change in the CPI from October of the previous year to September of the current year

(iii) The applicable inflation will be used for the following year payment adjustment calculations

(iv) The target reference inflation is 2.06%

(v) The “deadband” will be set at ±40 basis points

(vi) The deadband will be a deductible, i.e., adjustments up or down are calculated from the deadband limits

(vii) The calculation will be based on a cumulative basis

Attachment 1 – Payment Adjustment Mechanism

1. Introduction

This explains how the price paid by HQ for the Existing CF Plant generation will be adjusted over time. It sets out the annual target payment, the CPI adjustment mechanism, the deadband, and the formula for payment calculation.

2. Target Payment

The target payment is the agreed annual amount that HQ pays for Existing CF Plant generation based on Annex D. It serves as the baseline for all adjustments going forward.

3. Payment Adjustment Mechanism

Starting in 2028, CF(L) Co will review new CPI data after the 2027 base year. For each annual review, CF(L) Co calculates the cumulative CPI change factor after the 2027 base year to the year under review, compares it to the deadband, and—if needed—applies an adjustment for that year.

CPI series: Statistics Canada Consumer Price Index, All-items, Canada, monthly, not seasonally adjusted (Table 18-10-0004-01 (formerly CANSIM 326-0020)).

Measurement convention: Annual average CPI (October t-2 to September t-1), so that the data is available before the start of the following calendar year.

For example, Year 2030 [CPI2030] is calculated using the average CPI from October 2028 to September 2029. Each annual average [CPI20XX] is rounded to 1 decimal place, consistent with the underlying Statistics Canada monthly data.

The cumulative CPI change factor [F2030] for 2030 is obtained from [CPI2030] / [CPI2027]. Cumulative CPI change factors are rounded to 4 decimal places.

4. Generic Formulas

$$\boldsymbol{CPI_{20XX} = \frac{\sum_{Oct_{20XX-2}}^{Sept_{20XX-1}} CPI_M}{12}}$$

Where:
20XX: Contract calendar year
CPI_M: Monthly CPI value published by Statistics Canada
CPI_{20XX}: Annual-average CPI for year 20XX, where CPI_{2027} is the base year; rounded to 1 decimal place
DL_{20XX}: Cumulative deadband lower bound for year 20XX, rounded to 4 decimal places
DH_{20XX}: Cumulative deadband upper bound for year 20XX, rounded to 4 decimal places

5. Deadband Definition

The deadband centered on 2.06% per year, with a width of ±0.40% (i.e., a range of 1.66% to 2.46% per year).

For each annual review (starting in 2028), CF(L) Co compares the Cumulative CPI Change Factor [F_{20XX}] since 2027 (over "n" years) to the deadband expressed as cumulative factors: lower bound [DL_{20XX}] = $(1.0166)^n$ and upper bound [DH_{20XX}] = $(1.0246)^n$.

6. **Adjustment Formulas**
   - **Base year:** 2027.
   - **Annual review:** in the months preceding the new calendar year being evaluated when Statistics Canada data becomes available (starting with year 2028).
   - **Cumulative CPI Change Factor:** Obtained from [F_{20XX}] = [CPI_{20XX}] / [CPI_{2027}].
   - **Cumulative deadband factors:** Obtained from DL_{20XX} and DH_{20XX}.
   - **Rounding and comparison convention (applied in this order):** (1) Round each annual-average CPI value (CPI_{20XX}) to 1 decimal; (2) compute $F_{20XX} = CPI_{20XX}/CPI_{2027}$ and round F_{20XX} to 4 decimals; (3) compute DL_{20XX} and DH_{20XX} and round each to 4 decimals; (4) compare the rounded values to determine whether F_{20XX} is within, above, or below the deadband.

The adjustment mechanism works as follows:

- **Within deadband:** If the Cumulative CPI Change Factor since 2027 (over "n" years) is between the deadband lower bound (DL_{20XX}) and upper bound (DH_{20XX}), the payment remains at the target amount.

- **Above deadband:** If the Cumulative CPI Change Factor since 2027 (over "n" years) is greater than the deadband upper bound (DH_{20XX}), the payment is calculated as:
  - *Adjusted Payment = Target Payment ×* *[Cumulative CPI Change Factor F_{20XX} / DH_{20XX}]*

- **Below deadband:** If the Cumulative CPI Change Factor since 2027 (over "n" years) is less than the deadband lower bound (DL_{20XX}), the payment is calculated as:
  - *Adjusted Payment = Target Payment ×* *[Cumulative CPI Change Factor F_{20XX} / DL_{20XX}]*

7. **Examples**

   1. **Example 1: Cumulative CPI Within Deadband**
      - Target Payment (2030): \$0.772B
      - Lower deadband bound in 2030 (DL_{2030}) = $(1+1.66\%)^3$ = 1.0506
      - Upper deadband bound in 2030 (DH_{2030}) = $(1+2.46\%)^3$ = 1.0756
      - Illustrative base year CPI_{2027} = 166.2
      - Illustrative annual CPI changes over CPI_{2028}–CPI_{2029}–CPI_{2030} (3 years): 2.1% (169.7), 1.9% (172.9), 2.0% (176.3)
      - Cumulative CPI Change Factor $F_{2030} = CPI_{2030}/CPI_{2027}$ = 176.3 / 166.2 = 1.0608
      - Since F_{2030} is between DL_{2030} and DH_{2030}: Payment remains \$0.772B.

   2. **Example 2: Cumulative CPI Below Lower Deadband**
      - Target Payment (2030): \$0.772B
      - Lower deadband bound in 2030 (DL_{2030}) = $(1+1.66\%)^3$ = 1.0506
      - Upper deadband bound in 2030 (DH_{2030}) = $(1+2.46\%)^3$ = 1.0756
      - Illustrative base year CPI_{2027} = 166.2
      - Illustrative annual CPI changes over CPI_{2028}–CPI_{2029}–CPI_{2030} (3 years): 0.6% (167.2), 0.9% (168.7), 0.8% (170.1)
      - Cumulative CPI Change Factor $F_{2030} = CPI_{2030}/CPI_{2027}$ = 170.1 / 166.2 = 1.0235
      - *Adjusted Payment* = \$0.772B × (1.0235 / 1.0506) = \$0.752B
      - Since F_{2030} is below DL_{2030}: Payment decreases to \$0.752B

   3. **Example 3: Cumulative CPI Above Upper Deadband**
      - Target Payment (2030): \$0.772B
      - Lower deadband bound in 2030 (DL_{2030}) = $(1+1.66\%)^3$ = 1.0506
      - Upper deadband bound in 2030 (DH_{2030}) = $(1+2.46\%)^3$ = 1.0756

- Illustrative base year CPI_{2027} = 166.2
- Illustrative annual CPI changes over CPI_{2028}–CPI_{2029}–CPI_{2030} (3 years): 3.7% (172.3), 4.2% (179.6), 4.1% (186.9)
- Cumulative CPI Change Factor $F_{2030} = CPI_{2030}/CPI_{2027}$ = 186.9 / 166.2 = 1.1245
- *Adjusted Payment* = \$0.772B × (1.1245 / 1.0756) = \$0.807B
- Since F_{2030} is above DH_{2030}: Payment increases to \$0.807B

4. **Example 4: Large annual variations**
   - Target Payment (2030): \$0.772B
   - Lower deadband bound in 2030 (DL_{2030}) = $(1+1.66\%)^3$ = 1.0506
   - Upper deadband bound in 2030 (DH_{2030}) = $(1+2.46\%)^3$ = 1.0756
   - Illustrative base year CPI_{2027} = 166.2
   - Illustrative annual CPI changes over CPI_{2028}–CPI_{2029}–CPI_{2030} (3 years): 6.0% (176.1), -2.0% (172.5), 5.0% (181.2)
   - Cumulative CPI Change Factor $F_{2030} = CPI_{2030}/CPI_{2027}$ = 181.2 / 166.2 = 1.0903
   - *Adjusted Payment* = \$0.772B × (1.0903 / 1.0756) = \$0.783B
   - Since F_{2030} is above DH_{2030}: Payment increases to \$0.783B.

Annex G – Water Management

(a) The overarching principle of the water management agreement will be to broadly optimize the short-term and long-term production on the Churchill River, provided that a production facility will be indemnified to the extent it is adversely impacted by such optimization;

(b) Production from any non-emitting plant that is on the NL system (existing and future) and a party to an arrangement with CF(L)Co for capacity and energy (including any ancillary services and environmental attributes) may be used to meet CF(L)Co's contractual obligations to HQ, provided that such use shall not limit HQ contractual scheduling or operational flexibility and that energy banking and debanking priority shall be provided on the basis of each generating facility commissioning date relative to the others;

(c) No contractual limitations on use of contracted but unscheduled capacity at CF by CF(L)Co as long as CF(L)Co meets its contractual delivery obligations to HQ, and that such amounts of contracted but unscheduled capacity will be made available on the NL system for HQ real time operational and scheduling contractual requirements;

(d) Terms that allow two or more Suppliers to contract to have access to greater generating and/or transmission capability than available from their own generation facilities to facilitate debanking;

(e) Terms that enable minimum annual and monthly production at CF based on annual inflows, subject to existing and future plant availability at the upstream facilities in order to ensure that all downstream facilities (existing and future) have sufficient water to meet customer commitments, including NL load requirements and exports, on a reliable basis and to meet environmental regulations;

(f) Terms that will minimize spill to the extent reasonable and within operating and reliability constraints, and in circumstances where spill does occur, terms for the fair allocation of the energy equivalent to such spill, provided that spill minimization shall form part of the broader objective of optimizing the use of water and that if spillage occurs;

(g) Terms ensuring that HQ has a representative on the Water Management Committee;

(h) Terms ensuring that the Independent Coordinator's performance and compliance with its code of conduct are subject to regular oversight by the Water Management Committee and independent audits; and

(i) Terms providing that where one Supplier produces for the benefit of another Supplier, settlement shall not be limited to Energy banking and may, subject to the Suppliers' consent, alternatively be made through energy deliveries, transfers of banked volumes of water or financial settlement.

Annex H - Synthetic Export Price

Energy market definitions

1. New England: The simple annual average hourly settled Day-Ahead price at the ISO-NE Internal Hub node (ISO NE H.INTERNAL_HUB) for each hour of the calendar year. This annual energy price will include the Forecast Energy Requirement (FER) price. The average price will be calculated based on non-negative hourly prices.

2. New York: The simple annual average hourly settled Day-Ahead price for the NYC Astoria (HQ_Gen_CHPE_Proxy) node for each hour of the calendar year or month. The average price will be calculated based on non-negative hourly prices.

3. Ontario: The simple annual average hourly settled Day-Ahead price for the PQAT interface for each hour of the calendar year or month. The average price will be calculated based on non-negative hourly prices.

Environmental Attributes

NLH will retain all environmental attributes associated with the volumes priced at the Synthetic Export Price (including clean energy credits, renewable energy credits or other similar product).

Winter capacity market definitions (from December 1st to March 31st)

1. New England: The winter seasonal average capacity auction prices for the zone applicable for deliveries from the phase I/II transmission line in Massachusetts (currently referred to as "rest of pool zone") as published by ISO-NE.

2. New York: The NYISO ICAP spot capacity auction prices of Zone J for the four months, as published by NYISO.

3. Ontario: The winter obligation capacity auction clearing price, as published by the IESO.

Changes Affecting Export Market Price References

Upon the occurrence of any event (legislative, regulatory or otherwise) after the execution of the Definitive Agreements that changes or affects the pricing structure or methodology, settlement, zonal structure or terminology used in the energy or capacity markets in New England, New York and/or Ontario, without any replacement or equivalence, such that the calculation of reference capacity prices or reference energy prices in any of these markets becomes impossible or no longer reasonably reflects the objective of providing a representative market reference of energy and/or capacity prices for the identified location in each of these markets as they existed as of the execution of the Definitive Agreements, the affected price reference will temporarily default to the agreed upon Premium PPA Price and the Parties shall, as promptly as possible and in no event later than within six months of the applicable event, negotiate in good faith any required changes to the affected price reference definition(s) as may be necessary or required to preserve and reflect the objective of the Parties as of the execution of the Definitive Agreements. Once agreed, the changes will be applied retroactively to the effective date of the applicable event and there will be a true up of payments made between the new pricing and the temporary default price for the period prior to reaching agreement on the required changes to the affected price reference definition(s).

<u>Annex I – GIJVE and CF(L)Co Financing Policies</u>

GIJVE FINANCING POLICIES

A. <u>GIJVE Financing Policies from date of Definitive Agreements to Expiry of Gull Island PPAs</u>

During the period commencing at the start of development and ending at the end of the term of the Gull Island PPAs, the following shall apply:

1. HQ will have sole responsibility and decision-making authority with respect to the financing and refinancing of the Gull Island Project, provided that any deviation from these financing policies, subject to permitted variances, will require a Special Majority Board Approval as set out in the shareholders agreement of GIJVE. The scope of what constitutes a "permitted variance" for the purposes of this Section 1 will be specified in final financing policies to be appended to the Definitive Agreements.

2. HQ will have the obligation to: (i) by December 1st of each given year, provide to NLH a financing plan for GIJVE in respect of the following financial year, including the financing strategy, financing model and the expected financing activities in such financial year which shall be consistent with these financing policies unless otherwise approved in accordance with a Special Majority Board Approval as set out above (each such plan, an "**Annual Financing Plan**"), (ii) by February 1st of any given year, provide to NLH an annual report on the financing activities of the immediately preceding financial year, including a comparison of such financing activities relative to the Annual Financing Plan in respect of such year, (iii) over the course of any given year, to the extent (x) a particular financing activity varies materially from the activities contemplated in the applicable Annual Financing Plan (a "**Financing Activity Modification**") or (y) a new financing program or instrument is implemented in the form of a new credit agreement, new base indenture, new commercial paper program, new hedging program or other new financing program or instrument (which, for the avoidance of doubt, shall exclude drawdowns from then existing facilities or issuances pursuant to then existing debt issuance programs or instruments) (in each case, a "**New Financing Platform**"), in each case provide appropriate time to NLH to review the terms and conditions of such Financing Activity Modification or New Financing Platform, as applicable, (iv) consider in good faith any reasonable comments made by NLH in respect of an Annual Financing Plan, a Financing Activity Modification or a New Financing Platform, as applicable, and reply to NLH in a timely manner with HQ's responses to such comments; and (v) provide any required information, documents and access reasonably requested by NLH so NLH can manage the financial reporting of GIJVE, including the annual financial statement audit, and NLH's exposures related to its offtake of power from the Gull Island Project.

3. Notwithstanding the foregoing, any financing proposal, including hedging, to be incurred during the period commencing at the start of development and ending at the end of the term of the Gull Island PPAs in respect of indebtedness (including hedging) the maturity of which extends beyond the expiry of the 50-year Gull Island PPAs, will be subject to Special Majority Board Approval of GIJVE.

4. Maintain the required 75% debt (including Project Subordinated Debt (as defined below)) and 25% equity (including Equity Replacement Subordinated Debt (as defined below) and any accrued and undistributed contractually receivable return on equity (e.g. as contemplated by the initial power purchase agreements)) capital structure.

5. The financing strategy shall be designed to achieve three primary objectives: (a) *first* to fund the applicable approved operating and capital plans; (b) *second* to prudently manage capital structure risk and (while maintaining the 75/25 debt/equity ratio), liquidity risk, refinancing risk, interest rate risk, term structure, covenant risk, and currency risk; and (c) third, subject to (a) and (b) above, to minimize the weighted average cost of capital when borrowing and repaying debt. Debt and equity will be retired over time using a straight-line declining traditional cost of service model. HQ and NLH agree to review and align on the key elements of the GIJVE financial model prior to the entry of the Definitive Agreements, which model will be prepared by a mutually acceptable nationally recognized third party advisor (i.e., a Big 4 accounting firm or other specialized valuation firm), will include the key assumptions used in respect of capital structure, cost of capital, debt service and amortization schedule and projected cash flows, and will be for illustrative purposes only.

6. If, in furtherance of the three objectives in Section 5 above, (i) it is not advisable to borrow additional senior debt in the capital markets to achieve the 75/25 capital structure on market terms for debt of this type, as, in HQ's reasonable judgement, doing so could result in a downgrade of GIJVE's issuer credit rating or (ii) there is a restriction applicable to the senior debt of GIJVE that prevents the issuance of additional senior debt, GIJVE may raise Project Subordinated Debt from HQ, NLH and/or other third-party investors (including through the capital markets). The following principles will apply in respect of Project Subordinated Debt:

    a. HQ shall provide its assessment to NLH of why it is not advisable to borrow additional senior debt as specified in 6(i) above, and, to the extent available, copies of any material analyses, reports, recommendations or other relevant materials provided to HQ by its third-party advisors, investment banking firms and rating agencies that support such assessment. HQ shall also afford NLH a reasonable opportunity to review such materials and to raise and discuss any questions that NLH may have in connection therewith;

    b. NLH shall have a right of first refusal for its proportionate share (150% of the amount held by HQ) of any Project Subordinated Debt on the same terms and conditions as offered to HQ;

    c. Project Subordinated Debt shall be non-convertible (and if advisable and permitted under the terms of senior debt, secured as second lien debt); and

    d. Any Project Subordinated Debt held by HQ or NLH or any of their respective affiliates shall comply with the Special Provisions (as defined below).

7. If, during the construction period until COD or for initial construction and development costs incurred after COD for the purpose of funding such cost, a capital call is made and NLH elects not to contribute equity beyond the NLH GI Equity Contribution Cap, NLH and HQ's respective equity ownerships shall not be diluted. Any additional capital for both parties required to maintain the 75/25 capital structure will be funded by HQ or third parties through Equity Replacement Subordinated Debt. The following principles will apply in respect of Equity Replacement Subordinated Debt:

    a. Equity Replacement Subordinated Debt may only be issued once NLH has fully contributed its NLH GI Equity Contribution Cap and HQ has fully contributed its related proportionate share of equity and to the extent NLH has elected not to contribute equity beyond the NLH GI Equity Contribution Cap.

b. Equity Replacement Subordinated Debt shall be non-convertible (and if advisable and permitted under the terms of the senior debt, secured as second lien debt); and

c. Any Equity Replacement Subordinated Debt held by HQ or its affiliates shall comply with the Special Provisions (as defined below).

8. In light of the amortization schedule in the relevant Gull Island PPAs and the 75/25 debt/equity ratio capital structure of GIJVE, upon the expiry of the Gull Island PPAs, the outstanding debt of GIJVE shall not exceed the sum of (1) 15/65 of the debt component of the initial construction and development capital cost (the "**Initial Construction Debt**"), (2) the debt related to unamortized post-COD capitalized costs (other than construction and development costs) which will be amortized (on a straight-line basis) in accordance with applicable accounting principles for commercial (not public) enterprises (ignoring write-downs) consistently applied with capitalized assets amortized over their estimated useful lives, and (3) the amount of capital required to finance working capital and other cash flow requirements of GIJVE (the "**Debt Reduction Profile**"). The Debt Reduction Profile will provide that the Initial Construction Debt (or a notional amount equivalent thereto) will be amortized over time in accordance with a straight-line declining traditional cost of service model.

9. Use commercially reasonable efforts to target an A- credit rating (or equivalent) for GIJVE from one of Moody's, Fitch and Standard & Poor's, provided that such efforts shall not require HQ to provide additional equity (beyond the amount required to achieve the debt to equity ratio in Section 4 above), collateral or covenants (over and above those contemplated in the Definitive Agreements), incur direct liabilities to the applicable creditors (over and above those contemplated in the Definitive Agreements), or otherwise suffer an adverse financial impact (above a materiality threshold to be specified in the Definitive Agreements) in order to enable GIJVE to achieve the targeted rating; and maintain a financial profile that provide ongoing and sufficient access to debt capital markets to fund GIJVE's operating and capital requirements and manage its capital structure.

10. Subject to the foregoing, after COD, maximize dividends to shareholders.

11. Where practical, implement cost-effective means to monetize ITCs and other similar government incentives. Any debt incurred as an "ITC bridge" will be ignored in calculating the 75% / 25% capital structure ratio.

12. All debt (whether senior or subordinated) will be non-convertible. Recourse to HQ, NLH, any subsidiaries of NLH (other than GIJVE) will be limited to the material project contracts signed by each of them, including with respect to HQ, the completion guarantee, and the pledges of their respective equity interests in GIJVE. Any debt raised by GIJVE will be non-recourse to the Province of Newfoundland and Labrador and to the Province of Québec.

13. HQ, NLH and their respective affiliates shall not be entitled to hold any senior debt of GIJVE, except (a) as otherwise approved by Special Majority Board Approval or (b) with respect to HQ and its affiliates, (i) in a scenario whereby HQ's completion guarantee is called upon by the beneficiaries of such guarantee, provided that the Special Provisions shall apply *mutatis mutandis* to any senior debt acquired by HQ as a result of HQ's completion guarantee being called upon, and (ii) any senior debt that HQ may hold prior to the establishment by GIJVE of its initial third-party financing program (in which case HQ would cease to hold such debt upon the establishment of such initial third-party financing program), provided that the terms of such debt shall be consistent with parameters to be specified in the Definitive Agreements.

14. Senior and subordinated debt instruments to include customary restrictions on ownership by parties listed by OFAC or on comparable sanctions lists and other specified criteria to be agreed.

15. To the extent any debt of GIJVE includes a payment waterfall, such waterfall shall provide that (i) all operation and maintenance costs and expenses (including, without limitation, transmission revenue requirement and IBA payments) will be paid in priority to debt service, and (ii) principal repayments on Project Subordinated Debt and Equity Replacement Subordinated Debt may be made prior to, or concurrently with, principal repayments on senior debt, including while senior debt remains outstanding as long as the Debt Reduction Profile is complied with on an aggregate basis, and doing so does not negatively affect the credit rating of GIJVE's senior debt.

B. GIJVE Financing Policies following the Expiry of Gull Island PPAs

After the 50-year term of the Gull Island PPAs has elapsed (the "**Post-PPA Period**"), HQ shall no longer have sole responsibility and decision-making with respect to the financing or refinancing of the Gull Island Project, and the responsibility for overseeing and directing financing and refinancing activities in respect of GIJVE shall be subject to the authority and oversight of the Board of Directors of GIJVE in accordance with the GIJVE shareholders agreement and other constating documents.

Notwithstanding the foregoing, the initial financing policies of GIJVE for the Post-PPA Period will be set out in the Definitive Agreements and any deviation from the financing policies (subject to permitted variances to be defined in the Definitive Agreements) shall be subject to a Special Majority Board Approval of the Board of Directors of GIJVE. The financing policies will support the objective of continuing to operate and maintain GIJVE in a manner that:

1. Financing the short and long-term operating and financial plans of GIJVE;

2. The single-project nature of the business of GIJVE;

3. Prudently managing capital structure risk, liquidity risk, interest rate risk, term structure risk, covenant risk, currency risk, hydrology risk, refinancing risk, commodity risk (if any), and re-contracting risk;

4. Targeting a credit rating and maintaining a financial profile that provide ongoing and sufficient access to debt capital markets to fund GIJVE's operating and capital requirements and manage its capital structure;

5. Maintaining leverage and liquidity policies consistent with prudent financing practices for commercial, long-life utility and infrastructure businesses;

6. Seeking to achieve an efficient overall cost of capital, consistent with the foregoing; and

7. Maintaining a dividend policy consistent with the above.

Definitions:

- "**Equity Replacement Subordinated Debt**" means subordinated non-convertible debt (which may be secured as second lien debt) that is used to fund the portion of Project Capital requirements that would otherwise be funded through equity, including where equity contribution limits apply. For clarity, consistent with the contemplated financing mechanics, the distinction between "Project Subordinated Debt" and "Equity Replacement Subordinated Debt" is a notional distinction (from the point of view of the holders of the subordinated debt) reflected for purposes of maintaining the agreed 75% / 25% capital structure. Any Equity Replacement Subordinated Debt held by HQ or its affiliates shall be on market terms, and in the event that HQ and its affiliates acquire, upon issuance, 40% or more of a specific issuance of Equity Replacement Subordinated Debt, the terms of such debt shall be consistent with parameters for Subordinated Debt to be specified in the Definitive Agreements (the "**Subordinated Debt Parameters**").

- "**Project Subordinated Debt**" means subordinated non-convertible debt (which may be secured as second lien debt) that may be invested in GIJVE by HQ, NLH and/or other third-party investors (including through the capital markets) if it is not advisable to raise sufficient senior debt in the capital markets to achieve the agreed capital structure. Any Project Subordinated Debt held by HQ, NLH or their respective affiliates shall be on market terms for debt of this type, and in the event that HQ, NLH and their respective affiliates acquire, upon issuance, 40% or more of any specific issuance of Project Subordinated Debt, the terms of such debt shall be consistent with the Subordinated Debt Parameters.

- "**Special Provisions**" means, with respect to any Subordinated Debt held by HQ, NLH or any of their respective affiliates, provisions providing that (1) NLH and HQ, as shareholders of GIJVE, shall have unlimited equity cures which will allow NLH or HQ, as the case may be, to cure any defaults, including and not limited to, DSCR defaults and payment defaults under any Subordinated Debt through equity contributions applied to remedy the default, and (2) in the event of a default under the Subordinated Debt, to the extent HQ or one its affiliates successfully submits a credit bid or otherwise acquires, directly or indirectly, any shares or assets of GIJVE upon the exercise of its remedies under the Subordinated Debt, NLH or one its affiliates shall have a right to acquire 100% (and not less than 100%) of such shares or assets. The purchase price payable by NLH or one of its affiliates in such circumstance will be defined in the Definitive Agreements. The procedures, timing requirements and other terms governing such purchase right shall be set forth in the Definitive Agreements. Neither HQ nor NLH shall be entitled in any circumstance to exercise any right of set-off or compensation under any agreement to which HQ or NLH is a party for amounts due by GIJVE under any Subordinated Debt instrument.

- "**Subordinated Debt**" means, collectively, the Project Subordinated Debt and the Equity Replacement Subordinated Debt.

CF(L)CO FINANCING POLICIES

Decision making and responsibility for overseeing and directing financing and refinancing activities in respect of CF(L)Co shall be subject to the authority and oversight of the Board of Directors of CF(L)Co in accordance with the CF(L)Co shareholders agreement and other constating documents.

Notwithstanding the foregoing, the initial financing policies of CF(L)Co will be set out in the Definitive Agreements and any deviation from the financing policies (subject to permitted variances to be defined in the Definitive Agreements) shall be subject to a Special Majority Board Approval of the Board of Directors of CF(L)Co. The financing policies will support the objective of continuing to operate and maintain CF(L)Co in a manner that:

1. enables CF(L)Co to operate in accordance with good utility practice,

2. aligns with the economic importance of the Churchill Falls facility,

3. prudently manages CF(L)Co's financial risks and credit ratings with due regard to minimizing overall risk and costs;

4. ensures that preferred dividends on Class A shares are paid in priority to any payment of dividends on any other class of shares;

5. maintains a financial profile that provides ongoing and sufficient access to debt capital markets to fund CF(L)Co's operating and capital requirements, maintains an efficient capital structure and achieves an efficient overall cost of capital;

6. maintains leverage and liquidity policies consistent with prudent financing practices for commercial, long-life utility and infrastructure businesses; and

7. maintains a dividend policy consistent with the above.

Annex J – Identified Permits

1. The Government of Newfoundland and Labrador release from environment assessment issued on March 15, 2012 by the *Lower Churchill Hydroelectric Generating Project Undertaking Order,* NLR 18/12 made under *Environmental Protection Act,* SNL 2002, c. E-14.2;

2. The decision of the Government of Canada issued on March 15, 2012 that, after taking into consideration the report of the joint review panel established pursuant to the *Canadian Environmental Assessment Act,* S.C. 1992, c. 37 [Repealed 2012, c. 19, s. 66], federal authorities could exercise powers and perform duties and functions that would permit the Lower Churchill Project to be carried out;

3. Licence to Occupy, Gull Island, Labrador (Application 163956), issued July 4, 2025 with a term of 5 years, Government of Newfoundland and Labrador (Department of Fisheries, Forestry and Aquaculture), RE: conducting Commercial (Geothermal Work);

4. Permit to Alter a Water Body (Permit No. ALT14391-2025) issued July 4, 2025 pursuant to s.48 of the *Water Resources Act*, SNL 2002, c.W-4.01, Government of Newfoundland and Labrador (Department of Environment and Climate Change – Water Resource Management Division) RE: Gull Island (Multiple Waterbodies) – Hydrometric and Mooring Stations Installation;

5. Permit to Alter a Water Body (Permit No. ALT14394-2025) issued July 4, 2025 pursuant to s.48 of the *Water Resources Act*, SNL 2002, c.W-4.01, Government of Newfoundland and Labrador (Department of Environment and Climate Change – Water Resource Management Division) RE: Gull Island (Multiple Waterbodies) – Geotechnical Investigation;

6. Quarry Materials Exploration Licence: 7051951-25 issued July 4, 2025 pursuant to the *Quarry Minerals Act*, 1998, Government of Newfoundland and Labrador (Department of Industry, Energy and Technology – Mineral Land Division);

7. Approval RE: Proposed Temporary Site Trailer #0001 for NL Hydro at Gull Island Project Site, Gull Island, Labrador issued June 30, 2025, Government of Newfoundland and Labrador – Government Modernization and Service Delivery) – Exemption No. EA-30028'A';

8. Approval RE: Proposed Temporary Site Trailer #0002 for NL Hydro at Gull Island Project Site, Gull Island, Labrador issued June 30, 2025, Government of Newfoundland and Labrador – Government Modernization and Service Delivery) – Exemption No. EA-30028'B';

9. Approval RE: Proposed Temporary Site Trailer #0003 for NL Hydro at Gull Island Project Site, Gull Island, Labrador issued June 30, 2025, Government of Newfoundland and Labrador – Government Modernization and Service Delivery) – Exemption No. EA-30028'C';

10. Registry No. 14198, RE: Drilling of Geotechnical Boreholes, Churchill River, Labrador (TC File No. 2025-214822), Transport Canada, Publication Date December 17, 2025;

11. Water Use Licence, WUL NO. WUL-25-1492, original licence issued July 4, 2025 amended November 6, 2025, Government of Newfoundland and Labrador (Department of Environment and Climate Change – Water Resource Management Division), RE: Temporary Water Withdrawal and Use of Water for Geotechnical Investigation (Lower Churchill Project – Gull Island); and

12. Water Use Licence, WUL NO. WUL-25-1493, issued July 4, 2025, Government of Newfoundland and Labrador (Department of Environment and Climate Change – Water Resource Management Division), RE: Temporary Water Withdrawal and Use of Water for Geotechnical Investigation (Lower Churchill Project – Gull Island).

Annex K - Governance Principles

1. **Overall approach to governance terms.** HQ and NLH (the "**Parties**") agree that the existing shareholders agreement for CF(L)Co (the "**Existing SHA**") will serve as the starting framework for the amended and restated shareholders agreement for CF(L)Co (the "**A&R CF SHA**") and the shareholders agreement for GIJVE (the "**GIJVE SHA**" and together with the A&R CF SHA, the "**Shareholders Agreements**"), in each case subject to the changes identified in this Annex K (the "**Governance Schedule**"). The Parties acknowledge that they do not currently expect to propose changes to the construct contemplated in the Governance Schedule and agree that, where a topic has not been addressed specifically in the Governance Schedule, the Parties will follow the concepts reflected in the Existing SHA, provided that this approach would not prevent the Parties from making targeted updates regarding immaterial matters not specifically addressed in the Governance Schedule to the extent such updates are consistent with the overall concepts reflected in the Governance Schedule. Notwithstanding the foregoing, the Parties may also agree to depart from the Existing SHA where necessary to reflect (i) the commercial agreement of the Parties as contemplated in the DCIA, or (ii) the content of the financing policies for the Project Entities (as defined below) set out in Annex I (or any financing entered into in furtherance thereof). The Parties further agree that (a) financial thresholds would be subject to adjustment for inflation; and (b) no management incentive plan will be established except as otherwise agreed to by the board of directors of the relevant Project Entity.

2. **Post-PPA Process**. The Parties agree to include a mechanism in the Shareholders Agreements related to the negotiation of post-PPA proposals based on the principles outlined in Exhibit B hereof (the "**Post-PPA Process**"). The Parties agree that such mechanism will recognize the unique importance of volumes from CF(L)Co and GIJVE (each, a "**Project Entity**") to the Province of Newfoundland and Labrador and, as such, post expiry of the new PPAs, NLH will always be guaranteed to be provided the maximum volumes to which NLH is entitled under the new PPAs (the "**Guaranteed Volumes**") so long as it pays market price as revealed in the Post-PPA Process. For greater certainty, Guaranteed Volumes shall be determined separately for each Project Entity and may not be aggregated, transferred, offset or otherwise reallocated as between Project Entities. NLH is not obligated to take all of the Guaranteed Volumes and NLH must designate the volume or volumes it wishes to have treated as Guaranteed Volumes prior to, or concurrently with, the commencement of the applicable Post-PPA Process, and by making such designation NLH shall be deemed to have committed to purchase such Guaranteed Volumes at the market price determined through the Post-PPA Process. NLH may not, after such market price is determined, revise its designation or elect to retain only a portion of the designated Guaranteed Volumes.

3. **Reserved matters and Special Majority Approval.** The Parties agree that the list of matters that are to be subject to Special Majority Board Approval and Special Shareholder Approval are as set forth in Exhibit A hereof. The Parties agree that (a) "**Special Majority Board Approval**" means the approval of a majority of the directors of the board of directors of the Project Entity, including at least one of the nominees of HQ and NLH on the board of directors of the applicable Project Entity, in each case for as long as the applicable nominating shareholder holds at least 24% of the voting shares; and (b) "**Special Shareholder Approval**" means the approval of each of HQ and NLH, in their capacity as shareholders, in each case, for as long as they respectively own at least 10% of the voting shares of the applicable Project Entity.

4. **Board composition**. Representation on the board of directors of the Project Entities will be aligned with ownership interests and for greater certainty, a shareholder owning a majority of the voting shares of a Project Entity will always have the right to nominate a majority of the directors to the board of directors of the applicable Project Entity. Both Parties agree that a party having the right to nominate directors should have the right, but not the obligation, to appoint one or more independent directors. The Parties agree that for purposes of quorum, in the absence of quorum at a meeting of the board of directors or of the shareholders, such meeting is to be adjourned with the quorum of the reconvened meeting to be constituted of the directors/shareholders present at such reconvened meeting.

5. **Independent chairperson**. The Parties agree that the chairperson of the board of directors of a Project Entity will be appointed by the nominees of the shareholder having the right to nominate a majority of the directors of such Project Entity and that the chair shall be independent.

6. **Committees.** The Parties agree that the board of directors of a Project Entity should have the right, but not the obligation, to establish standing committees, and that committee membership should be proportionate.

7. **Related-party transactions and conflicts**. The Parties agree that Special Majority Board Approval will be required for entering into, amending or terminating related-party contracts, subject only to limited and defined exceptions, as set forth in Exhibit A hereof.

8. **Discriminatory Actions**. The Shareholders Agreement will provide for a mechanism related to Discriminatory Actions (as defined in Exhibit C hereof) and that compensation upon the occurrence of a Discriminatory Action shall be determined on the basis that the damaged party is to be placed in no better and no worse position than it would have been in had the Discriminatory Action not occurred and, for greater certainty, shall take into account any resulting increase in the costs of developing, constructing, owning, operating, maintaining or financing the Project, any delay costs and any reduction in revenues or other economic benefits directly attributable to the Discriminatory Action, but shall exclude indirect, special, punitive or consequential damages, except to the extent any such amounts are payable to unaffiliated third parties.

9. **Information, reporting and access rights**. The Parties agree that information/reporting will include annual audited financial statements and quarterly unaudited financial statements, as well as delivery of all reporting required under applicable financing documents, including annual operating and capital budgets, quarterly officer's and compliance certificates, monthly management reports and notices of defaults or other material financing events. In addition, forecast profit and loss reporting and quarterly compliance certificates as currently contemplated in the Existing SHA will be required unless the Parties determine that those items are no longer appropriate in light of the anticipated financing structure and lender requirements relating to the applicable Development Projects.

10. **Financing and dividend policies**. The Parties agree with the financing policies for the Project Entities set out in Annex I. The Parties agree that the dividend policies for the Project Entities will be agreed upon prior to the execution of the Definitive Agreements and that the dividend policy of CF(L)Co will provide for the continuation of NLH's preferred dividend entitlement on its Class A shares as contemplated in the Existing SHA.

11. **Dilution for failure to fund**. NLH's equity interest in CF(L)Co or GIJVE will not be diluted. If a shareholder fails to fund any approved capital calls following the expiry of any applicable cure period (which will be reasonable and set forth in the Definitive Agreements), the other shareholder(s) may fund the defaulting shareholder's unfunded portion on behalf of the defaulting shareholder by way of a shareholder loan bearing interest at a rate of 8.5% per annum. Such shareholder loan, together with all accrued and unpaid interest thereon, shall be repaid in priority from any future dividends or distributions payable to the defaulting shareholder until repaid in full.

12. **Issuances and pre-emptive rights**. Issuances of equity securities will be subject to Special Majority Board Approval and the pre-emptive rights mechanism will remain substantially consistent with that of the Existing SHA.

13. **Transfer restrictions, ROFR and permitted transfer mechanics**. The Parties agree that the following parameters will apply to transfers: (a) transfers will be subject to a ROFR similar to the one in the Existing SHA; (b) shareholder protections will not be transferable; (c) with the exception of the addition of transfers to wholly-owned affiliates, the framework for permitted transferees will not be broader than the current framework and will be prohibited; (d) there will be no indirect transfers; (e) transfers will not jeopardize the tax exempt status of a Project Entity and will only be made to reputable third-parties; (f) there will be a moratorium on transfers during the development and construction phase of the Development Projects; and (g) transfers will be subject to proportional "tag-along" right.

14. **Eligible Canadian Pension Fund Transfer.** Notwithstanding Section 13, NLH and HQ agree that they will both have the ability to do a one-time transfer of up to 10% of the voting shares of each of CF(L)Co and GIJVE to an Eligible Canadian Pension Fund (as defined below) on the following terms: (a) the transfer will have to be a direct transfer effected at the level of CF(L)Co or GIJVE, as applicable (i.e. there will be no indirect transfers); (b) the transfer will not be subject to the ROFR; (c) shareholder protections will be transferable (i.e. the Eligible Canadian Pension Fund will obtain Special Shareholder Approval rights if it acquires 10% of the voting shares of CF(L)Co or GIJVE, as applicable, as part of such transfer); (d) such transfer will not jeopardize the tax exempt status of CF(L)Co or GIJVE, as applicable; (e) in respect of GIJVE only, such transfer may only be done after the commissioning of Gull Island; and (f) such transfer will not be subject to proportional "tag-along" right. For purposes hereof "**Eligible Canadian Pension Fund**" means (a) any Canadian public pension fund, pension fund manager or pension investment corporation with assets under management in excess of C$120 billion, including any member of the group commonly referred to as the "Maple 8"; and (b) the Public Service Pension Plan (PSPP) and the Teachers' Pension Plan (TPP) of Newfoundland and Labrador or any successors thereto.

15. **Entity-specific tailoring for CF(L)Co and GIJVE.** The Parties agree that during operations, no differences are expected based on ownership structure, business scope, or operating needs. Entity-specific tailoring should be limited to objectively necessary differences and should not touch upon matters that have been addressed in this Governance Schedule.

EXHIBIT A
MATTERS SUBJECT TO SPECIAL MAJORITY BOARD APPROVAL AND SPECIAL SHAREHOLDER APPROVAL

Matters subject to Special Shareholder Approval

1. Amendment to Articles of the Project Entity

2. Adoption, amendment or repeal of the by-laws of the Project Entity

3. Amalgamation, merger, reorganization, continuance, plan of arrangement, liquidation or dissolution of the Project Entity or any subsidiary

4. Sale, transfer, lease, exchange of all or substantially all assets of the Project Entity or any subsidiary

5. Appointment or removal of auditors of the Project Entity

6. Appointment or removal of auditors of any subsidiary of the Project Entity, other than an accounting firm of recognized national standing

7. Any material change in the nature of the "Business" of the Project Entity

8. Any change to the fiscal year of the Project Entity

Matters subject to Special Majority Board Approval

1. Any sale, assignment, transfer, lease or exchange of assets of the Project Entity or any Subsidiary having an aggregate undepreciated value of $75 million (indexed) or more, except (a) as contemplated in the then applicable operating or capital expenditures budget; (b) for the disposal of obsolete assets; or (c) for the transfer between the Project Entity and a wholly-owned Subsidiaries or between two-wholly-owned Subsidiaries of the Project Entity.

2. Adoption of the annual operating and annual capital expenditure budgets of the Project Entity, provided that the Parties agree that prior to execution of the Definitive Agreements they will seek to agree on a template baseline annual operating and annual capital expenditure budget for each Project Entity that would be reconducted without being subject to Special Majority Board Approval to the extent that it remains within set parameters and will strive to peg certain items in those budgets to objective measures to prevent risks of misalignment. Variations to the budgets that represent an increase or decrease of 10% or more compared to the approved budget will be subject to Special Majority Board Approval. Budgets will be reconducted and increased to take into account inflation in case of a dispute to prevent operational deadlock. The Parties agree that budgets will be prepared on a consolidated basis for each Project Entity. Any capital project or capital expenditure in excess of $75,000,000 shall require Special Majority Board Approval unless such capital project or capital expenditure is expressly contemplated in an approved annual operating budget or annual capital expenditure budget.

3. The issue of any Shares or of any Rights, or the issue of any shares of any Subsidiary of the Project Entity.

4. Any loan or borrowing on the credit of, or any issue, reissue, sale or pledge of Debt Obligations of, or the grant of any financial assistance, guarantee or security by, the Project Entity or any Subsidiary of the Project Entity, other than in accordance with the Project Entity's financing policy.

5. Subject to the equivalent of Section 3.5 of the Existing SHA, the entering into, amendment or termination of any Material Contract to which the Project Entity or any Subsidiary of the Project Entity is a party or to which the Project Entity or any Subsidiary of the Project Entity may become a party, provided that any contract entered into in furtherance of the current annual operating budget or of the current annual capital expenditure budgets of the Project Entity will not be subject to Special Majority Board Approval. "**Material Contract**" to be defined as any contract involving a monetary commitment of the Project Entity or having a value to the Project Entity of $75 million (indexed) or more in the aggregate, excluding (a) contracts related to the incurrence of indebtedness and related hedging agreements; and (b) any contracts which materially restricts the Project Entity from carrying on its "Business", including the contracts to be listed in a schedule to the applicable Shareholders Agreement (based on Schedule E of the Existing SHA as amended / updated to reflect the entering into of the Definitive Agreements and which schedule will include, for GIJVE, the IBA).

6. Subject to the equivalent of Section 3.5 of the Existing SHA, the entering into, amendment or termination of any contract by the Project Entity or any Subsidiary of the Project Entity with a related party, including the related party agreements listed on a schedule to the applicable Shareholders Agreement (based on Schedule F of the Existing SHA as amended / updated to reflect the entering into of the Definitive Agreements), subject only to limited and defined exceptions including (a) contracts entered into on arm's-length terms below a $10 million threshold, indexed, and aggregated for related arrangements, (b) true back-to-back arrangements, (c) ordinary-course arrangements with no monetary value to, and no effect on the financial statements of the Project Entity; and (d) "**Excluded Related Party Contracts**" (to be defined based on Schedule H of the Existing SHA as amended / updated to reflect the entering into of the Definitive Agreements).

7. The making by the Project Entity of any loan to or investment in any Person, other than (i) acquiring Permitted Investments or Short Term Investments for cash management purposes, and (ii) intercompany loans, advances, capital contributions or investments among the Project Entity and its subsidiaries made pursuant to or in connection with intercompany agreements and/or contemplated by the then applicable annual operating budget or annual capital expenditure budgets of the Project Entity.

8. The making by any Subsidiary of the Project Entity of any loan to or investment in any Person, other than (i) acquiring Permitted Investments or Short Term Investments for cash management purposes, and (ii) intercompany loans, advances, capital contributions or investments among the Project Entity and its subsidiaries made pursuant to or in connection with intercompany agreements and/or contemplated by the then applicable budget.

9. Declaration or payment of any dividend, return of capital or other distribution of or in respect of any class of shares of the Project Entity, other than in accordance with the dividend policy of the Project Entity.

10. Decision to issue a Capital Call Notice.

11. Any acquisition or investment or the entry into any partnership, joint venture or other similar business arrangement with any third party that is or would be material to the Project Entity.

12. The entering into of any new financing policy, or subject to permitted variances, any deviation from the financing policy or the dividend policy of the Project Entity.

13. Any amendment to the signing authorities granted to executives to bind the Project Entity and its subsidiaries or any amendment to, modification of or departure from any approved delegation of authority applicable to the Project Entity or its subsidiaries.

EXHIBIT B
KEY PRINCIPLES FOR POST-PPA PROCESS

1. The purpose of the Post-PPA Process is to establish a credible, competitive and timely process for determining the best transaction for the Project Entity. The Post-PPA Process will be designed to ensure that (a) it is conducted on a level playing field between the participants; (b) the shareholders do not obtain any informational or procedural advantage by virtue of their existing relationship with the Project Entity; and (c) the timeline of the Post-PPA Process is not delayed or disrupted.

2. The Parties agree that the board of directors of the Project Entity will establish a special independent committee of the board of directors ("**Special Independent Committee**") to oversee the Post-PPA Process.

   (a) The Special Independent Committee will be composed of independent director nominees of HQ and NLH, based on their proportional representation on the board of directors of the Project Entity.

   (b) The Special Independent Committee will have a clear mandate and broad authority to establish and conduct a credible and competitive process designed to ensure that any new PPA entered into by the Project Entity is on the best terms reasonably available.

   (c) At the end of the Post-PPA Process, the Special Independent Committee will make a recommendation to the board of directors of the Project Entity as to the best transaction for the Project Entity.

   (d) HQ and NLH will contractually agree not to interfere with the process of the Special Independent Committee.

   (e) The Special Independent Committee will retain an independent financial advisor of recognized standing, together with such other independent legal, technical, commercial or other advisors as the Special Independent Committee considers necessary or advisable, in each case with appropriate expertise and experience to assist the Special Independent Committee in conducting the Post-PPA Process and preparing its recommendation.

   (f) The Special Independent Committee will be responsible for conducting the Post-PPA Process and overseeing any related negotiations.

3. The Parties agree that, during the Post-PPA Process, appropriate information-sharing protocols will be established, including protocols providing that:

   (a) any shareholder participating in the Post-PPA Process, and any board member appointed by such shareholder (other than a member of the Special Independent Committee for greater certainty), will be restricted from receiving confidential or commercially sensitive information relating to the Post-PPA Process; and

   (b) NLH will not be deemed to be participating in the Post-PPA Process solely by virtue of securing its Guaranteed Volumes, provided that such Guaranteed Volumes are secured at the market price determined in the Post-PPA Process.

4. The Special Independent Committee and its independent advisors will make their recommendations on the preferred purchaser(s) and the proposed terms of the new PPA(s) to the board of directors of the Project Entity. At that time, all information obtained by the Special Independent Committee will be made available to the directors on an unredacted basis so that they can assess the Special Independent Committee's work with full transparency.

5. The following principles will apply to the decision of the board of directors of the Project Entity at the end of the Post-PPA Process:

   (a) the new PPA(s) will be approved by the board of directors by simple majority, taking into account, among other things, the opinion of the independent financial advisors, the advice of legal counsel and the recommendation of the Special Independent Committee;

   (b) directors nominated by shareholders may participate in the vote unless prohibited by applicable law, provided that, if all such nominees are required to recuse themselves under applicable law, approval of the Post-PPA terms will be subject to the approval of NLH as a shareholder; in which case NLH shall have all the rights, powers, duties and liabilities of a director of a corporation under the CBCA or otherwise with respect to such approval, including any defences available to the directors, and the directors shall be relieved of their rights, powers, duties and liabilities to the same extent; and

   (c) the decision will not be subject to Special Majority Board Approval or Special Shareholder Approval.

EXHIBIT C
DEFINITION OF DISCRIMINATORY ACTION

"**Discriminatory Action**" means any Change of Law or other governmental, legislative, administrative or regulatory act, omission, decision, direction, determination, requirement, condition, restriction, prohibition, undue delay or failure to act occurring or arising after the execution of the Definitive Agreements, the effect of which is borne principally by the Project Entity or its shareholders, directly or indirectly, and which:

(a) amends, renders illegal, materially impairs, suspends or terminates any Definitive Agreement, any material agreement or any material right or benefit thereunder, or otherwise interferes with the performance, enforcement or economic benefit of any of the foregoing;

(b) reduces, restricts, delays or precludes any payment, revenue or other economic benefit that would otherwise have been payable to, or realized by, the Project Entity, or adversely alters the rights, interests or protections of the Project Entity or its shareholders; or

(c) increases the costs that the Project Entity is incurring or would reasonably be expected to incur in connection with the development, construction, ownership, operation, maintenance or financing of the Project, adversely affects any permit, licence, consent, approval or authorization required for the Project, adversely affects the availability, terms, continuation or enforcement of financing arrangements, disrupts or impairs debt service, or delays or prevents the achievement of commercial operation of the Project,

and, in each case, specifically applies to, disproportionately targets, or has the purpose or effect of unfairly or disproportionately depriving the Project Entity or its shareholders of the economic benefits, rights, protections or value reasonably expected to be derived from the Definitive Agreements, in each case as compared to other persons carrying on similar businesses or activities in the applicable jurisdiction.

For greater certainty, none of the following constitutes a Discriminatory Action: any law or regulation, or any bill, proposed law, consultation paper, discussion paper, press release, public announcement or published draft regulation, that was publicly disclosed before the execution of the Definitive Agreements, except to the extent that any amendment thereto after such date or any action taken thereunder after such date has the effects described in paragraphs (a) through (c).

"**Change of Law**" means (a) the coming into force of any law, regulation, rule, requirement, standard or other governmental measure, or any change in any of the foregoing, after the execution of the Definitive Agreements; or (b) any change after such date in the interpretation, implementation, application or administration of any law, regulation, rule, requirement, standard or other governmental measure by any governmental authority having jurisdiction, and includes the issuance, withholding, suspension, revocation, non-renewal, undue delay or conditioning of any permit, licence, consent, approval or authorization, and any other legislative, regulatory or administrative action or inaction of a governmental authority, in each case to the extent affecting the Project, the Project Entity, its shareholders, the Definitive Agreements, the Project agreements, or the financing arrangements for the Project; provided that Change of Law does not include any judgment or order of a court, commission or tribunal in a proceeding of general application, except to the extent giving effect to or evidencing a change described above.

Annex L – Procurement and Benefits Principles

NLH and HQ (the "**Parties**") acknowledge the existing Gull Island Project obligations concerning procurement and benefits, including those outlined in:

- the Lower Churchill Construction Project Benefits Strategy (the "**Benefits Strategy**");
- the Lower Churchill Innu Impacts and Benefits Agreement (the "**IBA**");
- the Environmental Release for the Lower Churchill Project (the "**EA Release**"), including those obligations around gender equity, diversity and inclusion; and
- those further imposed by law.

The Parties commit to work together to update the Benefits Strategy for approval by the Government of Newfoundland and Labrador ("**GNL**") and other procurement related obligations to incorporate the following principles (the "**Key Principles**"):

Key Principles

1. The Parties agree to share, openly, the forecasted level of effort required to execute the Gull Island Project, by scope, discipline and/or trade, to better inform the finalization of any Benefits Strategy amendments and Joint Procurement Policy (defined below) development. Based on current estimates HQ is able to confirm the following commitments for the Gull Island Project:
   - Number of Engineering and Project Management Person-Hours: A minimum of 4 million Person-Hours in NL;
   - Number of Construction and Assembly Person-Hours: The greater of (i) 85% of the total Person-Hours or (ii) 20 million Person Hours, shall occur in NL.
2. A hiring protocol will be established. This protocol will be consistent with the Canadian Charter of Human Rights and Freedoms and implement commitments made in the IBA with Innu Nation of Labrador, followed by first consideration for employment for qualified residents of Labrador, then qualified residents of Newfoundland and Labrador, then qualified residents of Quebec and then qualified residents from the rest of Canada considering Section 9 below. Any collective agreements entered by the Parties or their primary contractors shall contain provisions consistent with this protocol and those commitments.
3. It is recognized that HQ has an existing corporate structure and established expertise that will be leveraged to aid in the successful and efficient execution of the Gull Island Project. GNL acknowledges that HQ's executive level decision-making will occur outside NL, and is willing to discuss an appropriate level of decision-making required to support project execution to be performed in NL, including project management offices for Société d'énergie de la Baie James ("**SEBJ**") and the Engineering, Procurement and Construction Management ("**EPCM**") contractor. HQ commits to locate SEBJ offices in St. John's, Happy-Valley Goose Bay and at the Gull Island Project site until commissioning of the Gull Island Project. In addition, the EPCM contractor will be required to maintain a senior project presence in NL, including having an NL office.
4. HQ has authority over the procurement processes concerning the selection of the EPCM contractor. However, HQ, the EPCM contractor and their sub-contractors will be bound by the obligations of the updated Benefits Strategy (including full and fair opportunity for Newfoundland and Labrador companies to participate in sub-contracts on a competitive basis), the Joint Procurement Policy (defined below), and any other applicable laws, when performing the EPCM scope of work. Offices in NL will have procurement responsibilities, including issuing of RFPs and procurement-related documents from HQ, SEBJ and the EPCM contractor. It is recognized that HQ has and its EPCM

contractor will have an existing and established Engineering functions that will be leveraged to aid in the successful and efficient execution of the Gull Island Project.

5. With respect to construction and assembly, certain components may be subject to offsite fabrication or pre-assembly, including pre-fabricated modules, turbine components, and other specialized equipment, where such approaches provide advantages in terms of quality, efficiency, safety, cost, or schedule. Any such offsite fabrication or pre-assembly decisions will be made in consideration of project requirements, market capacity, constructability, and relevant opportunities to maximize economic benefits within NL. For greater certainty, assets that are sourced pre-assembled from the primary supplier as part of their normal business activities would not be considered 'construction and assembly' for the purpose of calculating Person-Hours, or otherwise. It is anticipated that, prior to entering Definitive Agreements, further specifics regarding offsite fabrication or pre-assembly will be provided and agreed upon as part of the updated Benefits Strategy.

6. The Parties will implement a procurement model that will be guided by a jointly developed procurement policy (the "**Joint Procurement Policy**") which will comply with the updated Benefits Strategy, the IBA, the EA Release and any further obligations imposed by law. HQ, its subsidiaries, EPCM contractors and subcontractors will comply with the IBA, including procurement and participation commitments agreed with Innu Nation, as well as the spirit and intent of the Newfoundland and Labrador Public Procurement Act, to the extent this statute is applicable.

7. The Parties will be permitted to request exemptions to the obligations contained in the updated Benefits Strategy when such requests are in response to material risks to cost and schedule. Such requests for exemptions will be considered for approval by GNL, acting reasonably.

8. The Parties will establish a Regional Development Committee ("**RDC**") that will be guided by terms of reference which will establish the responsibilities, structure and authority of the RDC, including:

    a. Having a mandate to advise HQ on the maximization of NL content and NL benefits in accordance with an agreed to Benefits Strategy and Joint Procurement Policy;

    b. Offering advice which will provide valuable insights to the Parties and contribute to the achievement of benefits objectives; and

    c. Being composed of representatives from HQ and/or its EPCM contractor, GNL (and/or NLH), regional business organizations, such as Chambers of Commerce and Indigenous representatives in order to ensure broad stakeholder participation and consideration of NL and Indigenous perspectives.

9. HQ will develop a Women's Employment and Diversity Plan consistent with the Benefits Strategy with measurable objectives and a safety and inclusion plan for women, Indigenous People and gender-diverse individuals. Any such plans will be subject to approval of GNL in accordance with the EA Release.

10. The Parties will establish a procurement and benefits reporting framework consistent with major project best practices, including monitoring, reporting and management reviews. The Parties acknowledge that the reporting framework may be subject to independent review, audit and verification to be done on behalf of GNL by an independent and professionally competent delegate of its choice.

11. The Parties acknowledge that the updated Benefits Strategy will establish measures to address situations where commitments under the Benefits Strategy and/or the Joint Procurement Policy are not met. Such measures will need to be understood and agreed by the Parties.

12. The Parties commit that all external-facing information and communication required under or in connection with the Gull Island Project, including notices, manuals, instructions, marketing materials, websites, reports, and other project-related materials will be made available in English. The English version shall be of equivalent content, quality and accuracy to any other language version. All external-facing information and external communication shall be made available simultaneously in both English and French unless otherwise agreed in writing by the Parties.