Q. Provide a copy of the most current service agreement for each of the Island Industrial Customers.

A. Attached hereto as PUB-NLH-047, Attachments 1–6, are the following current power service agreements:

- PUB-NLH-047, Attachment 1: Power Service Agreement – Braya Renewable Fuels (formerly NARL[1] Refining Limited Partnership and NARL), originally approved as part of Newfoundland and Labrador Hydro's Island Industrial customer service agreements in Board of Commissioners of Public Utilities ("Board") Order No. P.U. 7(2002-2003), as subsequently amended, including by Board Order No. P.U. 2(2014) dated February 3, 2014. The agreement was assigned to NARL Refining Limited Partnership pursuant to an Assignment and Novation Agreement dated December 19, 2014 and remains the governing agreement for Braya Renewable Fuels.
- PUB-NLH-047, Attachment 2: Power Service Agreement – Vale Newfoundland & Labrador Limited, originally approved by the Board in Order No. P.U. 6(2012) dated March 9, 2012.[2]
- PUB-NLH-047, Attachment 3: Power Service Agreement – Corner Brook Pulp and Paper Limited, dated May 4, 2021 and approved by the Board in Order No. P.U. 4(2021) dated January 26, 2021.
- PUB-NLH-047, Attachment 4: Power Service Agreement – Linde Canada Inc. (formerly Praxair Canada Inc.), originally executed May 28, 2013 and approved by the Board in Order No. P.U. 9(2013) dated April 3, 2013.

[1] North Atlantic Refining Limited ("NARL").
[2] An anti-corruption clause was subsequently added to the agreement by request of the customer; however, none of the approved terms of the contract were changed.

- PUB-NLH-047, Attachment 5: Power Service Agreement – Teck Resources Limited (formerly Aur Resources Inc.), originally executed January 17, 2006 and approved by the Board in Order No. P.U. 1(2007) dated January 18, 2007.

- PUB-NLH-047, Attachment 6: Marathon Gold Corporation, Marathon Gold Corporation (owner of the Valentine Gold Project, now part of Equinox Gold), approved by the Board in Order No. P.U. 34(2022) dated November 25, 2022.

UNOFFICIAL OFFICE CONSOLIDATION

Hydro-NARL-Jun/07

THIS SERVICE AGREEMENT made at St. John's, in the Province of Newfoundland and Labrador on the day of .

BETWEEN: **NEWFOUNDLAND AND LABRADOR HYDRO**, a corporation and an agent of the Crown constituted by statute, renamed and continued by the Hydro Corporation Act, Revised Statutes of Newfoundland and Labrador, Chapter H-16, (hereinafter called "Hydro") of the first part;

AND **NORTH ATLANTIC REFINING LIMITED**, a company organized under the laws of Newfoundland and Labrador (hereinafter called the "Customer") of the second part.

WHEREAS Hydro has agreed to sell Electrical Power and Energy to the Customer and the Customer has agreed to purchase the same from Hydro according to the Rates set by the Board of Commissioners of Public Utilities for the Province of Newfoundland and Labrador and by the terms of this Agreement;

THEREFORE THIS AGREEMENT WITNESSETH that the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.01 In this Agreement, including the recitals, unless the context otherwise requires,

(a) "**Amount of Power on Order"** means the Power contracted for in accordance with Article 2;

(b) **"Billing Demand"** means the components of the Customer's monthly Power consumption for which Demand charges apply as determined in accordance with Articles 3 and 10;

(c) "**Board"** means the Board of Commissioners of Public Utilities for Newfoundland and Labrador;

UNOFFICIAL OFFICE CONSOLIDATION

(d) **"Demand"** means the amount of Power averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter and measured by a demand meter of a type approved for revenue metering by the appropriate department of the Government of Canada;

(e) **"Electricity"** includes Power and Energy;

(f) **"Energy"** means the amount of electricity delivered in a given period of time and measured in kilowatt hours;

(g) **"Firm Energy**" means the Energy associated with the Firm Power;

(h) **"Firm Power"** means, except as varied by paragraph 3.02(a) and subject to Clause 3.03, the Demand normally associated with the Amount of Power on Order;

(i) **"Hydro Delivery Points"** means the 13,800 volt bus on Hydro's transformers on the north side of the road adjacent to the Customer's premises in Come By Chance, or at such other location or locations that Hydro and the Customer mutually agree in writing; **(as amended by Order No. P.U. 6(2003)**

(j) **"Interruptible Demand**" means, that part of a Customer's Demand which exceeds its Power on Order, which may be interrupted, in whole or in part, at the discretion of Hydro, and which is supplied to the Customer in accordance with Clause 5.01;

(k) **"Interruptible Energy"** means the Energy associated with Interruptible Demand determined as that Energy taken in each fifteen-minute interval in which Interruptible Demand is taken and it shall be deemed that in such cases Firm Energy is taken at 100 per cent load factor;

(l) **"Maximum Demand"** means the greatest amount of Power during the appropriate Month or part of a Month, as the case may be, averaged over each consecutive period of fifteen minutes duration commencing on the hour and ending each fifteen minute period thereafter, and measured by a demand meter of a type approved for revenue metering by the appropriate department of the Government of Canada;

(m) **"Month"** means a calendar month;

(n) **"Non-Firm Energy"** means Energy associated with Interruptible Demand;

(o) **"Power"** means the amount of electrical power delivered at any time and measured in kilowatts;

UNOFFICIAL OFFICE CONSOLIDATION

(p) **"Province"** means the the Province of Newfoundland and Labrador;

(q) **"Rate Schedules"** means the schedules of rates that are approved by the Board for the sale and purchase of Power and Energy;

(r) **"Secondary Energy"** means that Energy Hydro is willing to sell, according to Clause 4.01, at a rate approved by the Board and which, if not sold, would be surplus to its needs and likely to result in spillage at one or more of Hydro's hydraulic generating stations;

(s) **"Specifically Assigned Charge"** means the payment made by the Customer in each Month, calculated according to a method approved by the Board, for the use of Specifically Assigned Plant;

(t) **"Specifically Assigned Plant"** means that equipment and those facilities which are owned by Hydro and used to serve the Customer only;

1.02 Hydro and the Customer agree that they are bound by this Agreement and by the agreements and covenants contained in the Rates Schedules. In the event of a conflict between this Agreement and the Rates Schedules, the Rates Schedules shall have priority.

1.03 In this Agreement all references to dollar amounts and all references to any other money amounts are, unless specifically otherwise provided, expressed in terms of coin or currency of Canada which at the time of payment or determination shall be legal tender herein for the payment of public and private debts.

1.04 Words in this Agreement importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders.

1.05 Where a word is defined anywhere in this Agreement, other parts of speech and tenses of the same word have corresponding meanings.

1.06 Wherever in this Agreement a number of days is prescribed for any purpose, the days shall be reckoned exclusively of the first and inclusively of the last.

1.07 The headings of all the articles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.08 Any reference in this Agreement to an Article, a Clause, a subclause or a paragraph shall, unless the context otherwise specifically requires, be taken as a reference to an article, a clause, a subclause or a paragraph of this Agreement.

UNOFFICIAL OFFICE CONSOLIDATION

1.09 This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original, but all of such counterparts together shall constitute one and the same instrument.

ARTICLE 2
AMOUNT OF FIRM POWER

2.01 Subject to this Agreement, Hydro agrees to deliver to the Customer and the Customer agrees to purchase from Hydro the Amount of Power on Order.

2.02 The Customer shall declare to Hydro in writing, not later than October 1 of each calendar year, its Amount of Power on Order for the following calendar year. Such declarations may provide for an Amount of Power on Order to apply throughout the calendar year, or may provide for one or more successive increases at specified times during the calendar year, but subject to Clause 2.05, may not provide for a decrease other than a decrease to take effect on January 1st of that following calendar year. The Amount of Power on Order shall in no event be greater than 45,000 kilowatts.

2.03 Hydro will supply all future Power requirements requested by the Customer additional to the 45,000 kilowatts provided, however, that the Customer's requests for such additional Power be made upon adequate notice in order that Hydro may make suitable extensions or additions to its system.

2.04 If Hydro cannot fully comply with a declaration of Amount of Power on Order made in accordance with Article 2.02 it will, as soon as practicable and in any event not later than November 1 of the year in which the declaration was made, advise the Customer of the extent to which it can comply. If more than one industrial customer requests an increase in their Amount of Power on Order and Hydro cannot in its judgment provide enough Power to satisfy all of the timely requests it has received, Hydro will offer additional Amounts of Power on Order to the industrial customers who made those requests in such amounts as are prorated in accordance to the quantity of additional Amounts of Power on Order in the timely requests it has received from those customers.

2.05 If the Customer obtains a new source of electric generation such that it can decrease or eliminate the amount of Power it requires from Hydro, then, provided the Customer gives Hydro thirty-six Month's written notice of the reduction, the Customer may reduce or eliminate its Amount of Power on Order and its Billing Demand effective on the date that the new generation is to go into service as indicated in that written notice.

UNOFFICIAL OFFICE CONSOLIDATION

ARTICLE 3
PURCHASE AND SALE OF POWER AND ENERGY

3.01 The sale and purchase of Power and Energy shall be at such prices and upon such terms and conditions as are set out in the Rate Schedules and this Agreement.

3.02 Subject to Clause 2.05 and Article 10, the Customer's Billing Demands, which shall each be charged at the applicable rates as approved by the Board, shall comprise the following:

(a) the Billing Demand for Firm Power, which in each Month shall be either

(i) the Amount of Power on Order,

(ii) the lesser of 75% of the Amount of Power on Order for the prior calendar year and, the Amount of Power on Order for the prior calendar year less 20,000 kW,

or

(iii) the Maximum Demand taken up to that time in that calendar year less any Interruptible Demand, if applicable,

whichever is greatest; and

(b) the maximum Interruptible Demand for that Month.

3.03 Notwithstanding that the Billing Demand for Firm Power shall have, by operation of Clause 3.02, exceeded the Power on Order declared for that calendar year in accordance with Article 2, Hydro is not obliged to provide any amount of Power in excess of the Power on Order.

3.04 Notwithstanding anything to the contrary herein, the Customer shall pay in each Month its Specifically Assigned Charge, applicable Demand charges, and Energy charges. Its Energy charges shall comprise its Firm Energy and Non-Firm Energy taken in that Month.

UNOFFICIAL OFFICE CONSOLIDATION

ARTICLE 4
SECONDARY ENERGY

4.01 If Hydro has surplus Energy capability and the Customer desires to purchase it, and provided that appropriate metering is in place, Hydro will deliver Secondary Energy to the Customer for use in its electric boilers, The quantity and availability of Secondary Energy shall be determined by Hydro in its sole discretion, however, once declared to be available, Secondary Energy shall remain available for a period of not less than 72 hours. The rate to be paid for Secondary Energy shall be determined by the Board.

ARTICLE 5
INTERRUPTIBLE DEMAND

5.01 The Customer may in any Month take an amount of Interruptible Demand and Energy in addition to the Amount of Power of Order which shall be billed at the Non-Firm Demand and Energy rates approved by the Board. Provided the Amount of Power on Order is equal to or greater than 20,000 kW, the amount of Interruptible Demand and Energy available shall be the greater of 10% of the Amount of Power on Order and 5,000 kW. If the Amount of Power on Order is less than 20,000 kW, the Amount of Interruptible Demand and Energy available shall be 25% of the Amount of Power on Order. If Hydro is willing and able to serve the Customer's Interruptible Demand, then the following shall apply:

(a) The Customer shall, if practicable, make a prior request for, or otherwise as soon as practicable notify Hydro of its requirement, specifying the amount and duration of its Interruptible Demand requirements. Such request or notification may be made by telephone and confirmed by facsimile transmission to Hydro's officials at its Energy Control Centre, who shall advise the Customer if such Interruptible Power will be made available.

(b) If serving the Customer's Interruptible Demand would result in Hydro generating from, or increasing or prolonging generation from a standby or emergency energy source, then Hydro will so advise the Customer. If the Customer wishes to purchase Interruptible Demand and Energy at such a time or times, that Power and Energy shall be charged for as calculated by the method or formula approved by the Board.

(c) Notwithstanding anything contrary herein, if service of the Interruptible Demand is disrupted by Hydro or is curtailed by the Customer as a decision to reject the more expensive standby or emergency energy source (which for the purposes of this clause shall be deemed to be a reduction of Hydro of Interruptible Demand), the Billing Demand for Interruptible Power for the Month shall be determined as follows:

(i) If there is a total interruption of Interruptible Demand and Interruptible Energy by Hydro for a whole Month, the Customer shall not be required to make any payment for Interruptible Demand and Energy that Month.

(ii) If there is a total interruption of Interruptible Demand for part of a Month, the Billing Demand for that Interruptible Demand for that Month shall be reduced by a number of kilowatts bearing the same ratio to that Billing Demand as the number of hours during which the interruption occurs bears to the total number of hours in that Month.

(iii)If Hydro requires a reduction of Interruptible Demand for a whole Month, then, the reduced Billing Demand for Interruptible Demand for that Month shall be substituted for the Billing Demand for Interruptible Demand for the same Month, when determining the price of Power and Energy for that Month.

(iv)If Hydro requires the reduction of Interruptible Demand for part of a Month, then, subject to subparagraph (v) of this paragraph 4.01(c), there shall, when determining the price of Interruptible Power and Energy for the Months in which the reduction occurs, be substituted for the Billing Demand for Interruptible Demand for that Month, the number of kilowatts obtained by adding

(a) the reduced Billing Demand for Interruptible Demand for the part of the month during which the reduction was made, averaged over the whole of that Month;

to

(b) the Billing Demand for Interruptible Demand for the part of the Month during which no reduction was made, averaged over the whole of that Month.

UNOFFICIAL OFFICE CONSOLIDATION

(v) In any case arising under subparagraph (iii) or subparagraph (iv) of this paragraph 4.01(c), where a reduction of Interruptible Demand is made for a whole Month or part thereof and the Maximum Demand for Interruptible Demand over that same period is greater than the reduced Billing Demand for Interruptible Demand for that same period, then, instead of that reduced Billing Demand, that Maximum Demand for such period shall be substituted for the Billing Demand for Interruptible Demand for that period when determining the price of Power and Energy for the Month in which the reduction occurs, but, if in any period during which a reduction occurs, the Maximum Demand for Interruptible Demand is less than the reduced Billing Demand for Interruptible Demand, no account shall be taken of that Maximum Demand.

ARTICLE 6
CHARACTERISTICS OF POWER SERVICE AND POINTS OF DELIVERY

6.01 The Power and Energy to be supplied under this Agreement will be delivered to the Customer at three (3) phase alternating current having a normal frequency of sixty (60) cycles and at a voltage of approximately 13,800 volts and delivery will be made at the Hydro Delivery Points.

6.02 Hydro will exercise its best endeavours to limit variation from the normal frequency and voltage to tolerable values.

ARTICLE 7
POWER FACTOR

7.01 The Customer agrees to take and use the Power contracted for in this Agreement at a power factor of not less than ninety percent (90%) lagging at the point of delivery specified in this Agreement.

7.02 Should the power factor be consistently less than ninety percent (90%) lagging, the Customer, upon written notification from Hydro, agrees to install suitable corrective equipment to bring the power factor to a minimum of ninety percent (90%) lagging.

7.03 If the Customer should install static condensers to correct the lagging power factor, the equipment shall be so installed that it can be completely disconnected at the request of Hydro.

UNOFFICIAL OFFICE CONSOLIDATION

ARTICLE 8
METERING

8.01 The metering equipment and meters to register the amount of Demand and Energy to be taken by the Customer under this Agreement shall be furnished by Hydro and if required to be located on the Customer's premises will be installed by Hydro in a suitable place satisfactory to Hydro and provided by the Customer, and in such manner as to register accurately the total amount of Demand and Energy taken by the Customer under this Agreement.

8.02 If the metering is installed on the low voltage side of transformers that are Specifically Assigned Plant or owned by the Customer, an appropriate adjustment will be made to account for losses in the transformers.

8.03 The Customer shall have the right, at its own expense, to install, equip and maintain check meters adjacent to the meters of Hydro.

8.04 Authorized employees of Hydro shall have the right of access to all such meters at all reasonable times for the purpose of reading, inspecting, testing, repairing or replacing them. Should any meter fail to register accurately, Hydro may charge for the Demand and Energy supplied during the period when the registration was inaccurate, either,

(a) on the basis of the amount of Demand and Energy charged for

(i) during the corresponding term immediately succeeding or preceding the period of alleged inaccurate registration, or
(ii) during the corresponding term in the previous calendar year; or

(b) on the basis of the amount of Demand and Energy supplied as established by available evidence,

whichever basis appears most fair and accurate.

ARTICLE 9
LIABILITY FOR SERVICE

9.01 Subject to the provisions of the Rate Schedules and this Agreement, the Power and Energy herein contracted for will be made available for use by the Customer during twenty-four (24) hours on each and every day of the term of this Agreement.

UNOFFICIAL OFFICE CONSOLIDATION

9.02 The obligation of Hydro to furnish Power and Energy under this Agreement is expressly subject to all accidents or causes that may occur at any time and affect the generation or transmission of such Power and Energy, and in any such event, but subject to Clause 9.04, Hydro shall have the right in its discretion to reduce or, if necessary, to interrupt the supply of Power and Energy under this Agreement.

9.03 Hydro agrees to take all reasonable precautions to prevent any reduction or interruption of the supply of Power and Energy or any variation in the frequency or voltage of such supply, and whenever any such reduction, interruption or variation occurs, Hydro shall use all reasonable diligence to restore its service promptly.

9.04 ~~(1) Subject to Clause 9.04(2) hereof, Hydro shall be liable for and in respect of only that direct loss or damage to the physical property of the Customer caused by any negligent act or omission of Hydro its servants or agents. Customer agrees that for the purpose of this Clause 9.04, "direct loss or damage to the physical property of the Customer" shall not be construed to include damages for inconvenience, mental anguish, loss of profits, loss of earnings or any other indirect or consequential damages or losses.~~

9.04 ~~(2) Hydro's liability under subclause 9.04(1) applies only when the direct loss or damage to the Customer arising from a single occurrence exceeds the sum of $100,000.00. In no event shall the liability of Hydro exceed the sum of $1,000,000.00 for any single occurrence.~~

9.04 ~~(3) Customer further agrees that any damages to which it may be entitled pursuant to clause 9.04(1) shall be reduced to reflect the extent to which such losses or damages could reasonably have been reduced if the Customer had taken reasonable protective measures~~.

Clause 9.04 deleted by Order No. P.U. 7(2002-2003).

9.05 Hydro shall have the right temporarily to interrupt its service hereunder in order to maintain or make necessary changes to its system, but, except in cases of emergency or accident, the service shall be interrupted only at such time or times as will be least inconvenient to the Customer, and Hydro shall use all reasonable diligence to complete promptly such repairs or necessary changes.

UNOFFICIAL OFFICE CONSOLIDATION

ARTICLE 10
REDUCED BILLING DEMAND

10.01 If at any time during the term of this Agreement the operation of the works of either party is suspended in whole or in part by reason of war, rebellion, civil disturbance, strikes, serious epidemics, fire or other fortuitous event, then, such party will not be liable to the other party to purchase or, as the case may be, to supply Power and Energy hereunder until the cause of such suspension has been removed and in every such event, the party whose operations are so suspended shall use all reasonable diligence to remove the cause of the suspension.

10.02 (1) For the purposes of this Clause 10.02 the expression "reduced Billing Demand" means the number of kilowatts to which the Billing Demand is reduced in any of the circumstances referred to in subclauses (2) or (3) of this Clause 10.02.

(2) If the Customer is prevented from taking an amount of Power because of a suspension of its operations due to a reason listed in Clause 10.01, and any such interruption or reduction lasts for one hour or longer, then Hydro shall, on the request of the Customer, allow a proportionate reduction of the Billing Demand as calculated pursuant to subclauses (4) through (9) of this Clause 10.02, provided however that, except for reduced Billing Demands that occur pursuant to paragraphs 10.02(4)(b) or (c), in no such case shall the Billing Demand be reduced below 0.85 of the Amount of Power on Order unless Hydro is unable to deliver Power and Energy in accordance with this Agreement.

(3) If the supply of Power and Energy by Hydro is interrupted or reduced for any of the reasons referred to in Clause 9.02, 9.05 or 10.01, and any such interruption or reduction lasts for one hour or longer, then Hydro shall, on the request of the Customer, allow a proportionate reduction of the payment as calculated pursuant to subclauses (5) through (9) of this Clause 10.02.

4) For those times when the Customer is prevented from taking an amount of Power because the Customer's refinery operations are suspended or curtailed due to a strike by the employees of the Customer, the Customer's Billing Demand shall be calculated as follows:

(a) for the first 15 days of the strike and for that portion of the strike which exceeds 120 days, the Billing Demand shall be determined in the manner set out in subclauses (5) to (9) of this clause 10.02;

UNOFFICIAL OFFICE CONSOLIDATION

(b) for those whole Months during the period that commences following the first 15 days of the strike and ends not later than 120 days after the strike began, the reduced Billing Demand shall be the Customer's Maximum Demand (less any applicable Compensation Demand), in those Months;

(c) for those part Months that comprise periods that include;

(i) a period that commences following the first 15 days of the strike and ends not later than 120 days after the strike began,

together with one or both of

(ii) a period when the Customer is not affected by a strike or other suspension of its operations due to a reason listed in Clause 10.01,

and

(iii) a period where a strike has continued in excess of 120 days, or where the Customer is affected by any other suspension of its operations due to a reason listed in Clause 10.01,

the Customer's Billing Demand shall be determined by adding

(iv) the Maximum Demand for the part of the Month described in subparagraph (i) averaged over the whole of the Month,

(v) the greater of the Maximum Demand for Firm Power and the Amount of Power on Order for the part of the Month described in subparagraph (ii), if any, averaged over the whole of the Month

and

(vi) the reduced Billing Demand applicable to the period described in subparagraph (iii) averaged over the whole of the Month.

UNOFFICIAL OFFICE CONSOLIDATION

(5) If there is a total interruption of the supply of Power and Energy by Hydro for a whole Month, the Customer shall not be required to make any payment for that Month.

(6) If there is a total interruption of Power for part of a Month, the Billing Demand for that Month shall be reduced by a number of kilowatts bearing the same ratio to that Billing Demand as the number of hours during which the interruption occurs bears to the total number of hours in that Month.

(7) If the reduction of Power is made for a whole Month, then, subject to clause (9) of this Clause 10.02, the reduced Billing Demand for that Month shall be substituted for the Billing Demand for the same Month, when determining the price of Power and Energy for that Month.

(8) If the reduction of Power is made for part of a Month, then, subject to subclause (9) of this Clause 10.02, there shall, when determining the price of Power and Energy for the Months in which the reduction occurs, be substituted for the Billing Demand for that Month, the number of kilowatts obtained by adding

(a) the reduced Billing Demand for the part of the month during which the reduction was made, averaged over the whole of that Month;

to

(b) the Billing Demand for the part of the Month during which no reduction was made, averaged over the whole of that Month.

(9) In any case arising under subclause (7) or subclause (8) of this Clause 10.02, where a reduction of Power is made for a whole Month or part thereof and the Maximum Demand for that same period is greater than the reduced Billing Demand for that same period, then, instead of the reduced Billing Demand, the Maximum Demand for such period shall be substituted for the Billing Demand for that period when determining the price of Power and Energy for the Month in which the reduction occurs, but, if in any period during which a reduction occurs, the Maximum Demand is less than the reduced Billing Demand no account shall be taken of that Maximum Demand.

(10) Where a Billing Demand, a reduced Billing Demand or a Maximum Demand for a part of a Month is to be averaged for the whole of that Month in accordance with subclause (8) of this Clause 10.02, the averaging shall be done by dividing the Billing Demand, the reduced Billing Demand or the Maximum Demand, as the case may be, by the total

number of hours in the whole of that Month and multiplying the result by the number of hours to which the Billing Demand, the reduced Billing Demand or the Maximum Demand relates.

(11) In addition to the reductions in Billing Demand that may be made in accordance with this Article 10, Hydro may, in its sole judgment and discretion, make other Billing Demand adjustments from time to time to decrease the Customer’s bill to reflect unusual or unanticipated conditions or to facilitate the testing of equipment or processes by the Customer.

ARTICLE 11
CONSTRUCTION OR INSTALLATION OF TRANSMISSION LINES OR APPARATUS

11.01 For the consideration aforesaid, the Customer hereby grants to Hydro the right to construct transmission lines and accessory apparatus on locations approved by the Customer on, under or over the property of the Customer for the purpose of serving the Customer and the other customers of Hydro, together with the right of access to the property of the Customer at all times for the construction of such lines and apparatus and for the repair, maintenance and removal thereof, provided that nothing in this clause shall entitle Hydro to construct transmission lines and accessory apparatus on or over the Customer’s property if such transmission lines are not directly connected with the Customer’s premises or some part thereof.

11.02 The Customer shall not erect any building, structure or object on or over any right-of-way referred to in Clause 11.01 without the written approval of Hydro, but subject to that limitation the Customer shall be entitled to make fair and reasonable use of all lands subjected to the said right-of-way.

11.03 Any changes that the Customer may request Hydro to make in the location of any lines or apparatus constructed pursuant to Clause 11.01 shall be made by Hydro, but the Customer shall bear the expense of any such changes to the extent that such lines or apparatus supply Power to the Customer.

11.04 All transmission lines and apparatus of Hydro furnished and installed by it on the Customer’s premises shall remain the property of Hydro, and Hydro shall be entitled to remove such transmission lines and apparatus on the expiry or termination of this Agreement.

UNOFFICIAL OFFICE CONSOLIDATION

11.05 For the purpose of using the power service of Hydro, the Customer shall install properly designed and suitable apparatus in accordance with good engineering practice, and shall at all times operate and maintain such apparatus so as to avoid causing any undue disturbance on the system of Hydro, and so that the current shall be approximately equal on all three of its phases.

11.06 If, at any time, the unbalance in current between any two of its phases is, in the judgment of Hydro, excessive to a degree that the power supply system of Hydro and/or the electrical equipment of any other customer of Hydro is adversely affected, then it shall be the responsibility of the Customer to take such reasonable remedial measures as may be necessary to reduce the unbalance to an acceptable value.

11.07 If, at any time during the term of this Agreement, Hydro desires to improve the continuity of power service to any of its customers, Hydro and the Customer will co-operate and use their best endeavours to carry out the improvements either by changes to existing equipment or additions to the original installations of either Hydro or the Customer.

11.08 The Customer shall not proceed with the construction of or major alterations of its equipment or structures associated with any terminal substation at which Power and Energy is being delivered until Hydro is satisfied that the proposals for such construction or alteration are in accordance with good engineering practice and the laws and regulations of the Province, provided that any examination of the Customer's proposals by Hydro shall not render Hydro responsible in any way for the construction or alteration proposed, even if electrical connection is made by Hydro, whether or not any changes suggested by Hydro shall have been made by the Customer.

ARTICLE 12
RESPONSIBILITY FOR DAMAGES

12.01 Beyond the point of delivery, the Customer shall indemnify and hold Hydro harmless with respect to any and all claims that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence or use on the Customer's premises of electric circuits or apparatus, whether owned by Hydro or by the Customer, unless and to the extent that such injuries or damages are caused by negligence on the part of the employees of Hydro.

12.02 Up to the point of delivery, Hydro shall indemnify and hold the Customer harmless with respect to any and all claims that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence or use on the Customer's premises of electric circuits or apparatus

UNOFFICIAL OFFICE CONSOLIDATION

owned by Hydro and resulting from or arising out of the negligence of Hydro's employees or other persons for whom Hydro would in law be liable, unless and to the extent that such injuries or damages are caused by negligence on the part of the employees of the Customer.

12.03 If any of the transmission lines or apparatus installed by Hydro on the Customer's premises should be destroyed or damaged by the negligence of the Customer, its servants or agents, the Customer shall reimburse Hydro for the cost of their replacement or repair.

ARTICLE 13
PAYMENT OF ACCOUNTS AND NOTICE OF CLAIMS OF CUSTOMER

13.01 Hydro will render its accounts monthly and the Customer shall, within twenty (20) days after the date of rendering any such account, make payment in lawful money of Canada at the office of Hydro in St. John's, Newfoundland, or in such other place in the said Province as Hydro may designate, without deduction for any claim or counterclaim which the Customer may have to claim to have against Hydro arising under this Agreement or otherwise.

13.02 All amounts in arrears after the expiration of the period of twenty (20) days referred to in Clause 13.01 shall bear interest at the rate of one and one-half (1-1/2%) percent per Month.

13.03 If the Customer is in default for more than thirty (30) days in paying any amount due Hydro under this Agreement, then, without prejudice to its other recourses and without liability therefor, Hydro shall, upon ten (10) days written notice to the Customer of its intention so to do, be entitled to suspend the supply of Power and Energy to the Customer until the said amount is paid, and if the supply is so suspended, the Customer shall not be relieved of its obligations under this Agreement.

13.04 The Customer and Hydro will submit to the other in writing every claim or counterclaim which each may have or claim to have against the other arising under this Agreement within sixty days of the day upon which the Customer or Hydro has knowledge of the event giving rise to such a claim.

13.05 The Customer and Hydro shall be deemed to have waived all rights for the recovery of any claim or counterclaim that has not been submitted to the other party pursuant to and in accordance with Clause 13.04.

UNOFFICIAL OFFICE CONSOLIDATION

ARTICLE 14
ARBITRATION

14.01 If a settlement of any claim made by the Customer in accordance with Clause 13.04 is not agreed to by both parties, the matters in dispute shall be submitted, within three months from the time the claim was submitted, for decision to a board of arbitrators consisting of three members, one to be named by each party to this Agreement and the third to be named by the two arbitrators so chosen, and the decision of any two members of the board of arbitrators shall be final and binding upon both parties.

14.02 The charges of the third member of a board of arbitrators who shall be the chairman of that board, shall be borne by the losing party, and the parties shall bear the costs or charges of their own appointees. Any arbitration hearing commenced under this Article shall be held in St. John's or such other place as the parties mutually agree.

14.03 If the two appointees of the parties are unable to agree upon the third arbitrator or chairman, the chairman shall be appointed upon application of either party to the Trial Division of the Supreme Court of Newfoundland and Labrador or a judge of that Division.

14.04 The period of delay for appointment by the parties to this Agreement of their respective nominees shall be seven days after notification by the other party to this Agreement of its nominee, and the period for agreement by the two nominees on the chairman shall be ten days.

14.05 The provisions of the Arbitration Act, Chapter A - 14 of the Revised Statutes of Newfoundland and Labrador, 1990, as now or hereafter amended shall apply to any arbitration held pursuant to this Article 14.

ARTICLE 15
MODIFICATION OR TERMINATION OF AGREEMENT

15.01 Except, where otherwise specifically provided in this Agreement and only to the extent so provided, all previous communications between the parties to this Agreement, either oral or written, with reference to the subject matter of this Agreement, are hereby abrogated and this Agreement shall constitute the sole and complete agreement of the parties hereto in respect of the matters herein set forth.

15.02 At any time during the currency of this Agreement, the Customer may terminate it by giving to Hydro two years previous notice in writing of its intention so to do.

UNOFFICIAL OFFICE CONSOLIDATION

15.03 Any amendment, change or modification of this Agreement shall be binding upon the parties hereto or either of them only if such amendment, change or modification is in writing and is executed by each of the parties to this Agreement by its duly authorized officers or agents and in accordance with its regulations or by-laws.

15.04 Subject to Article 10, if the Customer voluntarily or forcibly abandons its operations, commits an act of bankruptcy or liquidates its assets, then, there shall, forthwith, become due and payable to Hydro by the Customer, as stipulated and liquidated damages without burden or proof thereof, a lump sum equal to:

(a) 0.85 of its then current Billing Demand for Firm Power, at the Firm Power Demand charge, multiplied by 24

plus

(b) the remaining net book value of the Specifically Assigned Plant less its salvage value.

ARTICLE 16
SUCCESSORS AND ASSIGNS

16.01 This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns, but it shall not be assignable by the Customer without the written consent of Hydro.

ARTICLE 17
GOVERNING LAW AND FORUM

17.01 This Agreement shall be governed by and interpreted in accordance with the laws of the Province, and every action or other proceeding arising hereunder shall be determined exclusively by a court of competent jurisdiction in the Province, subject to the right of appeal to the Supreme Court of Canada where such appeal lies.

ARTICLE 18
ADDRESS FOR SERVICE

18.01 Subject to Clauses 18.02 and 18.03, any notice, request or other instrument which is required or permitted to be given, made or served under this Agreement by either of the parties hereto, except for notices or requests pertaining to Interruptible Demand or Secondary Energy, shall be given, made or served in writing and shall be deemed to be properly given, made or served if personally

UNOFFICIAL OFFICE CONSOLIDATION

delivered, or sent by prepaid telegram or facsimile transmission, or mailed by prepaid registered post, addressed, if service is to be made

(a) on Hydro, to

The Secretary
Newfoundland and Labrador Hydro
Hydro Place
P.O. Box 12400
St. John's, Newfoundland
CANADA. A1B 4K7
FAX: (709) 737-1782

or

(b) on the Customer, to

President
North Atlantic Refining Limited
P.O. Box 40
Come By Chance, Newfoundland
A0B 1N0

18.02 Any notice, request or other instrument given, made or served as provided in Clause 18.01 shall be deemed to have been received by the party hereto to which it is addressed, if personally served on the date of delivery, or if mailed three days after the time of its being so mailed, or if sent by prepaid telegram or facsimile transmission, one day after the date of sending.

18.03 Except for notices for Interruptible Demand or Secondary Energy, whenever this Agreement requires a notice to be given or a request to be made on a Sunday or legal holiday, such notice or request may be given or made on the first business day occurring thereafter, and, whenever in this Agreement the time within which any right will lapse or expire shall terminate on a Sunday or legal holiday, such time will continue to run until the next succeeding business day. Notices or requests pertaining to Interruptible Demand or Secondary Energy may be given and received by and to the appropriate nominees of the respective parties by voice or electronic communication provided that it is confirmed in writing and transmitted or delivered by facsimile, courier or mail as soon as practicable.

18.04 Either of the parties hereto may change the address to which a notice, request or other instrument may be sent to it by giving to the other party to this Agreement notice of such change, and thereafter, every notice, request or other instrument shall be delivered or mailed in the manner prescribed in Clause 18.01 to such party at the new address.

UNOFFICIAL OFFICE CONSOLIDATION

IN WITNESS WHEREOF Newfoundland and Labrador Hydro and the Customer has each executed this Agreement by causing it to be executed in accordance with its by-laws or regulations and by its duly authorized officers or agents, the day and year first above written.

THE CORPORATE SEAL of
Newfoundland and Labrador Hydro was hereunder
affixed in the presence of: ____________________________

____________________________ ____________________________
Witness

DULY EXECUTED by
North Atlantic Refining Limited
in accordance with its
Regulations or By-Laws
in the presence of: ____________________________

____________________________ ____________________________
Witness

Schedule "A"
Order No. P.U. 6(2012)

Power Service Agreement

THIS SERVICE AGREEMENT made at St. John's, in the Province of Newfoundland and Labrador on the day of .

BETWEEN: **NEWFOUNDLAND AND LABRADOR HYDRO**, a corporation and an agent of the Crown constituted by statute, renamed and continued by the Hydro Corporation Act, 2007, Statutes of Newfoundland and Labrador 2007, Chapter H-17, (hereinafter called "Hydro") of the first part;

AND **VALE NEWFOUNDLAND & LABRADOR LIMITED,** a company organized under the laws of the Province of Newfoundland and Labrador (hereinafter called the "Customer") of the second part.

WHEREAS Hydro has agreed to sell electrical Power and Energy to the Customer and the Customer has agreed to purchase the same from Hydro according to the rates set by the Board of Commissioners of Public Utilities for the Province of Newfoundland and Labrador and by the terms of this Agreement;

THEREFORE THIS AGREEMENT WITNESSETH that the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.01 In this Agreement, including the recitals, unless the context otherwise requires,

(a) "**Amount of Power on Order"** means the Power contracted for in accordance with Article 2;

(b) **"Billing Demand"** means the components of the Customer's monthly Power consumption for which Demand charges apply as determined in accordance with Articles 3 and 10;

(c) "**Board"** means the Board of Commissioners of Public Utilities for Newfoundland and Labrador;

(d) **"Construction Period"** means the time required for construction, commissioning and other activity of the Customer's facilities at Long Harbour to the commencement of the Ramp-Up Period;

(e) **"Demand"** means the amount of Power averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter and measured by a demand meter of a type approved for revenue metering by the appropriate department of the Government of Canada;

(f) **"Electricity"** includes Power and Energy;

(g) **"Energy"** means the amount of electricity delivered in a given period of time and measured in kilowatt hours;

(h) **"Firm Energy**" means the Energy associated with the Firm Power;

(i) **"Firm Power"** means, except as varied by paragraph 3.02(a) and subject to Clause 3.03, the Demand normally associated with the Amount of Power on Order;

(j) **"Hydro Delivery Points"** means the 13,800 volt load side bushings of the 230,000/13,800 volt transformers at the VBN Terminal Station located near the Customer's premises, or at such other location or locations that Hydro and the Customer mutually agree in writing;

(k) **"Interruptible Demand**" means, that part of a Customer's Demand which exceeds its Power on Order, which may be interrupted, in whole or in part, at the discretion of Hydro, and which is supplied to the Customer in accordance with Clause 5.01;

(l) **"Interruptible Energy"** means the Energy associated with Interruptible Demand determined as that Energy taken in each fifteen-minute interval in which Interruptible Demand is taken and it shall be deemed that in such cases Firm Energy is taken at 100 per cent load factor;

(m) **"Maximum Demand"** means the greatest amount of Power during the appropriate Month or part of a Month, as the case may be, averaged over each consecutive period of fifteen minutes duration commencing on the hour and ending each fifteen minute period thereafter , and measured by a demand meter of a type approved for revenue metering by the appropriate department of the Government of Canada;

(n) **"Month"** means a calendar month;

(o) **"Non-Firm Energy"** means Energy associated with Interruptible Demand;

(p) **"Power"** means the amount of electrical power delivered at any time and measured in kilowatts;

(q) **"Project Schedule"** means a schedule provided to Hydro by the Customer which states the dates of commencement and durations of Construction Period and Ramp-up activities ;

(r) **"Province"** means the the Province of Newfoundland and Labrador;

(s) **"Ramp-Up Period"** means the time required from the start of processing of ore concentrate to the time that the Customer's Long Harbour facilities meets its full capacity as determined in accordance with Article 2.06 (c) and (f).

(t) **"Rate Schedules"** means the schedules of rates that are approved by the Board for the sale and purchase of Power and Energy;

(u) **"Secondary Energy"** means that Energy Hydro is willing to sell, according to Clause 4.01, at a rate approved by the Board and which, if not sold, would be surplus to its needs and likely to result in spillage at one or more of Hydro's hydraulic generating stations;

(v) **"Specifically Assigned Charge"** means the payment made by the Customer in each Month, calculated according to a method approved by the Board, for the use of Specifically Assigned Plant;

(w) **"Specifically Assigned Plant"** means that equipment and those facilities which are owned by Hydro and used to serve the Customer only;

1.02 Hydro and the Customer agree that they are bound by this Agreement and by the agreements and covenants contained in the Rates Schedules. In the event of a conflict between this Agreement and the Rates Schedules, the Rates Schedules shall have priority.

1.03 In this Agreement all references to dollar amounts and all references to any other money amounts are, unless specifically otherwise provided, expressed in terms of coin or currency of Canada which at the time of payment or determination shall be legal tender herein for the payment of public and private debts.

1.04 Words in this Agreement importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders.

1.05 Where a word is defined anywhere in this Agreement, other parts of speech and tenses of the same word have corresponding meanings.

1.06 Wherever in this Agreement a number of days is prescribed for any purpose, the days shall be reckoned exclusively of the first and inclusively of the last.

1.07 The headings of all the articles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.08 Any reference in this Agreement to an Article, a Clause, a subclause or a paragraph shall, unless the context otherwise specifically requires, be taken as a reference to an article, a clause, a subclause or a paragraph of this Agreement.

1.09 This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original, but all of such counterparts together shall constitute one and the same instrument.

ARTICLE 2
AMOUNT OF FIRM POWER

2.01 Subject to this Agreement, Hydro agrees to deliver to the Customer and the Customer agrees to purchase from Hydro the Amount of Power on Order.

2.02 Subject to paragraph 2.06 (d) the Customer shall declare to Hydro in writing, not later than October 1 of each calendar year, its Amount of Power on Order for the following calendar year. Such declarations may provide for an Amount of Power on Order to apply throughout the calendar year, or may provide for one or more successive increases at specified times during the calendar year, but subject to Clause 2.05, may not provide for a decrease other than a decrease to take effect on January 1st of that following calendar year. The Amount of Power on Order shall in no event be greater than 100,000 kilowatts.

2.03 Hydro will supply all future Power requirements requested by the Customer additional to the 100,000 kilowatts provided, however, that the Customer's requests for such additional Power be made upon adequate notice in order that Hydro may make suitable extensions or additions to its system.

2.04 If Hydro cannot fully comply with a declaration of Amount of Power on Order made in accordance with Article 2.02 it will, as soon as practicable and in any event not later than November 1 of the year in which the declaration was made, advise the Customer of the extent to which it can comply. If more than one industrial customer requests an increase in their Amount of Power on Order and Hydro cannot in its judgment provide enough Power to satisfy all of the timely requests it has received, Hydro will offer additional Amounts of Power on Order to the industrial customers who made those requests in such amounts as are prorated in accordance to the quantity of additional Amounts of Power on Order in the timely requests it has received from those customers.

2.05 If the Customer obtains a new source of electric generation such that it can decrease or eliminate the amount of Power it requires from Hydro, then, provided the Customer gives Hydro thirty-six Month's written notice of the reduction, the Customer may reduce or eliminate its Amount of Power on Order and its Billing Demand effective on the date that the new generation is to go into service as indicated in that written notice.

2.06 (a) At the commencement of this Agreement, the Customer shall provide to Hydro a Project Schedule which includes the dates for the Construction Period and the Ramp-Up Period for the purposes of this Agreement. Updated Project Schedules shall be provided to Hydro on a quarterly basis commencing January 1, 2012.

(b) The Construction Period shall commence from the date of implementation of this Agreement and shall end at the commencement of the Ramp-Up Period as described in Clause 2.06(c). During this period, the Customer shall declare the Amount of Power on Order in the manner set forth in Clause 2.02.

(c) The Ramp-Up Period shall be deemed to commence at the earlier of:

(i) The Customer's written declaration to Hydro that the Ramp-Up Period has commenced, or

(ii) The introduction of ore concentrate into the Customer's processes at its Long Harbour facility.

(d) During the Ramp-Up Period the Customer shall declare the Amount of Power on Order for the following Month by giving written notice to that effect to Hydro's Energy Control Center not later than noon of the first working day of each Month. Such declarations shall provide for an Amount of Power on Order that shall apply throughout the following Month. As of the commencement of the Ramp-Up Period, the Amount of Power on Order shall in no event be less than 5,000 kilowatts.

(e) During the Ramp-Up Period, the Customer's Billing Demand for Firm Power shall be the greater of the Customer's Maximum Demand in that Month less its maximum Interruptible Demand in that Month, and the Amount of Power on Order declared under paragraph (d) of this Clause. In the event that the Customer does not declare an Amount of Power on Order for any Month pursuant to this clause, then, subject to paragraph (d) of this clause, the Billing Demand for Firm Power for that Month shall be the Customer's Maximum Demand in that Month less its maximum Interruptible Demand in that Month except that as of the commencement of the Ramp-Up Period, in no event shall the Billing Demand for Firm Power be less than 5,000 kilowatts.

(f) The Ramp-Up Period shall be deemed to end at the earlier of:

(i) The Customer's written declaration to Hydro that the Ramp-Up Period has ended, or

(ii) The Customer's Billing Demand, subject to Clause 10.02(11), exceeds 78,000 kilowatts for a period of three (3) consecutive Months, or

(iii) Thirty-six (36) Months following the date of commencement of the Ramp-Up Period as outlined in paragraph (c).

2.07 During the Ramp-Up Period, not later than noon of the first working day of the last month of every quarter, the Customer shall provide forecasts of monthly peak demand for the following quarter by giving written notice to that effect to Hydro's Energy Control Centre.

ARTICLE 3
PURCHASE AND SALE OF POWER AND ENERGY

3.01 The sale and purchase of Power and Energy shall be at such prices and upon such terms and conditions as are set out in the Rate Schedules and this Agreement.

3.02 Subject to Clauses 2.05, 2.06 and Article 10, the Customer's Billing Demands, which shall each be charged at the applicable rates as approved by the Board, shall comprise the following:

(a) the Billing Demand for Firm Power, which in each Month shall be either

(i) the Amount of Power on Order,

(ii) the lesser of 75% of the Amount of Power on Order for the prior calendar year and, the Amount of Power on Order for the prior calendar year less 20,000 kW,

or

(iii) the Maximum Demand taken up to that time in that calendar year less any Interruptible Demand, if applicable,

whichever is greatest; and

(b) the maximum Interruptible Demand for that Month.

3.03 Notwithstanding that the Billing Demand for Firm Power shall have, by operation of Clause 3.02, exceeded the Power on Order declared for that calendar year in accordance with Article 2, Hydro is not obliged to provide any amount of Power in excess of the Power on Order.

3.04 Notwithstanding anything to the contrary herein, the Customer shall pay in each Month its Specifically Assigned Charge, applicable Demand charges, and Energy charges. Its Energy charges shall comprise its Firm Energy and Non-Firm Energy taken in that Month.

ARTICLE 4
SECONDARY ENERGY

4.01 If Hydro has surplus Energy capability and the Customer desires to purchase it, and provided that appropriate metering is in place, Hydro will deliver Secondary Energy to the Customer for use in its electric boilers. The quantity and availability of Secondary Energy shall be determined by Hydro in its sole discretion, however, once declared to be available, Secondary Energy shall remain available for a period of not less than 72 hours. The rate to be paid for Secondary Energy shall be determined by the Board.

ARTICLE 5
INTERRUPTIBLE DEMAND

5.01 The Customer may in any Month take an amount of Interruptible Demand and Energy in addition to the Amount of Power of Order which shall be billed at the Non-Firm Demand and Energy rates approved by the Board. Provided the Amount of Power on Order is equal to or greater than 20,000 kW, the amount of Interruptible Demand and Energy available shall be the greater of 10% of the Amount of Power on Order and 5,000 kW. If the Amount of Power on Order is less than 20,000 kW, the Amount of Interruptible Demand and Energy available shall be 25% of the Amount of Power on Order. If Hydro is willing and able to serve the Customer's Interruptible Demand, then the following shall apply:

(a) The Customer shall, if practicable, make a prior request for, or otherwise as soon as practicable notify Hydro of its requirement, specifying the amount and duration of its Interruptible Demand requirements. Such request or notification may be made by telephone and confirmed by facsimile transmission to Hydro's officials at its Energy Control Centre, who shall advise the Customer if such Interruptible Power will be made available.

(b) If serving the Customer's Interruptible Demand would result in Hydro generating from, or increasing or prolonging generation from a standby or emergency energy source, then Hydro will so advise the Customer. If the Customer wishes to purchase Interruptible Demand and Energy at such a time or times, that Power and Energy shall be charged for as calculated by the method or formula approved by the Board.

(c) Notwithstanding anything contrary herein, if service of the Interruptible Demand is disrupted by Hydro or is curtailed by the Customer as a decision to reject the more expensive standby or emergency energy source (which for the purposes of this clause shall be deemed to be a reduction of Hydro of Interruptible Demand), the Billing Demand for Interruptible Power for the Month shall be determined as follows:

(i) If there is a total interruption of Interruptible Demand and Interruptible Energy by Hydro for a whole Month, the Customer shall not be required to make any payment for Interruptible Demand and Energy that Month.

(ii) If there is a total interruption of Interruptible Demand for part of a Month, the Billing Demand for that Interruptible Demand for that Month shall be reduced by a number of kilowatts bearing the same ratio to that Billing Demand as the number of hours during which the interruption occurs bears to the total number of hours in that Month.

(iii)If Hydro requires a reduction of Interruptible Demand for a whole Month, then, the reduced Billing Demand for Interruptible Demand for that Month shall be substituted for the Billing Demand for Interruptible Demand for the same Month, when determining the price of Power and Energy for that Month.

(iv)If Hydro requires the reduction of Interruptible Demand for part of a Month, then, subject to subparagraph (v) of this paragraph 4.01(c), there shall, when determining the price of Interruptible Power and Energy for the Months in which the reduction occurs, be substituted for the Billing Demand for Interruptible Demand for that Month, the number of kilowatts obtained by adding

(a) the reduced Billing Demand for Interruptible Demand for the part of the month during which the reduction was made, averaged over the whole of that Month;

to

(b) the Billing Demand for Interruptible Demand for the part of the Month during which no reduction was made, averaged over the whole of that Month.

(v) In any case arising under subparagraph (iii) or subparagraph (iv) of this paragraph 4.01(c), where a reduction of Interruptible Demand is made for a whole Month or part thereof and the Maximum Demand for Interruptible Demand over that same period is greater than the reduced Billing Demand for Interruptible Demand for that same period, then, instead of that reduced Billing Demand, that Maximum Demand for such period shall be substituted for the Billing Demand for Interruptible Demand for that period when determining the price of Power and Energy for the Month in which the reduction occurs, but, if in any period during which a reduction occurs, the Maximum Demand for Interruptible Demand is less than the reduced Billing Demand for Interruptible Demand, no account shall be taken of that Maximum Demand.

ARTICLE 6
CHARACTERISTICS OF POWER SERVICE AND POINTS OF DELIVERY

6.01 The Power and Energy to be supplied under this Agreement will be delivered to the Customer at three (3) phase alternating current having a normal frequency of sixty (60) cycles and at a voltage of approximately 13,800 volts and delivery will be made at the Hydro Delivery Points.

6.02 Hydro will exercise its best endeavours to limit variation from the normal frequency and voltage to tolerable values.

ARTICLE 7
POWER FACTOR

7.01 The Customer agrees to take and use the Power contracted for in this Agreement at a power factor of not less than ninety percent (90%) lagging at the point of delivery specified in this Agreement.

7.02 Should the power factor be consistently less than ninety percent (90%) lagging, the Customer, upon written notification from Hydro, agrees to install suitable corrective equipment to bring the power factor to a minimum of ninety percent (90%) lagging.

7.03 If the Customer should install static condensers to correct the lagging power factor, the equipment shall be so installed that it can be completely disconnected at the request of Hydro.

ARTICLE 8
METERING

8.01 The metering equipment and meters to register the amount of Demand and Energy to be taken by the Customer under this Agreement shall be furnished by Hydro and if required to be located on the Customer's premises will be installed by Hydro in a suitable place satisfactory to Hydro and provided by the Customer, and in such manner as to register accurately the total amount of Demand and Energy taken by the Customer under this Agreement.

8.02 If the metering is installed on the low voltage side of transformers that are Specifically Assigned Plant or owned by the Customer, an appropriate adjustment will be made to account for losses in the transformers.

8.03 To determine the Customer's monthly Demand and Energy amounts for billing, the metered quantities shall be adjusted to net out the consumption of another Hydro customer connected and metered separately at the Customer's 13,800 volt bus. Transformer losses, as outlined in Clause 8.02, will be assigned to the other Hydro customer on a prorated basis.

8.04 The Customer shall have the right, at its own expense, to install, equip and maintain check meters adjacent to the meters of Hydro.

8.05 Authorized employees of Hydro shall have the right of access to all such meters at all reasonable times for the purpose of reading, inspecting, testing, repairing or replacing them. Should any meter fail to register accurately, Hydro may charge for the Demand and Energy supplied during the period when the registration was inaccurate, either,

(a) on the basis of the amount of Demand and Energy charged for

(i) during the corresponding term immediately succeeding or preceding the period of alleged inaccurate registration, or
(ii) during the corresponding term in the previous calendar year; or

(b) on the basis of the amount of Demand and Energy supplied as established by available evidence,

whichever basis appears most fair and accurate.

ARTICLE 9
LIABILITY FOR SERVICE

9.01 Subject to the provisions of the Rate Schedules and this Agreement, the Power and Energy herein contracted for will be made available for use by the Customer during twenty-four (24) hours on each and every day of the term of this Agreement.

9.02 The obligation of Hydro to furnish Power and Energy under this Agreement is expressly subject to all accidents or causes that may occur at any time and affect the generation or transmission of such Power and Energy, and in any such event, but subject to Clause 9.03, Hydro shall have the right in its discretion to reduce or, if necessary, to interrupt the supply of Power and Energy under this Agreement.

9.03 Hydro agrees to take all reasonable precautions to prevent any reduction or interruption of the supply of Power and Energy or any variation in the frequency or voltage of such supply, and whenever any such reduction, interruption or variation occurs, Hydro shall use all reasonable diligence to restore its service promptly.

9.04 (1) Subject to Clause 9.04(2) hereof, Hydro shall be liable for and in respect of only that direct loss or damage to the physical property of the Customer caused by any negligent act or omission of Hydro its servants or agents. Customer agrees that for the purpose of this Clause 9.04, "direct loss or damage to the physical property of the Customer" shall not be construed to include damages for inconvenience, mental anguish, loss of profits, loss of earnings or any other indirect or consequential damages or losses.

9.04 (2) Hydro’s liability under sub-clause 9.04(1) applies only when the direct loss or damage to the Customer arising from a single occurrence exceeds the sum of $100,000.00. In no event shall the liability of Hydro exceed the sum of $1,000,000.00 for any single occurrence.

9.04 (3) Customer further agrees that any damages to which it may be entitled pursuant to clause 9.04(1) shall be reduced to reflect the extent to which such losses or damages could reasonably have been reduced if the Customer had taken reasonable protective measures.

9.05 Hydro shall have the right, temporarily to interrupt its service hereunder in order to maintain or make necessary changes to its system, but, except in cases of emergency or accident, the service shall be interrupted only at such time or times as will be least inconvenient to the Customer, and Hydro shall use all reasonable diligence to complete promptly such repairs or necessary changes.

ARTICLE 10
REDUCED BILLING DEMAND

10.01 If at any time during the term of this Agreement the operation of the works of either party is suspended in whole or in part by reason of war, rebellion, civil disturbance, strikes, serious epidemics, fire or other fortuitous event, then, such party will not be liable to the other party to purchase or, as the case may be, to supply Power and Energy hereunder until the cause of such suspension has been removed and in every such event, the party whose operations are so suspended shall use all reasonable diligence to remove the cause of the suspension.

10.02 (1) For the purposes of this Clause 10.02 the expression "reduced Billing Demand" means the number of kilowatts to which the Billing Demand is reduced in any of the circumstances referred to in sub-clauses (2) or (3) of this Clause 10.02.

(2) If the Customer is prevented from taking an amount of Power because of a suspension of its operations due to a reason listed in Clause 10.01, and any such interruption or reduction lasts for one hour or longer, then Hydro shall, on the request of the Customer, allow a proportionate reduction of the Billing Demand as calculated pursuant to sub-clauses (4) through (9) of this Clause 10.02, provided however that, except for reduced Billing Demands that occur pursuant to paragraphs 10.02(4)(b) or (c), in no such case shall the Billing Demand be reduced below 0.85 of the Amount of Power on Order unless Hydro is unable to deliver Power and Energy in accordance with this Agreement.

(3) If the supply of Power and Energy by Hydro is interrupted or reduced for any of the reasons referred to in Clause 9.02, 9.05 or 10.01, and any such interruption or reduction lasts for one hour or longer, then Hydro shall, on the request of the Customer, allow a proportionate reduction of the payment as calculated pursuant to sub-clauses (4) through (9) of this Clause 10.02.

(4) For those times when the Customer is prevented from taking an amount of Power because the Customer's Long Harbour facility operations or its mining and milling operations in Labrador are suspended or curtailed due to a strike by the employees of the Customer, the Customer's Billing Demand shall be calculated as follows:

(a) for the first 15 days of the strike and for that portion of the strike which exceeds 120 days, the Billing Demand shall be determined in the manner set out in sub-clauses (5) to (9) of this clause 10.02;

(b) for those whole Months during the period that commences following the first 15 days of the strike and ends not later than 120 days after the strike began, the reduced Billing Demand shall be the Customer's Maximum Demand in those Months;

(c) for those part Months that comprise periods that include;

(i) a period that commences following the first 15 days of the strike and ends not later than 120 days after the strike began,

together with one or both of

(ii) a period when the Customer is not affected by a strike or other suspension of its operations due to a reason listed in Clause 10.01,

and

(iii) a period where a strike has continued in excess of 120 days, or where the Customer is affected by any other suspension of its operations due to a reason listed in Clause 10.01,

the Customer's Billing Demand shall be determined by adding

(iv) the Maximum Demand for the part of the Month described in subparagraph (i) averaged over the whole of the Month,

(v) the greater of the Maximum Demand for Firm Power and the Amount of Power on Order for the part of the Month described in subparagraph (ii), if any, averaged over the whole of the Month

and

(vi) the reduced Billing Demand applicable to the period described in subparagraph (iii) averaged over the whole of the Month.

(5) If there is a total interruption of the supply of Power and Energy by Hydro for a whole Month, the Customer shall not be required to make any payment for that Month.

(6) If there is a total interruption of Power for part of a Month, the Billing Demand for that Month shall be reduced by a number of kilowatts bearing the same ratio to that Billing Demand as the number of hours during

which the interruption occurs bears to the total number of hours in that Month.

(7) If the reduction of Power is made for a whole Month, then, subject to clause (9) of this Clause 10.02, the reduced Billing Demand for that Month shall be substituted for the Billing Demand for the same Month, when determining the price of Power and Energy for that Month.

(8) If the reduction of Power is made for part of a Month, then, subject to sub-clause (9) of this Clause 10.02, there shall, when determining the price of Power and Energy for the Months in which the reduction occurs, be substituted for the Billing Demand for that Month, the number of kilowatts obtained by adding

(a) the reduced Billing Demand for the part of the month during which the reduction was made, averaged over the whole of that Month;

to

(b) the Billing Demand for the part of the Month during which no reduction was made, averaged over the whole of that Month.

(9) In any case arising under sub-clause (7) or sub-clause (8) of this Clause 10.02, where a reduction of Power is made for a whole Month or part thereof and the Maximum Demand for that same period is greater than the reduced Billing Demand for that same period, then, instead of the reduced Billing Demand, the Maximum Demand for such period shall be substituted for the Billing Demand for that period when determining the price of Power and Energy for the Month in which the reduction occurs, but, if in any period during which a reduction occurs, the Maximum Demand is less than the reduced Billing Demand no account shall be taken of that Maximum Demand.

(10) Where a Billing Demand, a reduced Billing Demand or a Maximum Demand for a part of a Month is to be averaged for the whole of that Month in accordance with sub-clause (8) of this Clause 10.02, the averaging shall be done by dividing the Billing Demand, the reduced Billing Demand or the Maximum Demand, as the case may be, by the total number of hours in the whole of that Month and multiplying the result by the number of hours to which the Billing Demand, the reduced Billing Demand or the Maximum Demand relates.

(11) In addition to the reductions in Billing Demand that may be made in accordance with this Article 10, Hydro may, in its sole judgment and discretion, make other Billing Demand adjustments from time to time to decrease the Customer's bill to reflect unusual or unanticipated conditions or to facilitate the testing of equipment or processes by the Customer.

ARTICLE 11
CONSTRUCTION OR INSTALLATION OF TRANSMISSION LINES OR APPARATUS

11.01 For the consideration aforesaid, the Customer hereby grants to Hydro the right to construct transmission lines and accessory apparatus on locations approved by the Customer on, under or over the property of the Customer for the purpose of serving the Customer and other customers of Hydro operating at the Customer's Long Harbour facility, together with the right of access to the property of the Customer at all times for the construction of such lines and apparatus and for the repair, maintenance and removal thereof, provided that nothing in this clause shall entitle Hydro to construct transmission lines and accessory apparatus on or over the Customer's property if such transmission lines are not directly connected with the Customer's premises or some part thereof.

11.02 The Customer shall not erect any building, structure or object on or over any right-of-way referred to in Clause 11.01 without the written approval of Hydro, but subject to that limitation the Customer shall be entitled to make fair and reasonable use of all lands subjected to the said right-of-way.

11.03 Any changes that the Customer may request Hydro to make in the location of any lines or apparatus constructed pursuant to Clause 11.01 shall be made by Hydro, but the Customer shall bear the expense of any such changes to the extent that such lines or apparatus supply Power to the Customer.

11.04 All transmission lines and apparatus of Hydro furnished and installed by it on the Customer's premises shall remain the property of Hydro, and Hydro shall be entitled to remove such transmission lines and apparatus on the expiry or termination of this Agreement.

11.05 For the purpose of using the power service of Hydro, the Customer shall install properly designed and suitable apparatus in accordance with good engineering practice, and shall at all times operate and maintain such apparatus so as to avoid causing any undue disturbance on the system of Hydro, and so that the current shall be approximately equal on all three of its phases.

11.06 If, at any time, the unbalance in current between any two of its phases is, in the judgment of Hydro, excessive to a degree that the power supply system of Hydro and/or the electrical equipment of any other customer of Hydro is adversely affected, then it shall be the responsibility of the Customer to take such reasonable remedial measures as may be necessary to reduce the unbalance to an acceptable value.

11.07 If, at any time during the term of this Agreement, Hydro desires to improve the continuity of power service to any of its customers, Hydro and the Customer will co-operate and use their best endeavours to carry out the improvements either by changes to existing equipment or additions to the original installations of either Hydro or the Customer.

11.08 The Customer shall not proceed with the construction of or major alterations of its equipment associated with any terminal substation or structures associated with any terminal substation at which Power and Energy is being delivered until Hydro is satisfied that the proposals for such construction or alteration are in accordance with good engineering practice and the laws and regulations of the Province, provided that any examination of the Customer’s proposals by Hydro shall not render Hydro responsible in any way for the construction or alteration proposed, even if electrical connection is made by Hydro, whether or not any changes suggested by Hydro shall have been made by the Customer.

ARTICLE 12
RESPONSIBILITY FOR DAMAGES

12.01 Beyond the point of delivery, the Customer shall indemnify and hold Hydro harmless with respect to any and all claims that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence or use on the Customer’s premises of electric circuits or apparatus, whether owned by Hydro or by the Customer, unless and to the extent that such injuries or damages are caused by negligence on the part of the employees of Hydro.

12.02 Up to the point of delivery, Hydro shall indemnify and hold the Customer harmless with respect to any and all claims that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence or use on the Customer's premises of electric circuits or apparatus owned by Hydro and resulting from or arising out of the negligence of Hydro's employees or other persons for whom Hydro would in law be liable, unless and to the extent that such injuries or damages are caused by negligence on the part of the employees of the Customer.

12.03 If any of the transmission lines or apparatus installed by Hydro on the Customer's premises should be destroyed or damaged by the negligence of the Customer, its servants or agents, the Customer shall reimburse Hydro for the cost of their replacement or repair.

ARTICLE 13
PAYMENT OF ACCOUNTS AND NOTICE OF CLAIMS OF CUSTOMER

13.01 Hydro will render its accounts monthly and the Customer shall, within twenty (20) days after the date of rendering any such account, make payment in lawful money of Canada at the office of Hydro in St. John's, Newfoundland, or in such other place in the said Province as Hydro may designate, without deduction for any claim or counterclaim which the Customer may have to claim to have against Hydro arising under this Agreement or otherwise.

13.02 All amounts in arrears after the expiration of the period of twenty (20) days referred to in Clause 13.01 shall bear interest at the rate of one and one-half (1-1/2%) percent per Month.

13.03 If the Customer is in default for more than thirty (30) days in paying any amount due Hydro under this Agreement, then, without prejudice to its other recourses and without liability therefor, Hydro shall, upon ten (10) days written notice to the Customer of its intention so to do, be entitled to suspend the supply of Power and Energy to the Customer until the said amount is paid, and if the supply is so suspended, the Customer shall not be relieved of its obligations under this Agreement.

13.04 The Customer and Hydro will submit to the other in writing every claim or counterclaim which each may have or claim to have against the other arising under this Agreement within sixty days of the day upon which the Customer or Hydro has knowledge of the event giving rise to such a claim.

13.05 The Customer and Hydro shall be deemed to have waived all rights for the recovery of any claim or counterclaim that has not been submitted to the other party pursuant to and in accordance with Clause 13.04.

ARTICLE 14
ARBITRATION

14.01 If a settlement of any claim made by the Customer in accordance with Clause 13.04 is not agreed to by both parties, the matters in dispute shall be submitted, within three months from the time the claim was submitted, for decision to a board of arbitrators consisting of three members, one to be named by each party to this Agreement and the third to be named by the two arbitrators so chosen, and the decision of any two members of the board of arbitrators shall be final and binding upon both parties.

14.02 The charges of the third member of a board of arbitrators who shall be the chairman of that board, shall be borne by the losing party, and the parties shall bear the costs or charges of their own appointees. Any arbitration hearing commenced under this Article shall be held in St. John's or such other place as the parties mutually agree.

14.03 If the two appointees of the parties are unable to agree upon the third arbitrator or chairman, the chairman shall be appointed upon application of either party to the Trial Division of the Supreme Court of Newfoundland and Labrador or a judge of that Division.

14.04 The period of delay for appointment by the parties to this Agreement of their respective nominees shall be seven days after notification by the other party to this Agreement of its nominee, and the period for agreement by the two nominees on the chairman shall be ten days.

14.05 The provisions of the Arbitration Act, Chapter A - 14 of the Revised Statutes of Newfoundland and Labrador, 1990, as now or hereafter amended shall apply to any arbitration held pursuant to this Article 14.

ARTICLE 15
MODIFICATION OR TERMINATION OF AGREEMENT

15.01 Except, where otherwise specifically provided in this Agreement and only to the extent so provided, all previous communications between the parties to this Agreement, either oral or written, with reference to the subject matter of this Agreement, are hereby abrogated and this Agreement shall constitute the sole and complete agreement of the parties hereto in respect of the matters herein set forth.

15.02 At any time during the currency of this Agreement, the Customer may terminate it by giving to Hydro two years previous notice in writing of its intention so to do.

15.03 Any amendment, change or modification of this Agreement shall be binding upon the parties hereto or either of them only if such amendment, change or modification is in writing and is executed by each of the parties to this Agreement by its duly authorized officers or agents and in accordance with its regulations or by-laws.

15.04 Subject to Article 10, if the Customer voluntarily or forcibly abandons its operations, commits an act of bankruptcy or liquidates its assets, then, there shall, forthwith, become due and payable to Hydro by the Customer, as stipulated and liquidated damages without burden or proof thereof, a lump sum equal to:

(a) 0.85 of its then current Billing Demand for Firm Power, at the Firm Power Demand charge, multiplied by 24

plus

(b) the remaining net book value of the Specifically Assigned Plant less its salvage value and net of any contributions towards that value made by the Customer.

ARTICLE 16
SUCCESSORS AND ASSIGNS

16.01 This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns, but it shall not be assignable by the Customer without the written consent of Hydro.

ARTICLE 17
GOVERNING LAW AND FORUM

17.01 This Agreement shall be governed by and interpreted in accordance with the laws of the Province, and every action or other proceeding arising hereunder shall be determined exclusively by a court of competent jurisdiction in the Province, subject to the right of appeal to the Supreme Court of Canada where such appeal lies.

ARTICLE 18
ADDRESS FOR SERVICE

18.01 Subject to Clauses 18.02 and 18.03, any notice, request or other instrument which is required or permitted to be given, made or served under this Agreement by either of the parties hereto, except for notices or requests pertaining to Interruptible Demand or Secondary Energy, shall be given, made or served in writing and shall be deemed to be properly given, made or served if personally

delivered, or sent by prepaid telegram or facsimile transmission, or mailed by prepaid registered post, addressed, if service is to be made

(a) on Hydro, to

The Secretary
Newfoundland and Labrador Hydro
Hydro Place
P.O. Box 12400
St. John's, Newfoundland
CANADA. A1B 4K7
FAX: (709) 737-1782
or

(b) on the Customer, to

____
Suite W200, Bally Rou Place, 280 Torbay Road
St. John’s, NL, Canada
A1A 3W8
FAX: (709)758-3353

18.02 Any notice, request or other instrument given, made or served as provided in Clause 18.01 shall be deemed to have been received by the party hereto to which it is addressed, if personally served on the date of delivery, or if mailed three days after the time of its being so mailed, or if sent by prepaid telegram or facsimile transmission, one day after the date of sending.

18.03 Except for notices for Interruptible Demand or Secondary Energy, whenever this Agreement requires a notice to be given or a request to be made on a Sunday or legal holiday, such notice or request may be given or made on the first business day occurring thereafter, and, whenever in this Agreement the time within which any right will lapse or expire shall terminate on a Sunday or legal holiday, such time will continue to run until the next succeeding business day. Notices or requests pertaining to Interruptible Demand or Secondary Energy may be given and received by and to the appropriate nominees of the respective parties by voice or electronic communication provided that it is confirmed in writing and transmitted or delivered by facsimile, courier or mail as soon as practicable.

18.04 Either of the parties hereto may change the address to which a notice, request or other instrument may be sent to it by giving to the other party to this Agreement notice of such change, and thereafter, every notice, request or other instrument shall be delivered or mailed in the manner prescribed in Clause 18.01 to such party at the new address.

IN WITNESS WHEREOF Newfoundland and Labrador Hydro and the Customer has each executed this Agreement by causing it to be executed in accordance with its by-laws or regulations and by its duly authorized officers or agents, the day and year first above written.

THE CORPORATE SEAL of
Newfoundland and Labrador Hydro was hereunder
affixed in the presence of: ______________________________

______________________________ ______________________________
Witness

DULY EXECUTED by
Vale Newfoundland & Labrador Limited in accordance with its
Regulations or By-Laws
in the presence of: ______________________________

______________________________ ______________________________
Witness

THIS SERVICE AGREEMENT made at St. John's, in the Province of Newfoundland and Labrador on the 4th day of May 2021.

BETWEEN: **NEWFOUNDLAND AND LABRADOR HYDRO**, a corporation and an agent of the Crown constituted by statute, renamed and continued by the *Hydro Corporation Act, 2007*, Revised Statutes of Newfoundland and Labrador, Chapter H-17, (hereinafter called "Hydro") of the first part;

AND **CORNER BROOK PULP AND PAPER LIMITED**, a company organized under the laws of Newfoundland and Labrador (hereinafter called the "Customer") of the second part.

WHEREAS Hydro has agreed to sell Electrical Demand and Energy to the Customer and the Customer has agreed to purchase the same from Hydro according to the Rates, Rules and Regulations set by the Board of Commissioners of Public Utilities for the Province of Newfoundland and Labrador and by the terms of this Agreement;

THEREFORE THIS AGREEMENT WITNESSETH that the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.01 In this Agreement, including the recitals, unless the context otherwise requires,

(a) "**Amount of Power on Order"** means the Power contracted for in accordance with Article 2. **"Power on Order"** and **"Firm Power"** as referenced in the Rate Schedules have corresponding meanings;

(b) **"Billing Demand"** means the components of the Customer's monthly Power consumption for which Demand charges apply as determined in accordance with Articles 6 and 11;

(c) "**Board"** means the Board of Commissioners of Public Utilities for Newfoundland and Labrador;

(d) **"Business Day"** means any day that is not a Saturday, Sunday or holiday upon which the main offices of Hydro or the Customer in Newfoundland and Labrador are closed;

(e) **"Calendar Year"** means a period that commences on January 1 and ends on December 31 of that year;

(f) "**Customer's Demand**" means the Demand at any particular time determined by adding the amount supplied to the Customer at the Delivery Points Hydro, less the amount received by Newfoundland Power at the Delivery Points Newfoundland Power;

(g) **"Delivery Points Hydro"** means: (i) Hydro's 66,000 volt bus in its Massey Drive Terminal Station at Corner Brook (MDR T1 & MDR B2B4-1), and (ii) the line side insulators of the Customer's terminal structure near the east end of its Deer Lake Power Plant being the termination point of Hydro's 66,000 volt line (DLP TL225), and (iii) the output terminals, net of station service, of the CBPP CoGen unit, or at such other location or locations that Hydro and the Customer mutually agree in writing;

(h) "**Delivery Points Newfoundland Power**" means the 66,000 Volt terminals of the station power transformers at Marble Mountain and Pasadena, both of which are serviced from Deer Lake Power's L1 transmission line or at such other location or locations that Hydro and the Customer mutually agree in writing;

(i) **"Demand"** means the amount of Power averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter and measured by a demand meter of a type approved for revenue metering by the appropriate department of the Government of Canada;

(j) **"Electricity"** includes Demand and Energy;

(k) **"Energy"** means the amount of electricity delivered in a given period of time and measured in kilowatt hours (kWh);

(l) **"Firm Energy"** means the Energy associated with Firm Power and is supplied during a month at the Delivery Points Hydro net of the Energy supplied at the Delivery Points Newfoundland Power less any Interruptible Energy, Generation Outage Energy and Secondary Energy;

(m) **"Firm Power"** means, except as varied by paragraph 6.01 (a) and subject to Clause 2.06, the Demand normally associated with the Amount of Power on Order;

(n) "**Force Majeure**" means Acts of God, fire, flood, tidal wave, lightning, earthquake, cyclone, epidemic, pandemic, acts of a competent authority, acts of public enemies, terrorism, civil commotion, war, invasion, embargo, insurrection, rebellion, sabotage, protest, riot, violence, malicious mischief, extortion, strike, labour dispute or lockout and includes any other cause which could not have been avoided by the exercise of reasonable human foresight and skill;

(o) **"Generation Outage"** means an outage or reduction of the Customer's generating capacity due to equipment failure, Planned Outages or natural causes beyond the control of the Customer including, but not limited to, frazil ice and low intake water, but not including an outage to those facilities dedicated to the generation of demand and energy for sale to Hydro or to a third party;

(p) **"Generation Outage Demand"** means the Power taken by the Customer during a period of Generation Outage which exceeds the Amount of Power on Order and which is required to temporarily replace that generating capacity which is rendered unavailable to the Customer due to a Generation Outage and which is supplied to the Customer in accordance with Clause 5.01;

(q) **"Generation Outage Energy"** means the Energy associated with Generation Outage Demand;

(r) **"Generation Outage Power"** means the Demand associated with Generation Outage Demand and the Energy associated with Generation Outage Energy;

(s) **"Interruptible Demand"** means that part of a Customer's Demand, other than the Demand associated with Generation Outage Power, which exceeds its Power on Order, which may be interrupted, in whole or in part, at the discretion of Hydro, and which is supplied to the Customer in accordance with Clause 4.01;

(t) **"Interruptible Energy"** means the Energy associated with Interruptible Demand, determined as that Energy taken in each fifteen-minute interval in which Interruptible Demand is taken and it shall be deemed that in such cases Firm Energy is taken at 100 percent load factor;

(u) **"Interruptible Power"** means the Demand associated with Interruptible Demand and the Energy associated with Interruptible Energy;

(v) **"Maximum Demand"** means the greatest amount of Demand taken during the appropriate Month or part of a Month, as the case may be, and reduced by any applicable Generation Outage Demand, Interruptible Demand, and any Demand associated with Secondary Energy, averaged over each consecutive period of fifteen minutes duration commencing on the hour and ending each fifteen minute period thereafter, and measured by a demand meter of a type approved for revenue metering by the appropriate department of the Government of Canada;

(w) **"Month"** means a calendar month;

(x) "**Planned Outage**" means an outage or reduction of capacity of the Customer's generation or transmission system undertaken by the Customer for scheduled maintenance communicated to Hydro not less than one week in advance of the start of that outage or reduction;

(y) **"Power"** means the amount of electrical power delivered at any time and measured in kilowatts (kW);

(z) **"Province"** means the Province of Newfoundland and Labrador;

(aa) **"Rate Schedules"** means the schedules of rates that are approved by the Board for the sale and purchase of Demand and Energy;

(bb) **"Secondary Energy"** means that Energy which is surplus to Hydro's needs and, if not sold, would likely result in spillage at one or more of Hydro's hydraulic generating stations;

(cc) **"Specifically Assigned Charge"** means the payment made by the Customer in each Month, calculated according to a method approved by the Board, for the use of Specifically Assigned Plant;

(dd) **"Specifically Assigned Plant"** means that equipment and those facilities which are owned by Hydro and used to serve the Customer only;

(ee) **"Standby or Emergency Energy Source"** means the energy source associated with Industrial Non-Firm Energy as published in Newfoundland and Labrador Hydro's Schedule of Rates, Rules and Regulations;

(ff) **"Tax"** or **"Taxes"** means any tax, fee, levy, rental, duty, charge, royalty or similar charge including, for greater certainty, any federal, state, provincial, municipal, local, aboriginal, foreign or any other assessment, governmental charge, imposition or tariff wherever imposed, assessed or collected, and whether based on or measured by gross receipts, income, profits, sales, use and occupation or otherwise, and including any income tax, capital gains tax, payroll tax, fuel tax, capital tax, goods and services tax, harmonized sales tax, value added tax, sales tax, withholding tax, property tax, business tax, ad valorem tax, transfer tax, franchise tax or excise tax, together with all interest, penalties, fines or additions imposed, assessed or collected with respect to any such amounts.

1.02 Hydro and the Customer agree that they are bound by this Agreement, which supersedes and replaces any previous Power Service Agreement, and by the agreements and covenants contained in the Rates Schedules. In the event of a conflict between this Agreement and the Rates Schedules, the Rates Schedules shall have priority.

1.03 In this Agreement all references to dollar amounts and all references to any other money amounts are, unless specifically otherwise provided, expressed in terms of coin or currency of Canada which at the time of payment or determination shall be legal tender herein for the payment of public and private debts.

1.04 Words in this Agreement importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders.

1.05 Where a word is defined anywhere in this Agreement, other parts of speech and tenses of the same word have corresponding meanings.

1.06 Wherever this Agreement prescribes a number of days for any purpose, the days shall be reckoned exclusively of the first and inclusively of the last.

1.07 The headings of all the articles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.08 Any reference in this Agreement to an Article, a Clause, a subclause or a paragraph shall, unless the context otherwise specifically requires, be taken as a reference to an article, a clause, a subclause or a paragraph of this Agreement.

1.09 This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original, but all of such counterparts together shall constitute one and the same instrument.

ARTICLE 2
AMOUNT OF POWER ON ORDER

2.01 Subject to this Agreement, Hydro agrees to deliver to the Customer and the Customer agrees to purchase from Hydro the Amount of Power on Order.

2.02 The Customer shall declare to Hydro in writing, not later than October 1 of each calendar year, its Amount of Power on Order for the following calendar year. Such declarations may provide for an Amount of Power on Order to apply throughout the calendar year, or may provide for one or more successive increases at specified times during the calendar year, but subject to Clause 2.05, may not provide for a decrease other than a decrease to take effect on January 1st of that following calendar year. The Amount of Power on Order shall not increase by more than 12,000 kilowatts from the Amount of Power on Order that applied in the previous calendar year, unless it is deemed available by Hydro, but in no event shall exceed 24,000 kilowatts.

2.03 Hydro will supply all future Power requirements requested by the Customer additional to the amounts specified in Clause 2.02 provided that the Customer's request for such additional Power shall be made upon adequate notice so that Hydro may make suitable extensions or additions to its system, if necessary.

2.04 If Hydro cannot fully comply with a declaration of Amount of Power on Order made in accordance with Clause 2.02 it will, as soon as practicable and in any event not later than November 1 of the year in which the declaration was made, advise the Customer of the extent to which it can comply. If more than one industrial customer requests an increase in their Amount of Power on Order and Hydro cannot in its judgment provide enough Power to satisfy all of the timely requests it has received, Hydro will offer additional Amounts of Power on Order to the industrial customers who made those requests in such amounts as are prorated in accordance to the quantity of additional Amounts of Power on Order in the timely requests it has received from those customers.

2.05 The Customer hereby acknowledges that Hydro cannot deliver Power to the Customer unless it is consumed by the Customer. If at any time the Customer does not consume the Power that it has obligated itself to pay for in this Agreement, then, subject to Article 10, the readiness of Hydro to deliver such Power, as evidenced by the maintenance of normal voltage and frequency at the Delivery Point(s), shall constitute a valid tender by Hydro to the Customer of such Power.

2.06 In no event shall Hydro be obliged to deliver Power in excess of that which it has agreed to deliver pursuant to this Article 2 and the Customer shall manage its Demand such that its Maximum Demand does not exceed its Amount of Power on Order, subject to Article 4 and Article 5.

ARTICLE 3
PURCHASE AND SALE OF DEMAND AND ENERGY

3.01 The sale and purchase of Demand and Energy shall be at such prices and upon such terms and conditions as are set out in the Rate Schedules and this Agreement.

3.02 Notwithstanding anything to the contrary herein, the Customer shall pay in each Month its Specifically Assigned Charge, its applicable Demand charges, and its applicable Energy charges.

ARTICLE 4
INTERRUPTIBLE POWER

4.01 The Customer may in any Month take an amount of Interruptible Power in addition to the Amount of Power of Order which shall be billed at Interruptible Demand and Energy rates approved by the Board. The amount of Interruptible Power available shall be 5,000 kW. If Hydro is willing and able to serve the Customer's Interruptible Power, then the following shall apply:

(a) The Customer shall, if practicable, make a prior request for, or otherwise as soon as practicable notify Hydro of its requirement for Interruptible Power, specifying the amount and duration of its Interruptible Power requirements. Such request or notification may be made by telephone or email and confirmed by email to Hydro officials, who shall advise the Customer if such Interruptible Power will be made available.

(b) If serving the Customer's Interruptible Power would result in Hydro generating, or increasing or prolonging generation, from a Standby or Emergency Energy Source, then Hydro will so advise the Customer. If the Customer wishes to purchase Interruptible Demand and Energy at such a time or times, that Demand and Energy shall be charged for as calculated by the method or formula approved by the Board in Newfoundland and Labrador Hydro's Schedule of Rates, Rules and Regulations in the "Industrial – Non-Firm" rate sheet.

ARTICLE 5
GENERATION OUTAGE POWER AND SECONDARY ENERGY

5.01 In the event that the Customer experiences or requires a Generation Outage, in addition to its Power on Order and any applicable Interruptible Power it may be taking, it may take an amount of Generation Outage Power at Interruptible Demand and Energy rates approved by the Board. The availability of Generation Outage Power shall be subject to Hydro's capability to deliver it, which Hydro shall determine at its sole discretion. The Generation Outage Power taken in any instance shall not exceed the amount of generating capacity rendered unavailable because of the Generation Outage. If Hydro is willing and able to provide the Customer with Generation Outage Power, then the following shall apply:

(a) The Customer shall, if practicable, make a prior request for, or otherwise as soon as practicable notify Hydro of its requirement for Generation Outage Power, specifying the amount and duration of its Generation Outage Power requirements.

Such request or notification may be made by telephone or email and confirmed by email to Hydro officials, who shall advise the Customer if such Generation Outage Power will be made available. While requesting or taking Generation Outage Power, the Customer shall notify Hydro of all circumstances and particulars as to the Generation Outage as soon as practicable and shall keep Hydro informed as those circumstances and particulars change. The Customer shall not make undue requests for Generation Outage Power and it shall restore normal operating conditions as soon as reasonably possible.

(b) If serving the Generation Outage Power would result in Hydro generating from, or increasing or prolonging generation from a Standby or Emergency Energy Source, then Hydro will so advise the Customer. If the Customer wishes to purchase Generation Outage Power at such a time or times, that Demand and Energy shall be charged for as calculated by the method or formula approved by the Board in Newfoundland and Labrador Hydro's Schedule of Rates, Rules and Regulations in the "Industrial – Non-Firm" rate sheet.

5.02 If Hydro has Energy capability and the Customer desires to purchase it, and provided that appropriate metering is in place, Hydro will deliver Secondary Energy to the Customer for use in its electric boilers. The quantity and availability of Secondary Energy shall be determined by Hydro in its sole discretion, however, once declared to be available, Secondary Energy shall remain available for a period of not less than 72 hours. The rate to be paid for Secondary Energy shall be determined by the Board.

ARTICLE 6
DETERMINATION OF BILLING DEMAND

6.01 Subject to Article 11, the Customer's Billing Demands, which shall each be charged at the applicable rates as approved by the Board, shall comprise the following:

(a) the Billing Demand for Firm Power, which in each Month shall be the greater of:

(i) the Amount of Power on Order,

(ii) the lesser of 75% of the Amount of Power on Order for the prior calendar year and, the Amount of Power on Order for the prior calendar year less 20,000 kW,

or

(iii) the highest Maximum Demand taken up to that time in the calendar year; and

(b) the maximum Interruptible Demand for that Month.

ARTICLE 7
CHARACTERISTICS OF POWER SERVICE AND POINTS OF DELIVERY

7.01 The Demand and Energy to be supplied under this Agreement will be delivered to the Customer at three (3) phase alternating current having a normal frequency of sixty (60) cycles and at a voltage to be determined by Hydro and the Customer, and delivery will be made at the Delivery Points Hydro.

7.02 Hydro will exercise its best efforts to limit variation from the normal frequency and voltage to tolerable values.

ARTICLE 8
POWER FACTOR

8.01 The Customer agrees to consume the Power contracted for in this Agreement at a power factor of not less than ninety percent (90%) lagging at the Delivery Points Hydro.

8.02 Should the power factor be consistently less than ninety percent (90%) lagging, the Customer, upon written notification from Hydro, agrees to install suitable corrective equipment to bring the power factor to a minimum of ninety percent (90%) lagging.

8.03 If the Customer should install static condensers to correct the lagging power factor, the equipment shall be installed such that it can be completely disconnected at the request of Hydro.

ARTICLE 9
METERING

9.01 The metering equipment and meters to register the amount of Demand and Energy to be delivered to the Customer under this Agreement shall be furnished and owned by Hydro and if required to be located on the Customer's premises will be installed by Hydro in a suitable place satisfactory to Hydro and provided by the Customer, and in such manner as to register accurately the total amount of Demand and Energy taken by the Customer under this Agreement.

9.02 If the metering is installed on the low side of transformers that are Specifically Assigned

Plant or owned by the Customer, an appropriate adjustment will be made to account for losses in the transformers. Also, appropriate adjustments will be made to recognize the Demand and Energy delivered to Delivery Points Newfoundland Power from the Customer's generation and transmission systems.

9.03 The Customer shall have the right, at its own expense, to install, equip and maintain check meters adjacent to Hydro's meters.

9.04 Authorized employees of Hydro shall have the right of access to all of Hydro's meters at all reasonable times for the purpose of reading, inspecting, testing, repairing or replacing them.

9.05 Should any meter fail to register accurately, and to the extent that this clause does not conflict with the Electricity and Gas Inspection Act, RSC 1985, c. E-4, the check meters provided by the Customer shall be used for measuring the amount of Demand and Energy delivered while the Hydro meters are out of service. Should the Customer's check meters fail to register accurately then Hydro may charge for the Demand and Energy delivered during the period when the registration was inaccurate, either,

(a) on the basis of the amount of Demand and Energy charged for

(i) during the corresponding term immediately succeeding or preceding the period of alleged inaccurate registration, or

(ii) during the corresponding term in the previous calendar year; or

(b) on the basis of the amount of Demand and Energy supplied as established by available evidence,

whichever basis appears most fair and accurate to both the Customer and Hydro.

ARTICLE 10
LIABILITY FOR SERVICE

10.01 Subject to the provisions of the Rate Schedules and this Agreement, the Power and Energy herein contracted for will be made available for use by the Customer during twenty-four (24) hours on each and every day of the term of this Agreement.

10.02 The obligation of Hydro to furnish Power and Energy under this Agreement is expressly subject to all accidents or causes that may occur at any time and affect the generation or transmission of such Power and Energy, and in any such event, but subject to Clause 10.04, Hydro shall have the right in its discretion to reduce or, if necessary, to interrupt the delivery of Power and Energy under this Agreement.

10.03 Hydro shall cause all reasonable precautions to be taken in order to guard against reductions, fluctuations and interruptions in the delivery of Electricity and shall cause all such reductions, fluctuations or interruptions that occur to be terminated with all possible dispatch. If reductions, fluctuations or interruptions are necessary or unavoidable for repair, overhauling or inspection of equipment or for improving or adding to its equipment, where practical Hydro shall coordinate with the Customer in advance and give the Customer reasonable notice of any anticipated reduction, fluctuation or interruption of any amount of Electricity so that inconvenience and loss to the Customer may be minimized. If practical, Hydro will schedule any needed reductions, fluctuations and interruptions at times coordinated with the Customer such that the Customer's operational needs and considerations are considered and reasonably accommodated.

10.04 Unless the Customer suffers damages due to the willful acts or negligence of Hydro, and subject always to Clauses 10.08 and 10.09 and Article 11, the Customer's sole remedy for an interruption or reduction in the delivery of Electricity by Hydro to the Customer shall be the right to reduce its Billing Demand in accordance with Article 11.

10.05 If the operations of Hydro or the operations of its suppliers are suspended or curtailed by reason of Force Majeure, Hydro shall use due diligence to remove the cause of such suspension or curtailment and to resume normal operations at the earliest possible date and, in the event such suspension or curtailment of operations of Hydro or its suppliers results in the suspension or curtailment of the operations of the Customer for a period of more than seven (7) days thereafter occurring during the continuance of such period of curtailment or suspension of the operations of Hydro or its suppliers, the Customer's sole remedy shall be the right to reduce its Billing Demand in respect of the period of such suspension or curtailment by an amount of Power proportionate to the reduction of the amount of Power actually made available by Hydro and resulting from such suspension or curtailment of the operations of Hydro or its suppliers, including such seven (7) day period.

10.06 If the operations of the Customer are suspended or curtailed owing to Force Majeure, the Customer shall use due diligence to remove the cause of such suspension or curtailment and to resume normal operations at the earliest possible date, but if as a result of such suspension or curtailment, the Power taken by the Customer is reduced below fifty percent (50%) of the Amount of Power on Order, for any period exceeding seven (7) days, then, the Customer's sole remedy shall be the right to reduce its Billing Demand in respect of the period of such suspension or curtailment by an amount of Power proportionate to the reduction of the amount of Power actually taken by Customer and resulting from such suspension or curtailment of the operations of the Customer, including such seven (7) day period.

10.07 Nothing in Clause 10.06 shall obligate the Customer to settle or resolve (or attempt to settle or resolve) a strike or other labour issue or interruption (or threatened strike or other labour issue or interruption).

10.08 Notwithstanding any other provision contained herein, neither Hydro nor the Customer shall:

(a) be responsible to other for injury, damages or losses arising from loss of business, loss of profits, or any other losses as a result of interruption of the other's operations, or any other consequential losses, directly or indirectly arising out of the activities, occupancy, use or operation of the other's premises; or

(b) look to or pursue the directors, officers or employees of the other for satisfaction of any claim or cause of action arising under this agreement, including any liability, damages, expenses or losses of any nature.

10.09 In no event shall the liability of either party exceed the sum of $1,000,000.00 for any single occurrence.

ARTICLE 11
REDUCED BILLING DEMAND

11.01 If, in accordance with Clauses 10.04, 10.05 or 10.06, the Customer requests a reduction in its Billing Demand, such reduction will be made according to the following:

(a) If there is a total interruption of the delivery of Power and Energy by Hydro for a whole Month, the Customer Billing Demand for such Month shall be zero.

(b) If there is a total interruption of Power for part of a Month, the Billing Demand for that Month shall be reduced by an amount of Power bearing the same ratio to that Billing Demand as the number of hours during which the interruption occurs bears to the total number of hours in that Month.

(c) If the reduction of Power is made for a whole Month, then, subject to subclause 11.01(e), the reduced Billing Demand for that Month shall be substituted for the Billing Demand for the same Month, when determining the price of Power and Energy for that Month.

(d) If the reduction of Power is made for part of a Month, then, subject to subclause 11.01(e), the Billing Demand for such Month shall be determined by adding:

the reduced Billing Demand for the part of the Month during which the reduction was made, averaged over the whole of that Month;

to

the Billing Demand for the part of the Month during which no reduction was made, averaged over the whole of that Month.

(e) In no event shall the reduced Billing Demand in any period be lower than the Maximum Demand in that same part of the Month.

(f) Where a Billing Demand, a reduced Billing Demand or a Maximum Demand for a part of a Month is to be averaged for the whole of that Month in accordance with subclause 11.01(d), the averaging shall be done by dividing the Billing Demand, the reduced Billing Demand or the Maximum Demand, as the case may be, by the total number of hours in the whole of that Month and multiplying the result by the number of hours to which the Billing Demand, the reduced Billing Demand or the Maximum Demand relates.

11.02 In addition to the reductions in Billing Demand that may be made in accordance with Clause 11.01, Hydro may, in its sole judgment and discretion, make other Billing Demand adjustments from time to time to decrease the Customer's bill to reflect unusual or unanticipated conditions or to facilitate the testing of equipment or processes by the Customer.

ARTICLE 12
CONSTRUCTION OR INSTALLATION OF TRANSMISSION LINES OR APPARATUS

12.01 For the consideration aforesaid, the Customer hereby grants to Hydro the right to construct transmission lines and accessory apparatus on locations approved by the Customer on, under or over the property of the Customer for the purpose of serving the Customer and the other customers of Hydro, together with the right of access to the property of the Customer at all times for the construction of such lines and apparatus and for the repair, maintenance and removal thereof, provided that nothing in this clause shall entitle Hydro to construct transmission lines and accessory apparatus on or over the Customer's property if such transmission lines are not directly connected with the Customer's premises or some part thereof.

12.02 The Customer shall not erect any building, structure or object on or over any right-of-way referred to in Clause 12.01 without the written approval of Hydro, but subject to that limitation the Customer shall be entitled to make fair and reasonable use of all lands subjected to the said right-of-way.

12.03 Any changes that the Customer may request Hydro to make in the location of any lines or apparatus constructed pursuant to Clause 12.01 shall be made by Hydro, but the Customer shall bear the expense of any such changes to the extent that such lines or apparatus deliver Power to the Customer.

12.04 All transmission lines and apparatus of Hydro furnished and installed by it on the Customer's premises shall remain the property of Hydro, and Hydro shall be entitled to remove or retain such transmission lines and apparatus on the expiry or termination of this Agreement.

12.05 For the purpose of using the power service of Hydro, the Customer shall install properly designed and suitable apparatus in accordance with good engineering practice, and shall at all times operate and maintain such apparatus so as to avoid causing any undue disturbance on the system of Hydro, and so that the current shall be approximately equal on all three of its phases.

12.06 If, at any time, the unbalance in current between any two of its phases is, in the judgment of Hydro, excessive to a degree that the power delivery system of Hydro and/or the electrical equipment of any other customer of Hydro is adversely affected, then it shall be the responsibility of the Customer to take such reasonable remedial measures as may be necessary to reduce the unbalance to an acceptable value.

12.07 If, at any time during the term of this Agreement, Hydro desires to improve the continuity of power service to any of its customers, Hydro and the Customer will co-operate and use their reasonable commercial efforts to carry out the improvements either by changes to existing equipment or additions to the original installations of either Hydro or the Customer.

12.08 The Customer shall not proceed with the construction of or major alterations of its equipment or structures associated with any terminal station at which Power and Energy is being delivered until Hydro is satisfied that the proposals for such construction or alteration are in accordance with good engineering practice and the laws and regulations of the Province, provided that any examination of the Customer's proposals by Hydro shall not render Hydro responsible in any way for the construction or alteration proposed, even if electrical connection is made by Hydro, whether or not any changes suggested by Hydro shall have been made by the Customer.

ARTICLE 13
RESPONSIBILITY FOR DAMAGES

13.01 Beyond the Delivery Points Hydro, the Customer shall indemnify and hold Hydro harmless with respect to any and all claims that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence or use on the Customer's premises of electric circuits or apparatus, whether owned by Hydro or by the Customer, unless and to the extent that such injuries or damages are caused by negligence on the part of the employees of Hydro.

13.02 Up to the Delivery Points Hydro, Hydro shall indemnify and hold the Customer harmless with respect to any and all claims that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence or use on the Customer's premises of electric circuits or apparatus owned by Hydro and resulting from or arising out of the negligence of Hydro's employees or other persons for whom Hydro would in law be liable, unless and to the extent that such injuries or damages are caused by negligence on the part of the employees of the Customer.

13.03 If any of the transmission lines or apparatus installed by Hydro on the Customer's premises should be destroyed or damaged by the negligence of the Customer, its servants or agents, the Customer shall reimburse Hydro for the cost of their replacement or repair.

ARTICLE 14
PAYMENT OF ACCOUNTS AND NOTICE OF CLAIMS OF CUSTOMER

14.01 Hydro will render its accounts monthly and the Customer shall, within twenty (20) days after the date of rendering any such account, make payment in lawful money of Canada at the office of Hydro in St. John's, Newfoundland, or in such other place in the said Province as Hydro may designate, without deduction for any claim or counterclaim which the Customer may have to claim to have against Hydro arising under this Agreement or otherwise.

14.02 Hydro and the Customer acknowledge that, notwithstanding any other provision of this Agreement, any amounts payable by the Customer to Hydro pursuant to this Agreement exclude HST and include all other Taxes. If Hydro is required to collect from the Customer an amount of HST with respect to the provision of any goods or services supplied pursuant to this Agreement, such amounts shall be identified separately on the invoice and the Customer shall pay the amount of such HST to Hydro.

14.03 All amounts in arrears after the expiration of the period of twenty (20) days referred to in Clause 14.01 shall bear interest at the rate of five percent (5%) per annum above the Bank of Canada prime business rate (publication V122495) or its successor rate, calculated daily not in advance, to and including the date of payment, and interest accrued will be payable on demand.

14.04 If the Customer is in default for more than thirty (30) days in paying any amount due Hydro under this Agreement, then, without prejudice to its other recourses and without liability therefor, Hydro shall, upon ten (10) days written notice to the Customer of its intention so to do, be entitled to suspend the delivery of Power and Energy to the Customer until the said amount is paid, and if the delivery is so suspended, the Customer shall not be relieved of its obligations under this Agreement.

14.05 The Customer and Hydro will submit to the other in writing every claim or counterclaim which each may have or claim to have against the other arising under this Agreement within sixty (60) days of the day upon which the Customer or Hydro has knowledge of the event giving rise to such a claim.

14.06 The Customer and Hydro shall be deemed to have waived all rights for the recovery of any claim or counterclaim which has not been submitted to the other party pursuant to and in accordance with Clause 14.05.

14.07 Except as otherwise provided, each party is separately responsible for, and shall in a timely manner discharge, its separate obligations in respect of the collection, payment, withholding, reporting and remittance of all Taxes in accordance with the applicable law. Hydro shall pay or cause to be paid all Taxes on or with respect to the Electricity up to the Delivery Point(s). Customer shall pay or cause to be paid all Taxes on or with respect to the Electricity beyond the Delivery Points Hydro. For the computation of amounts of Electricity delivered at the Delivery Points Hydro and the Taxes so calculated, amounts determined through metering will be subject to any appropriate losses calculated in accordance with Clause 9.02. For greater certainty:

(a) Hydro is solely responsible for the payment of Taxes payable by Hydro; and

(b) Customer is solely responsible for the payment of Taxes payable by Customer.

ARTICLE 15
ARBITRATION

15.01 Any dispute or differences between Hydro and the Customer concerning this Agreement which cannot be resolved or settled by Hydro and the Customer shall be settled by final and binding arbitration in the City of St. John's, Newfoundland and Labrador, or such other place as the parties mutually agree, at the request of either party pursuant to the provisions of the Arbitration Act (Newfoundland and Labrador), subject to the specific terms hereof. The party desiring arbitration shall notify the other party of its intention to submit any dispute(s) or difference(s) to arbitration as well as a brief description of the matter(s) to be submitted for arbitration. Should Hydro and the Customer fail to agree on a single arbitrator to settle the relevant dispute(s) or difference(s) within fifteen (15) days of delivery of the aforesaid notice, then each such party shall within thirty (30) days thereafter nominate an arbitrator having expertise with respect to the subject matter(s) under dispute (failing which nomination by a party, the arbitrator nominated by the other party may proceed to determine the dispute alone as he or she shall deem fit) and the two (2) arbitrators so selected shall select a third arbitrator to serve as a chairperson of the arbitral tribunal of similar expertise to act jointly with them. If said arbitrators shall be unable to agree in the selection of such chairperson within thirty (30) days of the expiry of the aforesaid thirty (30) day arbitrator nomination period, the chairperson shall be selected as contemplated in the aforesaid Arbitration Act. The costs of the arbitration shall be borne by the parties hereto as may be specified in the determination of the arbitrator(s). The arbitrator(s) shall further be authorized to retain such legal counsel and other professional advisors to provide any advice to the arbitrator(s) as the arbitrator(s) deem appropriate. The decision of the single arbitrator or any two (2) of the three (3) arbitrators, as the case may be, shall be non-appealable, final and binding with respect to the issue(s) in dispute.

ARTICLE 16
MODIFICATION OR TERMINATION OF AGREEMENT

16.01 Except, where otherwise specifically provided in this Agreement and only to the extent so provided, all previous communications between Hydro and the Customer, either oral or written, with reference to the subject matter of this Agreement, are hereby abrogated and this Agreement shall constitute the sole and complete agreement between Hydro and the Customer in respect of the matters herein set forth.

16.02 At any time while this Agreement is in effect, the Customer may terminate it by giving to Hydro two (2) years notice in writing of its intention so to do.

16.03 Any amendment, change or modification of this Agreement shall be binding upon Hydro and the Customer, or either of them only if such amendment, change or modification is in writing and is executed by Hydro and the Customer by its duly authorized officers or agents and in accordance with their respective regulations or by-laws.

16.04 In the event that the Board sets terms and conditions of rates to be charged by Hydro to the Customer for the Electricity delivered hereunder and those rates are inconsistent with the terms and conditions set out in this Agreement, the rates set by the Board shall prevail.

ARTICLE 17
SUCCESSORS AND ASSIGNS

17.01 This Agreement shall be binding upon and enure to the benefit of Hydro and the Customer and their respective successors and assigns, but it shall not be assignable by the Customer without the written consent of Hydro with such consent not to be unreasonably withheld.

ARTICLE 18
GOVERNING LAW AND FORUM

18.01 This Agreement shall be governed by and interpreted in accordance with the laws of the Province, and every action or other proceeding arising hereunder shall be determined exclusively by a court of competent jurisdiction in the Province, subject to the right of appeal to the Supreme Court of Canada where such appeal lies.

ARTICLE 19
COMMUNICATION BETWEEN HYDRO AND THE CUSTOMER

19.01 Subject to Clauses 19.02 and 19.03, any notice, request or other instrument which is required or permitted to be given, made or served under this Agreement by either Hydro or the Customer, except for notices or requests pertaining to Interruptible Power, Generation Outage Power, or Secondary Energy, shall be given, made or served in writing and shall be deemed to be properly given, made or served if personally delivered, or sent by email, or mailed by prepaid registered post, addressed, if service is to be made

(a) on Hydro, to

The Secretary
Newfoundland and Labrador Hydro
Hydro Place
P.O. Box 12400
St. John's, Newfoundland
CANADA. A1B 4K7
or

(b) on the Customer, to

Mill Manager
Corner Brook Pulp and Paper Limited

P.O. Box 2001
Corner Brook, Newfoundland
A2H 6J4

19.02 Any notice mailed by prepaid registered mail will be conclusively deemed to have been given on the fourth day after mailing thereof and, if given by email, will be conclusively deemed to have been given on the day of transmittal thereof if given during the normal business hours of the recipient and on the next Business Day during which such normal business hours next occur if not given during such hours on any day; provided that, in each case, confirmation of receipt is received by the party giving the Notice. If the party giving any Notice knows or ought reasonably to know any difficulties with the postal system that might affect the delivery of mail, any such Notice must not be mailed but must be given by email.

Except for notices for Interruptible Power, Generation Outage Power, or Secondary Energy, whenever this Agreement requires a notice to be given or a request to be made on a day that is not a Business Day, such notice or request may be given or made on the first Business Day occurring thereafter. Notices or requests pertaining to Interruptible Power, Generation Outage Power, or Secondary Energy may be given and received by and to the appropriate nominees of Hydro and the Customer by voice or electronic communication provided that it is confirmed in writing and transmitted or delivered by email, courier or mail as soon as practicable.

19.03 Either Hydro or the Customer may change the address to which a notice, request or other instrument may be sent to it by giving the other party notice of such change, and thereafter, every notice, request or other instrument shall be delivered or mailed in the manner prescribed in Clause 19.01 to such party at the new address.

ARTICLE 20
LIQUIDATED DAMAGES

20.01 Subject to Article 11, if the Customer voluntarily or forcibly abandons its operations, commits an act of bankruptcy or liquidates its assets, then there shall, forthwith, become due and payable to Hydro by the Customer, as stipulated and liquidated damages without burden or proof thereof, a lump sum equal to:

(a) 0.85 of its then current Billing Demand for Firm Power, at the Firm Power Demand rate, multiplied by 24;

plus

(b) the remaining net book value of Specifically Assigned Plant, less its salvage value.

IN WITNESS WHEREOF Newfoundland and Labrador Hydro and the Customer has each executed this Agreement by causing it to be executed in accordance with its by-laws or regulations and by its duly authorized officers or agents, the day and year first above written.

Michael Ladha
VP, GCCS, & Commercial

THE CORPORATE SEAL of **Newfoundland and Labrador Hydro** was hereunder affixed in the presence of:

Jill Fitzgerald
Witness

Kevin Fagan V.P. Regulatory + Customer Service

DULY EXECUTED by
Corner Brook Pulp and Paper Limited
in accordance with its Regulations or By-Laws in the presence of:

FRANCOIS D'AMOURS
SR. VP, OPERATIONS

Witness

FREDERIC BOUCHER
VP, LEGAL AFFAIRS

Power Service Agreement **Schedule A**

THIS SERVICE AGREEMENT made at St. John's, in the Province of Newfoundland and Labrador on the 28th day of May, 2013.

BETWEEN: **NEWFOUNDLAND AND LABRADOR HYDRO**, a corporation and an agent of the Crown constituted by statute, renamed and continued by the Hydro Corporation Act, 2007, Statutes of Newfoundland and Labrador 2007, Chapter H-17, (hereinafter called "Hydro") of the first part;

AND **PRAXAIR CANADA INC.**, a corporation incorporated under the Laws of Nova Scotia and registered to carry on business in the Province of Newfoundland and Labrador, (hereinafter called the "Customer") of the second part.

WHEREAS Hydro has agreed to sell electrical Power and Energy to the Customer and the Customer has agreed to purchase the same from Hydro according to the rates set by the Board of Commissioners of Public Utilities for the Province of Newfoundland and Labrador and by the terms of this Agreement;

THEREFORE THIS AGREEMENT WITNESSETH that the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.01 In this Agreement, including the recitals, unless the context otherwise requires,

(a) "**Amount of Power on Order**" means the Power contracted for in accordance with Article 2;

(b) "**Billing Demand**" means the components of the Customer's monthly Power consumption for which Demand charges apply as determined in accordance with Articles 3 and 10;

(c) "**Board**" means the Board of Commissioners of Public Utilities for Newfoundland and Labrador;

(d) **"Commissioning Period"** means the time required for commissioning activities of the Customer's facilities at Long Harbour to the commencement of the Ramp Up Period;

(e) **"Demand"** means the amount of Power averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter and measured by a demand meter of a type approved for revenue metering by the appropriate department of the Government of Canada;

(f) **"Electricity"** includes Power and Energy;

(g) **"Energy"** means the amount of electricity delivered in a given period of time and measured in kilowatt hours;

(h) **"Firm Energy"** means the Energy associated with the Firm Power;

(i) **"Firm Power"** means, except as varied by paragraph 3.02(a) and subject to Clause 3.03, the Demand normally associated with the Amount of Power on Order;

(j) **"Hydro Delivery Points"** means the 13,800 volt load side bushings of the 230,000/13,800 volt transformers at the VBN Terminal Station located near the Customer's premises, or at such other location or locations that Hydro and the Customer mutually agree in writing;

(k) **"Interruptible Demand"** means, that part of a Customer's Demand which exceeds its Amount of Power on Order, which may be interrupted, in whole or in part, at the discretion of Hydro, and which is supplied to the Customer in accordance with Clause 5.01;

(l) **"Interruptible Energy"** means the Energy associated with Interruptible Demand determined as that Energy taken in each fifteen-minute interval in which Interruptible Demand is taken and it shall be deemed that in such cases Firm Energy is taken at 100 percent load factor;

(m) **"Maximum Demand"** means the greatest amount of Power during the appropriate Month or part of a Month, as the case may be, averaged over each consecutive period of fifteen minutes duration commencing on the hour and ending each fifteen minute period thereafter, and measured by a demand meter of a type approved for revenue metering by the appropriate department of the Government of Canada;

(n) **"Month"** means a calendar month;

(o) **"Non-Firm Energy"** means Energy associated with Interruptible Demand;

(p) **"Power"** means the amount of electrical power delivered at any time and measured in kilowatts;

(q) **"Project Schedule"** means a schedule provided to Hydro by the Customer which states the dates of commencement and durations of Commissioning Period and Ramp-up activities;

(r) **"Province"** means the the Province of Newfoundland and Labrador;

(s) **"Ramp-Up Period"** means the time required from the start of industrial gases production operations to supply the requirements of its customer Vale Newfoundland & Labrador Limited (hereinafter called "Vale") to the time that the Customer's Long Harbour facilities meets its full capacity as determined in accordance with Article 2.06(c) and (f).

(t) **"Rate Schedules"** means the schedules of rates that are approved by the Board for the sale and purchase of Power and Energy;

(u) **"Secondary Energy"** means that Energy Hydro is willing to sell, according to Clause 4.01, at a rate approved by the Board and which, if not sold, would be surplus to its needs and likely to result in spillage at one or more of Hydro's hydraulic generating stations;

(v) **"Specifically Assigned Charge"** means the payment made by the Customer in each Month, calculated according to a method approved by the Board, for the use of Specifically Assigned Plant;

(w) **"Specifically Assigned Plant"** means that equipment and those facilities which are owned by Hydro and used to serve the Customer only.

1.02 Hydro and the Customer agree that they are bound by this Agreement and by the agreements and covenants contained in the Rates Schedules. In the event of a conflict between this Agreement and the Rates Schedules, the Rates Schedules shall have priority.

1.03 In this Agreement all references to dollar amounts and all references to any other money amounts are, unless specifically otherwise provided, expressed in terms of coin or currency of Canada which at the time of payment or determination shall be legal tender herein for the payment of public and private debts.

1.04 Words in this Agreement importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders.

1.05 Where a word is defined anywhere in this Agreement, other parts of speech and tenses of the same word have corresponding meanings.

1.06 Wherever in this Agreement a number of days is prescribed for any purpose, the days shall be reckoned exclusively of the first and inclusively of the last.

1.07 The headings of all the articles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.08 Any reference in this Agreement to an Article, a Clause, a subclause or a paragraph shall, unless the context otherwise specifically requires, be taken as a reference to an article, a clause, a subclause or a paragraph of this Agreement.

1.09 This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original, but all of such counterparts together shall constitute one and the same instrument.

ARTICLE 2
AMOUNT OF FIRM POWER

2.01 Subject to this Agreement, Hydro agrees to deliver to the Customer and the Customer agrees to purchase from Hydro the Amount of Power on Order.

2.02 Subject to paragraph 2.06(d) the Customer shall declare to Hydro in writing, not later than October 1 of each calendar year, its Amount of Power on Order for the following calendar year. Such declarations may provide for an Amount of Power on Order to apply throughout the calendar year, or may provide for one or more successive increases at specified times during the calendar year, but subject to Clause 2.05, may not provide for a decrease other than a decrease to take effect on January 1st of that following calendar year. The Amount of Power on Order shall in no event be greater than 12,000 kilowatts.

2.03 Hydro will supply all future Power requirements requested by the Customer additional to the 12,000 kilowatts provided, however, that the Customer's requests for such additional Power be made upon adequate notice in order that Hydro may make suitable extensions or additions to its system.

2.04 If Hydro cannot fully comply with a declaration of Amount of Power on Order made in accordance with Article 2.02 it will, as soon as practicable and in any event not later than November 1 of the year in which the declaration was made, advise the Customer of the extent to which it can comply. If more than one industrial customer requests an increase in their Amount of Power on Order and Hydro cannot in its judgment provide enough Power to satisfy all of the timely requests it has received, Hydro will offer additional Amounts of Power on Order to the industrial customers who made those requests in such amounts as are prorated in accordance to the quantity of additional Amounts of Power on Order in the timely requests it has received from those customers.

2.05 If the Customer obtains a new source of electric generation such that it can decrease or eliminate the amount of Power it requires from Hydro, then, provided the Customer gives Hydro thirty-six Month's written notice of the reduction, the Customer may reduce or eliminate its Amount of Power on Order and its Billing Demand effective on the date that the new generation is to go into service as indicated in that written notice.

2.06 (a) At the commencement of this Agreement, the Customer shall provide to Hydro a Project Schedule which includes the dates for the Commissioning Period and the Ramp-Up Period for the purposes of this Agreement. Updated Project Schedules shall be provided to Hydro on a quarterly basis commencing with the first calendar quarter following commencement of this Agreement.

(b) The Commissioning Period shall commence from the date of implementation of this Agreement and shall end at the commencement of the Ramp-Up Period as described in Clause 2.06(c).

(c) The Ramp-Up Period shall be deemed to commence at the earlier of:

(i) The Customer's written declaration to Hydro that the Ramp-Up Period has commenced, or

(ii) The start of industrial gases production operations at the Customer's Long Harbour facility to supply the requirements of Vale.

(d) During the Commissioning and Ramp-Up Periods the Customer shall declare the Amount of Power on Order for the following Month by giving written notice to that effect to Hydro's Energy Control Center not later than noon of the first working day of each Month. Such declarations shall provide for an Amount of Power on Order that shall apply throughout the following Month.

(e) During the Commissioning and Ramp-Up Periods, the Customer's Billing Demand for Firm Power shall be the greater of the Customer's Maximum Demand in that Month less its maximum Interruptible Demand in that Month, and the Amount of Power on Order declared under paragraph (d) of this Clause. In the event that the Customer does not declare an Amount of Power on Order for any Month pursuant to this clause, then, subject to paragraph (d) of this clause, the Billing Demand for Firm Power for that Month shall be the Customer's Maximum Demand in that Month less its maximum Interruptible Demand in that Month.

(f) The Ramp-Up Period shall be deemed to end at the earlier of:
- (i) The Customer's written declaration to Hydro that the Ramp-Up Period has ended, or
- (ii) Such time that the Ramp-Up Period for Vale is deemed to end pursuant to the Power Service Agreement between Vale and Hydro, or
- (ii) Thirty-six (36) Months following the date of commencement of the Ramp-Up Period as outlined in paragraph (c).

2.07 During the Ramp-Up Period, not later than noon of the first working day of the last month of every quarter, the Customer shall provide forecasts of monthly peak demand for the following quarter by giving written notice to that effect to Hydro's Energy Control Centre.

ARTICLE 3
PURCHASE AND SALE OF POWER AND ENERGY

3.01 The sale and purchase of Power and Energy shall be at such prices and upon such terms and conditions as are set out in the Rate Schedules and this Agreement.

3.02 Subject to Clauses 2.05, 2.06 and Article 10, the Customer's Billing Demands, which shall each be charged at the applicable rates as approved by the Board, shall comprise the following:

(a) the Billing Demand for Firm Power, which in each Month shall be either

(i) the Amount of Power on Order,

(ii) the lesser of 75% of the Amount of Power on Order for the prior calendar year and, the Amount of Power on Order for the prior calendar year less 20,000 kW,

or

(ii) the Maximum Demand taken up to that time in that calendar year less any Interruptible Demand, if applicable,

whichever is greatest; and

(b) the maximum Interruptible Demand for that Month.

3.03 Notwithstanding that the Billing Demand for Firm Power shall have, by operation of Clause 3.02, exceeded the Power on Order declared for that calendar year in accordance with Article 2, Hydro is not obliged to provide any amount of Power in excess of the Power on Order.

3.04 Notwithstanding anything to the contrary herein, the Customer shall pay in each Month its Specifically Assigned Charge, applicable Demand charges, and Energy charges. Its Energy charges shall comprise its Firm Energy and Non-Firm Energy taken in that Month.

ARTICLE 4
SECONDARY ENERGY

4.01 If Hydro has surplus Energy capability and the Customer desires to purchase it, and provided that appropriate metering is in place, Hydro will deliver Secondary Energy to the Customer for use in its electric boilers. The quantity and availability of Secondary Energy shall be determined by Hydro in its sole discretion, however, once declared to be available, Secondary Energy shall remain available for a period of not less than 72 hours. The rate to be paid for Secondary Energy shall be determined by the Board.

ARTICLE 5
INTERRUPTIBLE DEMAND

5.01 The Customer may in any Month take an amount of Interruptible Demand and Energy in addition to the Amount of Power of Order which shall be billed at the Non-Firm Demand and Energy rates approved by the Board. Provided the Amount of Power on Order is equal to or greater than 20,000 kW, the amount of Interruptible Demand and Energy available shall be the greater of 10% of the Amount of Power on Order and 5,000 kW. If the Amount of Power on Order is less than 20,000 kW, the Amount of Interruptible Demand and Energy available shall be 25% of the Amount of Power on Order. If Hydro is willing and able to serve the Customer's Interruptible Demand, then the following shall apply:

(a) The Customer shall, if practicable, make a prior request for, or otherwise as soon as practicable notify Hydro of its requirement, specifying the amount and duration of its Interruptible Demand requirements. Such request or notification may be made by telephone and confirmed by facsimile transmission to Hydro's officials at its Energy Control Centre, who shall advise the Customer if such Interruptible Power will be made available.

(b) If serving the Customer's Interruptible Demand would result in Hydro generating from, or increasing or prolonging generation from a standby or emergency energy source, then Hydro will so advise the Customer. If the Customer wishes to purchase Interruptible Demand and Energy at such a time or times, that Power and Energy shall be charged for as calculated by the method or formula approved by the Board.

(c) Notwithstanding anything contrary herein, if service of the Interruptible Demand is disrupted by Hydro or is curtailed by the Customer as a decision to reject the more expensive standby or emergency energy source (which for the purposes of this clause shall be deemed to be a reduction of Hydro of Interruptible Demand), the Billing Demand for Interruptible Power for the Month shall be determined as follows:

(i) If there is a total interruption of Interruptible Demand and Interruptible Energy by Hydro for a whole Month, the Customer shall not be required to make any payment for Interruptible Demand and Energy that Month.

(ii) If there is a total interruption of Interruptible Demand for part of a Month, the Billing Demand for that Interruptible Demand for that Month shall be reduced by a number of kilowatts bearing the same ratio to that Billing Demand as the number of hours during which the interruption occurs bears to the total number of hours in that Month.

(iii) If Hydro requires a reduction of Interruptible Demand for a whole Month, then, the reduced Billing Demand for Interruptible Demand for that Month shall be substituted for the Billing Demand for Interruptible Demand for the same Month, when determining the price of Power and Energy for that Month.

(iv) If Hydro requires the reduction of Interruptible Demand for part of a Month, then, subject to subparagraph (v) of this paragraph 4.01(c), there shall, when determining the price of Interruptible Power and Energy for the Months in which the reduction occurs, be substituted for the Billing Demand for Interruptible Demand for that Month, the number of kilowatts obtained by adding

(a) the reduced Billing Demand for Interruptible Demand for the part of the month during which the reduction was made, averaged over the whole of that Month;

to

(b) the Billing Demand for Interruptible Demand for the part of the Month during which no reduction was made, averaged over the whole of that Month.

(v) In any case arising under subparagraph (iii) or subparagraph (iv) of this paragraph 4.01(c), where a reduction of Interruptible Demand is made for a whole Month or part thereof and the Maximum Demand for Interruptible Demand over that same period is greater than the reduced Billing Demand for Interruptible Demand for that same period, then, instead of that reduced Billing Demand, that Maximum Demand for such period shall be substituted for the Billing Demand for Interruptible Demand for that period when determining the price of Power and Energy for the Month in which the reduction occurs, but, if in any period during which a reduction occurs, the Maximum Demand for Interruptible Demand is less than the reduced Billing Demand for Interruptible Demand, no account shall be taken of that Maximum Demand.

ARTICLE 6
CHARACTERISTICS OF POWER SERVICE AND POINTS OF DELIVERY

6.01 The Power and Energy to be supplied under this Agreement will be delivered to the Customer at three (3) phase alternating current having a normal frequency of sixty (60) cycles and at a voltage of approximately 13,800 volts and delivery will be made at the Hydro Delivery Points.

6.02 Hydro will exercise its best endeavours to limit variation from the normal frequency and voltage to tolerable values.

ARTICLE 7
POWER FACTOR

7.01 The Customer agrees to take and use the Power contracted for in this Agreement at a power factor of not less than ninety percent (90%) lagging at the point of delivery specified in this Agreement.

7.02 Should the power factor be consistently less than ninety percent (90%) lagging, the Customer, upon written notification from Hydro, agrees to install suitable corrective equipment to bring the power factor to a minimum of ninety percent (90%) lagging.

7.03 If the Customer should install static condensers to correct the lagging power factor, the equipment shall be so installed that it can be completely disconnected at the request of Hydro.

ARTICLE 8
METERING

8.01 The metering equipment and meters to register the amount of Demand and Energy to be taken by the Customer under this Agreement shall be furnished by Hydro and if required to be located on the Customer's premises will be installed by Hydro in a suitable place satisfactory to Hydro and Customer and provided by the Customer, and in such manner as to register accurately the total amount of Demand and Energy taken by the Customer under this Agreement.

8.02 If the metering is installed on the low voltage side of transformers that are Specifically Assigned Plant or owned by the Customer, an appropriate adjustment will be made to account for losses in the transformers.

8.03 Transformer losses, as outlined in Clause 8.02, will be assigned to Vale, or a successor in operations of its Long Harbour processing facility, on a prorated basis.

8.04 The Customer shall have the right, at its own expense, to install, equip and maintain check meters adjacent to the meters of Hydro.

8.05 Authorized employees of Hydro shall have the right of access to all such meters at all reasonable times for the purpose of reading, inspecting, testing, repairing or replacing them. Should any meter fail to register accurately, Hydro may charge for the Demand and Energy supplied during the period when the registration was inaccurate, either,

(a) on the basis of the amount of Demand and Energy charged for

(i) during the corresponding term immediately succeeding or preceding the period of alleged inaccurate registration, or

(ii) during the corresponding term in the previous calendar year; or

(b) on the basis of the amount of Demand and Energy supplied as established by available evidence,

whichever basis appears most fair and accurate.

ARTICLE 9
LIABILITY FOR SERVICE

9.01 Subject to the provisions of the Rate Schedules and this Agreement, the Power and Energy herein contracted for will be made available for use by the Customer during twenty-four (24) hours on each and every day of the term of this Agreement.

9.02 The obligation of Hydro to furnish Power and Energy under this Agreement is expressly subject to all accidents or causes that may occur at any time and affect the generation or transmission of such Power and Energy, and in any such event, but subject to Clause 9.03, Hydro shall have the right in its discretion to reduce or, if necessary, to interrupt the supply of Power and Energy under this Agreement.

9.03 Hydro agrees to take all reasonable precautions to prevent any reduction or interruption of the supply of Power and Energy or any variation in the frequency or voltage of such supply, and whenever any such reduction, interruption or variation occurs, Hydro shall use all reasonable diligence to restore its service promptly.

9.04 (1) Subject to Clause 9.04(2) hereof, Hydro shall be liable for and in respect of only that direct loss or damage to the physical property of the Customer caused by any negligent act or omission of Hydro its servants or agents. Customer agrees that for the purpose of this Clause 9.04, "direct loss or damage to the physical property of the Customer" shall not be construed to include damages for inconvenience, mental anguish, loss of profits, loss of earnings or any other indirect or consequential damages or losses.

(2) Hydro's liability under sub-clause 9.04(1) applies only when the direct loss or damage to the Customer arising from a single occurrence exceeds the sum of $100,000.00. In no event shall the liability of Hydro exceed the sum of $1,000,000.00 for any single occurrence.

(3) Customer further agrees that any damages to which it may be entitled pursuant to clause 9.04(1) shall be reduced to reflect the extent to which such losses or damages could reasonably have been reduced if the Customer had taken reasonable protective measures.

9.05 Hydro shall have the right, temporarily to interrupt its service hereunder in order to maintain or make necessary changes to its system, but, except in cases of emergency or accident, the service shall be interrupted only at such time or times as will be least inconvenient to the Customer, and Hydro shall use all reasonable diligence to complete promptly such repairs or necessary changes.

ARTICLE 10
REDUCED BILLING DEMAND

10.01 If at any time during the term of this Agreement the operation of the works of either party is suspended in whole or in part by reason of war, rebellion, civil disturbance, strikes, serious epidemics, fire or other fortuitous event, or the effects of such events upon demands for Customer's products by Vale, then, such party will not be liable to the other party to purchase or, as the case may be, to supply Power and Energy hereunder until the cause of such suspension has been removed and in every such event, the party whose operations are so suspended shall use all reasonable diligence to remove the cause of the suspension.

10.02 (1) For the purposes of this Clause 10.02 the expression "reduced Billing Demand" means the number of kilowatts to which the Billing Demand is reduced in any of the circumstances referred to in sub-clauses (2) or (3) of this Clause 10.02.

(2) If the Customer is prevented from taking an amount of Power because of a suspension of its operations or those of Vale due to a reason listed in Clause 10.01, and any such interruption or reduction lasts for one hour or longer, then Hydro shall, on the request of the Customer, allow a proportionate reduction of the Billing Demand as calculated pursuant to sub-clauses (4) through (9) of this Clause 10.02, provided however that, except for reduced Billing Demands that occur pursuant to paragraphs 10.02(4)(b) or (c), in no such case shall the Billing Demand be reduced below 0.85 of the Amount of Power on Order unless Hydro is unable to deliver Power and Energy in accordance with this Agreement.

(3) If the supply of Power and Energy by Hydro is interrupted or reduced for any of the reasons referred to in Clause 9.02, 9.05 or 10.01, and any such interruption or reduction lasts for one hour or longer, then Hydro shall, on the request of the Customer, allow a proportionate reduction of the payment as calculated pursuant to sub-clauses (4) through (9) of this Clause 10.02.

(4) For those times when the Customer is prevented from taking an amount of Power because demand for Customer's products is reduced due to the Customer's or Vale's Long Harbour facility operations or Vale's mining and milling operations in Labrador are suspended or curtailed due to a strike by the employees of the Customer or Vale, the Customer's Billing Demand shall be calculated as follows:

(a) for the first 15 days of the strike and for that portion of the strike which exceeds 120 days, the Billing Demand shall be determined in the manner set out in sub-clauses (5) to (9) of this clause 10.02;

(b) for those whole Months during the period that commences following the first 15 days of the strike and ends not later than 120 days after the strike began, the reduced Billing Demand shall be the Customer's Maximum Demand in those Months;

(c) for those part Months that comprise periods that include;

(i) a period that commences following the first 15 days of the strike and ends not later than 120 days after the strike began,

together with one or both of

(ii) a period when the Customer or Vale is not affected by a strike or other suspension of its operations due to a reason listed in Clause 10.01,

and

(iii) a period where a strike has continued in excess of 120 days, or where the Customer is affected by any other suspension of its operations due to a reason listed in Clause 10.01,

the Customer's Billing Demand shall be determined by adding

(iv) the Maximum Demand for the part of the Month described in subparagraph (i) averaged over the whole of the Month,

(v) the greater of the Maximum Demand for Firm Power and the Amount of Power on Order for the part of the Month described in subparagraph (ii), if any, averaged over the whole of the Month

and

(vi) the reduced Billing Demand applicable to the period described in subparagraph (iii) averaged over the whole of the Month.

(5) If there is a total interruption of the supply of Power and Energy by Hydro for a whole Month, the Customer shall not be required to make any payment for that Month.

(6) If there is a total interruption of Power for part of a Month, the Billing Demand for that Month shall be reduced by a number of kilowatts bearing the same ratio to that Billing Demand as the number of hours during which the interruption occurs bears to the total number of hours in that Month.

(7) If the reduction of Power is made for a whole Month, then, subject to sub-clause (9) of this Clause 10.02, the reduced Billing Demand for that Month shall be substituted for the Billing Demand for the same Month, when determining the price of Power and Energy for that Month.

(8) If the reduction of Power is made for part of a Month, then, subject to sub-clause (9) of this Clause 10.02, there shall, when determining the price of Power and Energy for the Months in which the reduction occurs, be substituted for the Billing Demand for that Month, the number of kilowatts obtained by adding

(a) the reduced Billing Demand for the part of the month during which the reduction was made, averaged over the whole of that Month;

to

(b) the Billing Demand for the part of the Month during which no reduction was made, averaged over the whole of that Month.

(9) In any case arising under sub-clause (7) or sub-clause (8) of this Clause 10.02, where a reduction of Power is made for a whole Month or part thereof and the Maximum Demand for that same period is greater than the reduced Billing Demand for that same period, then, instead of the reduced Billing Demand, the Maximum Demand for such period shall be substituted for the Billing Demand for that period when determining the price of Power and Energy for the Month in which the reduction occurs, but, if in any period during which a reduction occurs, the Maximum Demand is less than the reduced Billing Demand no account shall be taken of that Maximum Demand.

(10) Where a Billing Demand, a reduced Billing Demand or a Maximum Demand for a part of a Month is to be averaged for the whole of that Month in accordance with sub-clause (8) of this Clause 10.02, the averaging shall be done by dividing the Billing Demand, the reduced Billing Demand or the Maximum Demand, as the case may be, by the total number of hours in the whole of that Month and multiplying the result by the number of hours to which the Billing Demand, the reduced Billing Demand or the Maximum Demand relates.

(11) In addition to the reductions in Billing Demand that may be made in accordance with this Article 10, Hydro may, in its sole judgment and discretion, make other Billing Demand adjustments from time to time to decrease the Customer's bill to reflect unusual or unanticipated conditions or to facilitate the testing of equipment or processes by the Customer.

ARTICLE 11
CONSTRUCTION OR INSTALLATION OF TRANSMISSION LINES OR APPARATUS

11.01 For the consideration aforesaid, the Customer hereby grants to Hydro the right to construct transmission lines and accessory apparatus on locations approved by the Customer on, under or over the property of the Customer for the purpose of serving the Customer, to the extent the Customer holds such rights to grant, together with the right of access to the property of the Customer at all times for the construction of such lines and apparatus and for the repair, maintenance and removal thereof, provided that nothing in this clause shall entitle Hydro to construct transmission lines and accessory apparatus on or over the Customer's property if such transmission lines are not directly connected with the Customer's premises or some part thereof.

11.02 The Customer shall not erect any building, structure or object on or over any right-of-way referred to in Clause 11.01 without the written approval of Hydro, but subject to that limitation the Customer shall be entitled to make fair and reasonable use of all lands subjected to the said right-of-way.

11.03 Any changes that the Customer may request Hydro to make in the location of any lines or apparatus constructed pursuant to Clause 11.01 shall be made by Hydro, but the Customer shall bear the expense of any such changes to the extent that such lines or apparatus supply Power to the Customer.

11.04 All transmission lines and apparatus of Hydro furnished and installed by it on the Customer's premises shall remain the property of Hydro, and Hydro shall be entitled to remove such transmission lines and apparatus on the expiry or termination of this Agreement.

11.05 For the purpose of using the power service of Hydro, the Customer shall install properly designed and suitable apparatus in accordance with good engineering practice, and shall at all times operate and maintain such apparatus so as to avoid causing any undue disturbance on the system of Hydro, and so that the current shall be approximately equal on all three of its phases.

11.06 If, at any time, the unbalance in current between any two of its phases is, in the judgment of Hydro, excessive to a degree that the power supply system of Hydro and/or the electrical equipment of any other customer of Hydro is adversely affected, then it shall be the responsibility of the Customer to take such reasonable remedial measures as may be necessary to reduce the unbalance to an acceptable value.

11.07 If, at any time during the term of this Agreement, Hydro desires to improve the continuity of power service to any of its customers, Hydro and the Customer will co-operate and use their best endeavours to carry out the improvements either by changes to existing equipment or additions to the original installations of either Hydro or the Customer.

11.08 The Customer shall not proceed with the construction of or major alterations of its equipment associated with any terminal substation or structures associated with any terminal substation at which Power and Energy is being delivered until Hydro is satisfied that the proposals for such construction or alteration are in accordance with good engineering practice and the laws and regulations of the Province, provided that any examination of the Customer's proposals by Hydro shall not render Hydro responsible in any way for the construction or alteration proposed, even if electrical connection is made by Hydro, whether or not any changes suggested by Hydro shall have been made by the Customer.

ARTICLE 12
RESPONSIBILITY FOR DAMAGES

12.01 Beyond the point of delivery, the Customer shall indemnify and hold Hydro harmless with respect to any and all claims that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence or use on the Customer's premises of electric circuits or apparatus, whether owned by Hydro or by the Customer, unless and to the extent that such injuries or damages are caused by negligence on the part of the employees of Hydro.

12.02 Up to the point of delivery, Hydro shall indemnify and hold the Customer harmless with respect to any and all claims that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence or use on the Customer's premises of electric circuits or apparatus owned by Hydro and resulting from or arising out of the negligence of Hydro's employees or other persons for whom Hydro would in law be liable, unless and to the extent that such injuries or damages are caused by negligence on the part of the employees of the Customer.

12.03 If any of the transmission lines or apparatus installed by Hydro on the Customer's premises should be destroyed or damaged by the negligence of the Customer, its servants or agents, the Customer shall reimburse Hydro for the cost of their replacement or repair.

ARTICLE 13
PAYMENT OF ACCOUNTS AND NOTICE OF CLAIMS OF CUSTOMER

13.01 Hydro will render its accounts monthly and the Customer shall, within twenty (20) days after the date of rendering any such account, make payment in lawful money of Canada at the office of Hydro in St. John's, Newfoundland, or in such other place in the said Province as Hydro may designate, without deduction for any claim or counterclaim which the Customer may have to claim to have against Hydro arising under this Agreement or otherwise.

13.02 All amounts in arrears after the expiration of the period of twenty (20) days referred to in Clause 13.01 shall bear interest at the rate of one and one-half (1-1/2%) percent per Month.

13.03 If the Customer is in default for more than thirty (30) days in paying any amount due Hydro under this Agreement, then, without prejudice to its other recourses and without liability therefor, Hydro shall, upon ten (10) days written notice to the Customer of its intention so to do, be entitled to suspend the supply of Power and Energy to the Customer until the said amount is paid, and if the supply is so suspended, the Customer shall not be relieved of its obligations under this Agreement.

13.04 The Customer and Hydro will submit to the other in writing every claim or counterclaim which each may have or claim to have against the other arising under this Agreement within sixty days of the day upon which the Customer or Hydro has knowledge of the event giving rise to such a claim.

13.05 The Customer and Hydro shall be deemed to have waived all rights for the recovery of any claim or counterclaim that has not been submitted to the other party pursuant to and in accordance with Clause 13.04.

ARTICLE 14
ARBITRATION

14.01 If a settlement of any claim made by the Customer in accordance with Clause 13.04 is not agreed to by both parties, the matters in dispute shall be submitted, within three months from the time the claim was submitted, for decision to a board of arbitrators consisting of three members, one to be named by each party to this Agreement and the third to be named by the two arbitrators so chosen, and the decision of any two members of the board of arbitrators shall be final and binding upon both parties.

14.02 The charges of the third member of a board of arbitrators, who shall be the chairman of that board, shall be borne by the losing party, and the parties shall bear the costs or charges of their own appointees. Any arbitration hearing commenced under this Article shall be held in St. John's or such other place as the parties mutually agree.

14.03 If the two appointees of the parties are unable to agree upon the third arbitrator or chairman, the chairman shall be appointed upon application of either party to the Trial Division of the Supreme Court of Newfoundland and Labrador or a judge of that Division.

14.04 The period of delay for appointment by the parties to this Agreement of their respective nominees shall be seven days after notification by the other party to this Agreement of its nominee, and the period for agreement by the two nominees on the chairman shall be ten days.

14.05 The provisions of the Arbitration Act, Chapter A - 14 of the Revised Statutes of Newfoundland and Labrador, 1990, as now or hereafter amended shall apply to any arbitration held pursuant to this Article 14.

ARTICLE 15
MODIFICATION OR TERMINATION OF AGREEMENT

15.01 Except, where otherwise specifically provided in this Agreement and only to the extent so provided, all previous communications between the parties to this Agreement, either oral or written, with reference to the subject matter of this Agreement, are hereby abrogated and this Agreement shall constitute the sole and complete agreement of the parties hereto in respect of the matters herein set forth.

15.02 At any time during the currency of this Agreement, the Customer may terminate it by giving to Hydro two years previous notice in writing of its intention so to do.

15.03 Any amendment, change or modification of this Agreement shall be binding upon the parties hereto or either of them only if such amendment, change or modification is in writing and is executed by each of the parties to this Agreement by its duly authorized officers or agents and in accordance with its regulations or by-laws.

15.04 Subject to Article 10, if the Customer voluntarily or forcibly abandons its operations, commits an act of bankruptcy or liquidates its assets, then, there shall, forthwith, become due and payable to Hydro by the Customer, as stipulated and liquidated damages without burden or proof thereof, a lump sum equal to:

(a) 0.85 of its then current Billing Demand for Firm Power, at the Firm Power Demand charge, multiplied by 24

plus

(b) the remaining net book value of the Specifically Assigned Plant less its salvage value and net of any contributions towards that value made by the Customer.

ARTICLE 16
SUCCESSORS AND ASSIGNS

16.01 This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns, but it shall not be assignable by the Customer without the written consent of Hydro.

ARTICLE 17
GOVERNING LAW AND FORUM

17.01 This Agreement shall be governed by and interpreted in accordance with the laws of the Province, and every action or other proceeding arising hereunder shall be determined exclusively by a court of competent jurisdiction in the Province, subject to the right of appeal to the Supreme Court of Canada where such appeal lies.

ARTICLE 18
ADDRESS FOR SERVICE

18.01 Subject to Clauses 18.02 and 18.03, any notice, request or other instrument which is required or permitted to be given, made or served under this Agreement by either of the parties hereto, except for notices or requests pertaining to Interruptible Demand or Secondary Energy, shall be given, made or served in writing and shall be deemed to be properly given, made or served if personally delivered, or sent by prepaid telegram or facsimile transmission, or mailed by prepaid registered post, addressed, if service is to be made

(a) on Hydro, to

The Secretary
Newfoundland and Labrador Hydro
Hydro Place
P.O. Box 12400
St. John's, Newfoundland and Labrador, Canada

A1B 4K7
FAX: (709) 737-1782
or

(b) on the Customer, to
Assistant Secretary,
Praxair Canada Inc.
1 City Centre Drive, Suite 1200
Mississauga, ON, Canada
L5B 1M2
FAX: (905) 803-1698
and

(c) on the Customer, to
Onsite Business Management,
Praxair Canada Inc.
1 City Centre Drive, Suite 1200
Mississauga, ON, Canada
L5B 1M2
FAX: (905) 803-1698

18.02 Any notice, request or other instrument given, made or served as provided in Clause 18.01 shall be deemed to have been received by the party hereto to which it is addressed, if personally served on the date of delivery, or if mailed three days after the time of its being so mailed, or if sent by prepaid telegram or facsimile transmission, one day after the date of sending.

18.03 Except for notices for Interruptible Demand or Secondary Energy, whenever this Agreement requires a notice to be given or a request to be made on a Sunday or legal holiday, such notice or request may be given or made on the first business day occurring thereafter, and, whenever in this Agreement the time within which any right will lapse or expire shall terminate on a Sunday or legal holiday, such time will continue to run until the next succeeding business day. Notices or requests pertaining to Interruptible Demand or Secondary Energy may be given and received by and to the appropriate nominees of the respective parties by voice or electronic communication provided that it is confirmed in writing and transmitted or delivered by facsimile, courier or mail as soon as practicable.

18.04 Either of the parties hereto may change the address to which a notice, request or other instrument may be sent to it by giving to the other party to this Agreement notice of such change, and thereafter, every notice, request or other instrument shall be delivered or mailed in the manner prescribed in Clause 18.01 to such party at the new address.

IN WITNESS WHEREOF Newfoundland and Labrador Hydro and the Customer has each executed this Agreement by causing it to be executed in accordance with its by-laws or regulations and by its duly authorized officers or agents, the day and year first above written.

THE CORPORATE SEAL of **Newfoundland and Labrador Hydro** was hereunder affixed in the presence of:

Witness

Vice President - Newfoundland and Labrador Hydro

General Counsel + Corporate Secretary

DULY EXECUTED by **Praxair Canada Inc.** in accordance with its Regulations or By-Laws in the presence of:

Witness

NEWFOUNDLAND AND LABRADOR HYDRO

INDUSTRIAL - FIRM - INTERIM

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate:

Demand Charge:

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be $6.68 per month per kilowatt of billing demand.

Firm Energy Charge:

Base Rate* .... @ 3.676 ¢ per kWh

RSP Adjustment .... @ (0.785) ¢ per kWh**
**** Exceptions:**
Teck Resources RSP Adjustment .... @ (2.000) ¢ per kWh
Vale Newfoundland and Labrador RSP Adjustment .... @ (2.000) ¢ per kWh
Praxair Canada Inc. RSP Adjustment .... @ (2.000) ¢ per kWh

Energy Rate .... @ 2.891 ¢ per kWh***
***** Exceptions:**
Teck Resources Limited Energy Rate .... @ 1.676 ¢ per kWh
Vale Newfoundland and Labrador Energy Rate .... @ 1.676 ¢ per kWh
Praxair Canada Inc. Energy Rate .... @ 1.676 ¢ per kWh

***Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

NEWFOUNDLAND AND LABRADOR HYDRO

INDUSTRIAL - FIRM (continued) - INTERIM

Specifically Assigned Charges:

The table below contains the additional specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	Annual Amount
Abitibi-Consolidated (Grand Falls)	$ 1,244
Abitibi-Consolidated (Stephenville)	$ 104,647
Corner Brook Pulp and Paper Limited	$ 347,167
North Atlantic Refining Limited	$ 150,976
Teck Resources Limited	$ 186,169

Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO

INDUSTRIAL - FIRM (continued) - INTERIM

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate:

Non-Firm Energy Charge (¢ per kWh):

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used

B = the conversion factor for the source used (kWh/bbl)

C = the administrative and variable operating and maintenance charge (10%)

D = the average system losses on the Island Interconnected grid for the last five years ending in 2005 (2.68%).

The energy sources and associated conversion factors are:

1. Holyrood, using No. 6 fuel with a conversion factor of 630 kWh/bbl
2. Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
3. Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl.

Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO

INDUSTRIAL - WHEELING - INTERIM

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

Rate:

Energy Charge:

All kWh (Net of losses)* .... @ 0.384 ¢ per kWh

* For the purpose of this Rate, losses shall be 2.68%, the average system losses on the Island Interconnected Grid for the last five years ending in 2005.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

Schedule "D"
Order No. P.U. 1 (2007)

THIS SERVICE AGREEMENT made at St. John's, in the Province of Newfoundland and Labrador on the 17th day of January, 2006.

BETWEEN: **NEWFOUNDLAND AND LABRADOR HYDRO**, a corporation and an agent of the Crown constituted by statute, renamed and continued by the Hydro Corporation Act, Revised Statutes of Newfoundland and Labrador, Chapter H-16, (hereinafter called "Hydro") of the first part;

AND **AUR RESOURCES INC.**, a company organized under the laws of the Canada (hereinafter called the "Customer") of the second part.

WHEREAS Hydro has agreed to sell Electrical Power and Energy to the Customer and the Customer has agreed to purchase the same from Hydro according to the Rates set by the Board of Commissioners of Public Utilities for the Province of Newfoundland and Labrador and by the terms of this Agreement;

THEREFORE THIS AGREEMENT WITNESSETH that the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.01 In this Agreement, including the recitals, unless the context otherwise requires,

(a) **"Amount of Power on Order"** means the Power contracted for in accordance with Article 2;

(b) **"Billing Demand"** means the components of the Customer's monthly Power consumption for which Demand charges apply as determined in accordance with Articles 3 and 10;

(c) **"Board"** means the Board of Commissioners of Public Utilities for Newfoundland and Labrador;

(d) **"Demand"** means the amount of Power averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter and measured by a demand meter of a type approved for revenue metering by the appropriate department of the Government of Canada;

(e) "**Electricity**" includes Power and Energy;

(f) "**Energy**" means the amount of electricity delivered in a given period of time and measured in kilowatt hours;

(g) "**Firm Energy**" means the Energy associated with the Firm Power;

(h) "**Firm Power**" means, except as varied by paragraph 3.02(a) and subject to Clause 3.03, the Demand normally associated with the Amount of Power on Order;

(i) "**Hydro Delivery Points**" means the load side of the 66,000/4160 volt transformer at the Customer's premises at its Duck Pond mine site, or at such other location or locations that Hydro and the customer mutually agree in writing;

(j) "**Interconnection Contribution Agreement**" means that agreement between Hydro and the Customer entered into on the 21st day of March 2005 and as filed with the Board, which sets out the terms and conditions upon which Hydro constructed a transmission interconnection on behalf of the Customer including provisions for the repayment of those costs;

(k) "**Interruptible Demand**" means, that part of a Customer's Demand which exceeds its Power on Order, which may be interrupted, in whole or in part, at the discretion of Hydro, and which is supplied to the Customer in accordance with Clause 5.01;

(l) "**Interruptible Energy**" means the Energy associated with Interruptible Demand determined as that Energy taken in each fifteen-minute interval in which Interruptible Demand is taken and it shall be deemed that in such cases Firm Energy is taken at 100 per cent load factor;

(m) "**Maximum Demand**" means the greatest amount of Power during the appropriate Month or part of a Month, as the case may be, averaged over each consecutive period of fifteen minutes duration commencing on the hour and ending each fifteen minute period thereafter, and measured by a demand meter of a type approved for revenue metering by the appropriate department of the Government of Canada;

(n) "**Month**" means a calendar month;

(o) "**Non-Firm Energy**" means Energy associated with Interruptible Demand;

(p) "**Power**" means the amount of electrical power delivered at any time and measured in kilowatts;

(q) "**Province**" means the the Province of Newfoundland and Labrador;

(r) "**Rate Schedules**" means the schedules of rates that are approved by the Board for the sale and purchase of Power and Energy;

(s) "**Secondary Energy**" means that Energy Hydro is willing to sell, according to Clause 4.01, at a rate approved by the Board and which, if not sold, would be surplus to its needs and likely to result in spillage at one or more of Hydro's hydraulic generating stations;

(t) "**Specifically Assigned Charge**" means the payment made by the Customer in each Month, calculated according to a method approved by the Board, for the use of Specifically Assigned Plant;

(u) "**Specifically Assigned Plant**" means that equipment and those facilities which are owned by Hydro and used to serve the Customer only;

1.02 Hydro and the Customer agree that they are bound by this Agreement and by the agreements and covenants contained in the Rates Schedules. In the event of a conflict between this Agreement and the Rates Schedules, the Rates Schedules shall have priority.

1.03 In this Agreement all references to dollar amounts and all references to any other money amounts are, unless specifically otherwise provided, expressed in terms of coin or currency of Canada which at the time of payment or determination shall be legal tender herein for the payment of public and private debts.

1.04 Words in this Agreement importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders.

1.05 Where a word is defined anywhere in this Agreement, other parts of speech and tenses of the same word have corresponding meanings.

1.06 Wherever in this Agreement a number of days is prescribed for any purpose, the days shall be reckoned exclusively of the first and inclusively of the last.

1.07 The headings of all the articles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.08 Any reference in this Agreement to an Article, a Clause, a subclause or a paragraph shall, unless the context otherwise specifically requires, be taken as a reference to an article, a clause, a subclause or a paragraph of this Agreement.

1.09 This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original, but all of such counterparts together shall constitute one and the same instrument.

ARTICLE 2
AMOUNT OF FIRM POWER

2.01 Subject to this Agreement, Hydro agrees to deliver to the Customer and the Customer agrees to purchase from Hydro the Amount of Power on Order.

2.02 Subject to Clause 2.06, the Customer shall declare to Hydro in writing, not later than October 1 of each calendar year, its Amount of Power on Order for the following calendar year. Such declarations may provide for an Amount of Power on Order to apply throughout the calendar year, or may provide for one or more successive increases at specified times during the calendar year, but subject to Clause 2.05, may not provide for a decrease other than a decrease to take effect on January 1st of that following calendar year. The Amount of Power on Order shall in no event be greater than 15,000 kilowatts.

2.03 Hydro will supply all future Power requirements requested by the Customer additional to the 15,000 kilowatts provided, however, that the Customer's requests for such additional Power be made upon adequate notice in order that Hydro may make suitable extensions or additions to its system.

2.04 If Hydro cannot fully comply with a declaration of Amount of Power on Order made in accordance with Article 2.02 it will, as soon as practicable and in any event not later than November 1 of the year in which the declaration was made, advise the Customer of the extent to which it can comply. If more than one industrial customer requests an increase in their Amount of Power on Order and Hydro cannot in its judgment provide enough Power to satisfy all of the timely requests it has received, Hydro will offer additional Amounts of Power on Order to the industrial customers who made those requests in such amounts as are prorated in accordance to the quantity of additional Amounts of Power on Order in the timely requests it has received from those customers.

2.05 If the Customer obtains a new source of electric generation such that it can decrease or eliminate the amount of Power it requires from Hydro, then, provided the Customer gives Hydro thirty-six Month's written notice of the reduction, the Customer may reduce or eliminate its Amount of Power on Order and its Billing Demand effective on the date that the new generation is to go into service as indicated in that written notice.

2.06 For the calendar years 2005 and 2006, the Customer shall declare the Amount of Power on Order for the following Month by giving written notice to that effect to Hydro's Energy Control Center not later than noon of the last working day of each Month. Such declarations shall provide for an Amount of Power on Order that shall apply throughout the following Month. The Amount of Power on Order shall in no event be greater than 15,000 kilowatts. In the event that the Customer does not declare an Amount of Power on Order for any Month pursuant to this clause, the Billing Demand for Firm Power for that Month shall be the Customer's Maximum Demand in that Month.

ARTICLE 3
PURCHASE AND SALE OF POWER AND ENERGY

3.01 The sale and purchase of Power and Energy shall be at such prices and upon such terms and conditions as are set out in the Rate Schedules and this Agreement.

3.02 Subject to Clauses 2.05 and 2.06 and Article 10, the Customer's Billing Demands, which shall each be charged at the applicable rates as approved by the Board, shall comprise the following:

(a) the Billing Demand for Firm Power, which in each Month shall be either

(i) the Amount of Power on Order,

(ii) the lesser of 75% of the Amount of Power on Order for the prior calendar year and, the Amount of Power on Order for the prior calendar year less 20,000 kW,

or

(iii) the Maximum Demand taken up to that time in that calendar year less any Interruptible Demand, if applicable,

whichever is greatest; and

(b) the maximum Interruptible Demand for that Month.

3.03 Notwithstanding that the Billing Demand for Firm Power shall have, by operation of Clause 3.02, exceeded the Power on Order declared for that calendar year in accordance with Article 2, Hydro is not obliged to provide any amount of Power in excess of the Power on Order.

3.04 Notwithstanding anything to the contrary herein, the Customer shall pay in each Month its Specifically Assigned Charge, applicable Demand charges, and Energy charges. Its Energy charges shall comprise its Firm Energy and Non-Firm Energy taken in that Month. The Customer shall also pay any amounts due under the Interconnection Contribution Agreement.

ARTICLE 4
SECONDARY ENERGY

4.01 If Hydro has surplus Energy capability and the Customer desires to purchase it, and provided that appropriate metering is in place, Hydro will deliver Secondary Energy to the Customer for use in its electric boilers. The quantity and availability of Secondary Energy shall be determined by Hydro in its sole discretion, however, once declared to be available, Secondary Energy shall remain available for a period of not less than 72 hours. The rate to be paid for Secondary Energy shall be determined by the Board.

ARTICLE 5
INTERRUPTIBLE DEMAND

5.01 The Customer may in any Month take an amount of Interruptible Demand and Energy in addition to the Amount of Power of Order which shall be billed at the Non-Firm Demand and Energy rates approved by the Board. Provided the Amount of Power on Order is equal to or greater than 20,000 kW, the amount of Interruptible Demand and Energy available shall be the greater of 10% of the Amount of Power on Order and 5,000 kW. If the Amount of Power on Order is less than 20,000 kW, the Amount of Interruptible Demand and Energy available shall be 25% of the Amount of Power on Order. If Hydro is willing and able to serve the Customer's Interruptible Demand, then the following shall apply:

(a) The Customer shall, if practicable, make a prior request for, or otherwise as soon as practicable notify Hydro of its requirement, specifying the amount and duration of its Interruptible Demand requirements. Such request or notification may be made by telephone and confirmed by facsimile transmission to Hydro's officials at its Energy Control Centre, who shall advise the Customer if such Interruptible Power will be made available.

(b) If serving the Customer's Interruptible Demand would result in Hydro generating from, or increasing or prolonging generation from a standby or emergency energy source, then Hydro will so advise the Customer. If the Customer wishes to purchase

Interruptible Demand and Energy at such a time or times, that Power and Energy shall be charged for as calculated by the method or formula approved by the Board.

(c) Notwithstanding anything contrary herein, if service of the Interruptible Demand is disrupted by Hydro or is curtailed by the Customer as a decision to reject the more expensive standby or emergency energy source (which for the purposes of this clause shall be deemed to be a reduction of Hydro of Interruptible Demand), the Billing Demand for Interruptible Power for the Month shall be determined as follows:

(i) If there is a total interruption of Interruptible Demand and Interruptible Energy by Hydro for a whole Month, the Customer shall not be required to make any payment for Interruptible Demand and Energy that Month.

(ii) If there is a total interruption of Interruptible Demand for part of a Month, the Billing Demand for that Interruptible Demand for that Month shall be reduced by a number of kilowatts bearing the same ratio to that Billing Demand as the number of hours during which the interruption occurs bears to the total number of hours in that Month.

(iii)If Hydro requires a reduction of Interruptible Demand for a whole Month, then, the reduced Billing Demand for Interruptible Demand for that Month shall be substituted for the Billing Demand for Interruptible Demand for the same Month, when determining the price of Power and Energy for that Month.

(iv)If Hydro requires the reduction of Interruptible Demand for part of a Month, then, subject to subparagraph (v) of this paragraph 5.01(c), there shall, when determining the price of Interruptible Power and Energy for the Months in which the reduction occurs, be substituted for the Billing Demand for Interruptible Demand for that Month, the number of kilowatts obtained by adding

(a) the reduced Billing Demand for Interruptible Demand for the part of the month during which the reduction was made, averaged over the whole of that Month;

to

(b) the Billing Demand for Interruptible Demand for the part of the Month during which no reduction was made, averaged over the whole of that Month.

(v) In any case arising under subparagraph (iii) or subparagraph (iv) of this paragraph 5.01(c), where a reduction of Interruptible Demand is made for a whole Month or part thereof and the Maximum Demand for Interruptible Demand over that same period is greater than the reduced Billing Demand for Interruptible Demand for that same period, then, instead of that reduced Billing Demand, that Maximum Demand for such period shall be substituted for the Billing Demand for Interruptible Demand for that period when determining the price of Power and Energy for the Month in which the reduction occurs, but, if in any period during which a reduction occurs, the Maximum Demand for Interruptible Demand is less than the reduced Billing Demand for Interruptible Demand, no account shall be taken of that Maximum Demand.

ARTICLE 6
CHARACTERISTICS OF POWER SERVICE AND POINTS OF DELIVERY

6.01 The Power and Energy to be supplied under this Agreement will be delivered to the Customer at three (3) phase alternating current having a normal frequency of sixty (60) cycles and at a voltage of approximately 69,000 volts and delivery will be made at the Hydro Delivery Points.

6.02 Hydro will exercise its best endeavours to limit variation from the normal frequency and voltage to tolerable values.

ARTICLE 7
POWER FACTOR

7.01 The Customer agrees to take and use the Power contracted for in this Agreement at a power factor of not less than ninety percent (90%) lagging at the point of delivery specified in this Agreement.

7.02 Should the power factor be consistently less than ninety percent (90%) lagging, the Customer, upon written notification from Hydro, agrees to install suitable corrective equipment to bring the power factor to a minimum of ninety percent (90%) lagging.

7.03 If the Customer should install static condensers to correct the lagging power factor, the equipment shall be so installed that it can be completely disconnected at the request of Hydro.

ARTICLE 8
METERING

8.01 The metering equipment and meters to register the amount of Demand and Energy to be taken by the Customer under this Agreement shall be furnished by Hydro and if required to be located on the Customer's premises will be installed by Hydro in a suitable place satisfactory to Hydro and provided by the Customer, and in such manner as to register accurately the total amount of Demand and Energy taken by the Customer under this Agreement.

8.02 If the metering is installed on the low voltage side of transformers that are Specifically Assigned Plant or owned by the Customer, an appropriate adjustment will be made to account for losses in the transformers.

8.03 The Customer shall have the right, at its own expense, to install, equip and maintain check meters adjacent to the meters of Hydro.

8.04 Authorized employees of Hydro shall have the right of access to all such meters at all reasonable times for the purpose of reading, inspecting, testing, repairing or replacing them. Should any meter fail to register accurately, Hydro may charge for the Demand and Energy supplied during the period when the registration was inaccurate, either,

(a) on the basis of the amount of Demand and Energy charged for

(i) during the corresponding term immediately succeeding or preceding the period of alleged inaccurate registration, or

(ii) during the corresponding term in the previous calendar year; or

(b) on the basis of the amount of Demand and Energy supplied as established by available evidence,

whichever basis appears most fair and accurate.

ARTICLE 9
LIABILITY FOR SERVICE

9.01 Subject to the provisions of the Rate Schedules and this Agreement, the Power and Energy herein contracted for will be made available for use by the Customer during twenty-four (24) hours on each and every day of the term of this Agreement.

9.02 The obligation of Hydro to furnish Power and Energy under this Agreement is expressly subject to all accidents or causes that may occur at any time and affect the generation or transmission of such Power and Energy, and in any such event, but subject to Clause 9.03, Hydro shall have the right in its discretion to reduce or, if necessary, to interrupt the supply of Power and Energy under this Agreement.

9.03 Hydro agrees to take all reasonable precautions to prevent any reduction or interruption of the supply of Power and Energy or any variation in the frequency or voltage of such supply, and whenever any such reduction, interruption or variation occurs, Hydro shall use all reasonable diligence to restore its service promptly.

9.04 (1) Subject to Clause 9.04(2) hereof, Hydro shall be liable for and in respect of only that direct loss or damage to the physical property of the Customer caused by any negligent act or omission of Hydro its servants or agents. Customer agrees that for the purpose of this Clause 9.04, "direct loss or damage to the physical property of the Customer" shall not be construed to include damages for inconvenience, mental anguish, loss of profits, loss of earnings or any other indirect or consequential damages or losses.

9.04 (2) Hydro's liability under subclause 9.04(1) applies only when the direct loss or damage to the Customer arising from a single occurrence exceeds the sum of $100,000.00. In no event shall the liability of Hydro exceed the sum of $1,000,000.00 for any single occurrence.

9.04 (3) Customer further agrees that any damages to which it may be entitled pursuant to clause 9.04(1) shall be reduced to reflect the extent to which such losses or damages could reasonably have been reduced if the Customer had taken reasonable protective measures.

9.05 Hydro shall have the right, temporarily to interrupt its service hereunder in order to maintain or make necessary changes to its system, but, except in cases of emergency or accident, the service shall be interrupted only at such time or times as will be least inconvenient to the Customer, and Hydro shall use all reasonable diligence to complete promptly such repairs or necessary changes.

ARTICLE 10
REDUCED BILLING DEMAND

10.01 If at any time during the term of this Agreement the operation of the works of either party is suspended in whole or in part by reason of war, rebellion, civil disturbance, strikes, serious epidemics, fire or other fortuitous event, then, such party will not be liable to the other party to purchase or, as the case may be, to supply Power and Energy hereunder until the cause of such suspension has been removed and in every such event, the party whose operations are so suspended shall use all reasonable diligence to remove the cause of the suspension.

10.02 (1) For the purposes of this Clause 10.02 the expression "reduced Billing Demand" means the number of kilowatts to which the Billing Demand is reduced in any of the circumstances referred to in subclauses (2) or (3) of this Clause 10.02.

(2) If the Customer is prevented from taking an amount of Power because of a suspension of its operations due to a reason listed in Clause 10.01, and any such interruption or reduction lasts for one hour or longer, then Hydro shall, on the request of the Customer, allow a proportionate reduction of the Billing Demand as calculated pursuant to subclauses (4) through (9) of this Clause 10.02, provided however that, except for reduced Billing Demands that occur pursuant to paragraphs 10.02(4)(b) or (c), in no such case shall the Billing Demand be reduced below 0.85 of the Amount of Power on Order unless Hydro is unable to deliver Power and Energy in accordance with this Agreement.

(3) If the supply of Power and Energy by Hydro is interrupted or reduced for any of the reasons referred to in Clause 9.02, 9.05 or 10.01, and any such interruption or reduction lasts for one hour or longer, then Hydro shall, on the request of the Customer, allow a proportionate reduction of the payment as calculated pursuant to subclauses (4) through (9) of this Clause 10.02.

(4) For those times when the Customer is prevented from taking an amount of Power because the Customer's mining or milling operations are suspended or curtailed due to a strike by the employees of the Customer, the Customer's Billing Demand shall be calculated as follows:

(a) for the first 15 days of the strike and for that portion of the strike which exceeds 120 days, the Billing Demand shall be determined in the manner set out in subclauses (5) to (9) of this clause 10.02;

(b) for those whole Months during the period that commences following the first 15 days of the strike and ends not later than 120 days after the strike began, the reduced Billing Demand shall be the Customer's Maximum Demand (less any applicable Compensation Demand), in those Months;

(c) for those part Months that comprise periods that include;

(i) a period that commences following the first 15 days of the strike and ends not later than 120 days after the strike began,

together with one or both of

(ii) a period when the Customer is not affected by a strike or other suspension of its operations due to a reason listed in Clause 10.01,

and

(iii) a period where a strike has continued in excess of 120 days, or where the Customer is affected by any other suspension of its operations due to a reason listed in Clause 10.01,

the Customer's Billing Demand shall be determined by adding

(iv) the Maximum Demand for the part of the Month described in subparagraph (i) averaged over the whole of the Month,

(v) the greater of the Maximum Demand for Firm Power and the Amount of Power on Order for the part of the Month described in subparagraph (ii), if any, averaged over the whole of the Month

and

(vi) the reduced Billing Demand applicable to the period described in subparagraph (iii) averaged over the whole of the Month.

(5) If there is a total interruption of the supply of Power and Energy by Hydro for a whole Month, the Customer shall not be required to make any payment for that Month.

(6) If there is a total interruption of Power for part of a Month, the Billing Demand for that Month shall be reduced by a number of kilowatts bearing the same ratio to that Billing Demand as the number of hours during which the interruption occurs bears to the total number of hours in that Month.

(7) If the reduction of Power is made for a whole Month, then, subject to clause (9) of this Clause 10.02, the reduced Billing Demand for that Month shall be substituted for the Billing Demand for the same Month, when determining the price of Power and Energy for that Month.

(8) If the reduction of Power is made for part of a Month, then, subject to subclause (9) of this Clause 10.02, there shall, when determining the price of Power and Energy for the Months in which the reduction occurs, be substituted for the Billing Demand for that Month, the number of kilowatts obtained by adding

(a) the reduced Billing Demand for the part of the month during which the reduction was made, averaged over the whole of that Month;

to

(b) the Billing Demand for the part of the Month during which no reduction was made, averaged over the whole of that Month.

(9) In any case arising under subclause (7) or subclause (8) of this Clause 10.02, where a reduction of Power is made for a whole Month or part thereof and the Maximum Demand for that same period is greater than the reduced Billing Demand for that same period, then, instead of the reduced Billing Demand, the Maximum Demand for such period shall be substituted for the Billing Demand for that period when determining the price of Power and Energy for the Month in which the reduction occurs, but, if in any period during which a reduction occurs, the Maximum Demand is less than the reduced Billing Demand no account shall be taken of that Maximum Demand.

(10) Where a Billing Demand, a reduced Billing Demand or a Maximum Demand for a part of a Month is to be averaged for the whole of that Month in accordance with subclause (8) of this Clause 10.02, the averaging shall be done by dividing the Billing Demand, the reduced Billing Demand or the Maximum Demand, as the case may be, by the total number of hours in the whole of that Month and multiplying the result by the number of hours to which the Billing Demand, the reduced Billing Demand or the Maximum Demand relates.

(11) In addition to the reductions in Billing Demand that may be made in accordance with this Article 10, Hydro may, in its sole judgment and discretion, make other Billing Demand adjustments from time to time to

decrease the Customer's bill to reflect unusual or unanticipated conditions or to facilitate the testing of equipment or processes by the Customer.

ARTICLE 11
CONSTRUCTION OR INSTALLATION OF TRANSMISSION LINES OR APPARATUS

11.01 For the consideration aforesaid, the Customer hereby grants to Hydro the right to construct transmission lines and accessory apparatus on locations approved by the Customer on, under or over the property of the Customer for the purpose of serving the Customer and the other customers of Hydro, together with the right of access to the property of the Customer at all times for the construction of such lines and apparatus and for the repair, maintenance and removal thereof, provided that nothing in this clause shall entitle Hydro to construct transmission lines and accessory apparatus on or over the Customer's property if such transmission lines are not directly connected with the Customer's premises or some part thereof.

11.02 The Customer shall not erect any building, structure or object on or over any right-of-way referred to in Clause 11.01 without the written approval of Hydro, but subject to that limitation the Customer shall be entitled to make fair and reasonable use of all lands subjected to the said right-of-way.

11.03 Any changes that the Customer may request Hydro to make in the location of any lines or apparatus constructed pursuant to Clause 11.01 shall be made by Hydro, but the Customer shall bear the expense of any such changes to the extent that such lines or apparatus supply Power to the Customer.

11.04 All transmission lines and apparatus of Hydro furnished and installed by it on the Customer's premises shall remain the property of Hydro, and Hydro shall be entitled to remove such transmission lines and apparatus on the expiry or termination of this Agreement.

11.05 For the purpose of using the power service of Hydro, the Customer shall install properly designed and suitable apparatus in accordance with good engineering practice, and shall at all times operate and maintain such apparatus so as to avoid causing any undue disturbance on the system of Hydro, and so that the current shall be approximately equal on all three of its phases.

11.06 If, at any time, the unbalance in current between any two of its phases is, in the judgment of Hydro, excessive to a degree that the power supply system of Hydro and/or the electrical equipment of any other customer of Hydro is adversely affected, then it shall be the responsibility of the Customer to take such reasonable remedial measures as may be necessary to reduce the unbalance to an acceptable value.

11.07 If, at any time during the term of this Agreement, Hydro desires to improve the continuity of power service to any of its customers, Hydro and the Customer will co-operate and use their best endeavours to carry out the improvements either by changes to existing equipment or additions to the original installations of either Hydro or the Customer.

11.08 The Customer shall not proceed with the construction of or major alterations of its equipment or structures associated with any terminal substation at which Power and Energy is being delivered until Hydro is satisfied that the proposals for such construction or alteration are in accordance with good engineering practice and the laws and regulations of the Province, provided that any examination of the Customer's proposals by Hydro shall not render Hydro responsible in any way for the construction or alteration proposed, even if electrical connection is made by Hydro, whether or not any changes suggested by Hydro shall have been made by the Customer.

ARTICLE 12
RESPONSIBILITY FOR DAMAGES

12.01 Beyond the point of delivery, the Customer shall indemnify and hold Hydro harmless with respect to any and all claims that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence or use on the Customer's premises of electric circuits or apparatus, whether owned by Hydro or by the Customer, unless and to the extent that such injuries or damages are caused by negligence on the part of the employees of Hydro.

12.02 Up to the point of delivery, Hydro shall indemnify and hold the Customer harmless with respect to any and all claims that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence or use on the Customer's premises of electric circuits or apparatus owned by Hydro and resulting from or arising out of the negligence of Hydro's employees or other persons for whom Hydro would in law be liable, unless and to the extent that such injuries or damages are caused by negligence on the part of the employees of the Customer.

12.03 If any of the transmission lines or apparatus installed by Hydro on the Customer's premises should be destroyed or damaged by the negligence of the Customer, its servants or agents, the Customer shall reimburse Hydro for the cost of their replacement or repair.

ARTICLE 13
PAYMENT OF ACCOUNTS AND NOTICE OF CLAIMS OF CUSTOMER

13.01 Hydro will render its accounts monthly and the Customer shall, within twenty (20) days after the date of rendering any such account, make payment in lawful money of Canada at the office of Hydro in St. John's, Newfoundland, or in such other place in the said Province as Hydro may designate, without deduction for any claim or counterclaim which the Customer may have to claim to have against Hydro arising under this Agreement or otherwise.

13.02 All amounts in arrears after the expiration of the period of twenty (20) days referred to in Clause 13.01 shall bear interest at the rate of one and one-half (1-1/2%) percent per Month.

13.03 If the Customer is in default for more than thirty (30) days in paying any amount due Hydro under this Agreement, then, without prejudice to its other recourses and without liability therefor, Hydro shall, upon ten (10) days written notice to the Customer of its intention so to do, be entitled to suspend the supply of Power and Energy to the Customer until the said amount is paid, and if the supply is so suspended, the Customer shall not be relieved of its obligations under this Agreement.

13.04 The Customer and Hydro will submit to the other in writing every claim or counterclaim which each may have or claim to have against the other arising under this Agreement within sixty days of the day upon which the Customer or Hydro has knowledge of the event giving rise to such a claim.

13.05 The Customer and Hydro shall be deemed to have waived all rights for the recovery of any claim or counterclaim that has not been submitted to the other party pursuant to and in accordance with Clause 13.04.

ARTICLE 14
ARBITRATION

14.01 If a settlement of any claim made by the Customer in accordance with Clause 13.04 is not agreed to by both parties, the matters in dispute shall be submitted, within three months from the time the claim was submitted, for decision to a board of arbitrators consisting of three members, one to be named by each party to this Agreement and the third to be named by the two arbitrators so chosen, and the decision of any two members of the board of arbitrators shall be final and binding upon both parties.

14.02 The charges of the third member of a board of arbitrators who shall be the chairman of that board, shall be borne by the losing party, and the parties shall bear the costs or charges of their own appointees. Any arbitration hearing commenced under this Article shall be held in St. John's or such other place as the parties mutually agree.

14.03 If the two appointees of the parties are unable to agree upon the third arbitrator or chairman, the chairman shall be appointed upon application of either party to the Trial Division of the Supreme Court of Newfoundland and Labrador or a judge of that Division.

14.04 The period of delay for appointment by the parties to this Agreement of their respective nominees shall be seven days after notification by the other party to this Agreement of its nominee, and the period for agreement by the two nominees on the chairman shall be ten days.

14.05 The provisions of the Arbitration Act, Chapter A - 14 of the Revised Statutes of Newfoundland and Labrador, 1990, as now or hereafter amended shall apply to any arbitration held pursuant to this Article 14.

ARTICLE 15
MODIFICATION OR TERMINATION OF AGREEMENT

15.01 Except, where otherwise specifically provided in this Agreement and only to the extent so provided, all previous communications between the parties to this Agreement, either oral or written, with reference to the subject matter of this Agreement, are hereby abrogated and this Agreement shall constitute the sole and complete agreement of the parties hereto in respect of the matters herein set forth.

15.02 At any time during the currency of this Agreement, the Customer may terminate it by giving to Hydro two years previous notice in writing of its intention so to do.

15.03 Any amendment, change or modification of this Agreement shall be binding upon the parties hereto or either of them only if such amendment, change or modification is in writing and is executed by each of the parties to this Agreement by its duly authorized officers or agents and in accordance with its regulations or by-laws.

15.04 Subject to Article 10, if the Customer voluntarily or forcibly abandons its operations, commits an act of bankruptcy or liquidates its assets, then, there shall, forthwith, become due and payable to Hydro by the Customer, as stipulated and liquidated damages without burden or proof thereof, a lump sum equal to:

(a) 0.85 of its then current Billing Demand for Firm Power, at the Firm Power Demand charge, multiplied by 24

plus

(b) any remaining amounts payable pursuant to Article 3 of the Interconnection Contribution Agreement.

ARTICLE 16
SUCCESSORS AND ASSIGNS

16.01 This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns, but it shall not be assignable by the Customer without the written consent of Hydro.

ARTICLE 17
GOVERNING LAW AND FORUM

17.01 This Agreement shall be governed by and interpreted in accordance with the laws of the Province, and every action or other proceeding arising hereunder shall be determined exclusively by a court of competent jurisdiction in the Province, subject to the right of appeal to the Supreme Court of Canada where such appeal lies.

ARTICLE 18
ADDRESS FOR SERVICE

18.01 Subject to Clauses 18.02 and 18.03, any notice, request or other instrument which is required or permitted to be given, made or served under this Agreement by either of the parties hereto, except for notices or requests pertaining to Interruptible Demand or Secondary Energy, shall be given, made or served in writing and shall be deemed to be properly given, made or served if personally

delivered, or sent by prepaid telegram or facsimile transmission, or mailed by prepaid registered post, addressed, if service is to be made

(a) on Hydro, to

The Corporate Secretary
Newfoundland and Labrador Hydro
Hydro Place
P.O. Box 12400
St. John's, Newfoundland
CANADA. A1B 4K7
FAX: (709) 737-1782
or

(b) on the Customer, to

Aur Resources Inc.
Suite 2501
1 Adelaide Street E
Toronto, Ontario
Canada, M5C 2V9
Attn: Corporate Secretary
FAX: (416)367-0427

18.02 Any notice, request or other instrument given, made or served as provided in Clause 18.01 shall be deemed to have been received by the party hereto to which it is addressed, if personally served on the date of delivery, or if mailed three days after the time of its being so mailed, or if sent by prepaid telegram or facsimile transmission, one day after the date of sending.

18.03 Except for notices for Interruptible Demand or Secondary Energy, whenever this Agreement requires a notice to be given or a request to be made on a Sunday or legal holiday, such notice or request may be given or made on the first business day occurring thereafter, and, whenever in this Agreement the time within which any right will lapse or expire shall terminate on a Sunday or legal holiday, such time will continue to run until the next succeeding business day. Notices or requests pertaining to Interruptible Demand or Secondary Energy may be given and received by and to the appropriate nominees of the respective parties by voice or electronic communication provided that it is confirmed in writing and transmitted or delivered by facsimile, courier or mail as soon as practicable.

18.04 Either of the parties hereto may change the address to which a notice, request or other instrument may be sent to it by giving to the other party to this Agreement notice of such change, and thereafter, every notice, request or other instrument shall be delivered or mailed in the manner prescribed in Clause 18.01 to such party at the new address.

IN WITNESS WHEREOF Newfoundland and Labrador Hydro and the Customer has each executed this Agreement by causing it to be executed in accordance with its by-laws or regulations and by its duly authorized officers or agents, the day and year first above written.

THE CORPORATE SEAL of **Newfoundland and Labrador Hydro** was hereunder affixed in the presence of:

Witness

Vice President, Regulated Operations

Assistant Corporate Secretary

DULY EXECUTED by **Aur Resources Inc.** in accordance with its Regulations or By-Laws in the presence of:

S. Arg300

Witness

NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

AN ORDER OF THE BOARD

NO. P.U. 34(2022)

IN THE MATTER OF the **Electrical Power Control Act, 1994,** SNL 1994, Chapter E-5.1 (the "**EPCA**") and the **Public Utilities Act**, RSNL 1990, Chapter P-47 (the "**Act**"), as amended, and regulations thereunder; and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro for approval of certain rules and regulations pertaining to the supply of electrical power and energy to one of its Island Industrial customers, Marathon Gold Corporation, pursuant to section 71 of the **Act**.

WHEREAS Newfoundland and Labrador Hydro ("Hydro") is a corporation continued and existing under the **Hydro Corporation Act, 2007**, is a public utility within the meaning of the **Act**, and is also subject to the provisions of the **EPCA**; and

WHEREAS in Order No. P.U. 7(2002-2003) the Board approved, inter alia, the Service Agreements for each of Hydro's Island Industrial customers, constituting the rules and regulations under which Hydro provides service to those customers; and

WHEREAS those Service Agreements have since been amended by various Board Orders and rates for Hydro's Island Industrial customers arising from a general rate application were last approved by the Board in Order No. P.U. 30(2019); and

WHEREAS in Order No. P.U. 27(2021) the Board approved capital expenditures proposed by Hydro for the engineering and construction of an interconnection between the Star Lake Terminal Station and the Valentine Terminal Station to provide service to a new intended Island Industrial customer, Marathon Gold Corporation ("Marathon"), with the capital expenditures to be recovered from Marathon; and

WHEREAS on November 4, 2022 Hydro filed an application (the "Application") for approval of a negotiated Service Agreement between Hydro and Marathon; and

WHEREAS the Application states that the Service Agreement is, in most respects, consistent with Service Agreements approved by the Board for the other Island Industrial customers except for a period, referred to as the "Ramp-Up Period", where Billing Demand for firm power is to be calculated based upon the highest demand in that month instead of the highest firm demand in that year; and

WHEREAS the Application states the Ramp-Up Period is intended to provide a different demand billing methodology for the period during which Marathon is adding, commissioning and testing processes or processing equipment, all activities that are expected to cause variability in Marathon's electrical loads; and

WHEREAS the Application states applying the standard terms and conditions for Billing Demand without allowing for the Ramp-Up Period could cause Marathon to unduly restrict its commissioning or early processing activities or incur large demand-related expenses due to a requirement to operate new equipment or carry out new processes with unpredictable electrical load outcomes during the first few years; and

WHEREAS the Application also states the operational restrictions and extra costs that Marathon could incur during the Ramp-Up Period should be avoided where possible and the proposed Firm Power Billing Demands based upon the maximum monthly demand instead of the maximum annual demand during this period is fair, appropriate and consistent with past practice for new Island Industrial customers; and

WHEREAS the Application was copied to: Newfoundland Power Inc. ("Newfoundland Power"); the Consumer Advocate, Dennis Browne, K.C. (the "Consumer Advocate"); Hydro's Island Industrial customers: Corner Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc., Vale Newfoundland and Labrador Limited; Teck Resources Limited; Praxair Canada Inc.; and

WHEREAS on November 16, 2022 Newfoundland Power advised it had no comments; and

WHEREAS on November 17, 2022 Hydro requested that the Board approve the Application as submitted; and

WHEREAS no other parties commented on the Application; and

WHEREAS the Board notes that similar Service Agreements were approved for Aur Resources Inc. (now known as Teck Resources Limited), Vale Newfoundland and Labrador Limited and Praxair Canada Inc. in Order Nos. P.U. 1(2006), P.U. 6(2012) and P.U. 9(2013) under substantially similar circumstances as for Marathon; and

WHEREAS the Board is satisfied that the proposed Service Agreement should be approved.

IT IS THEREFORE ORDERED THAT:

1. The Service Agreement for Marathon Gold Corporation, as set out in Schedule A, is approved.

2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 25th day of November 2022.

Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer

John O'Brien, FCPA, FCA, CISA
Commissioner

Christopher Pike, LL.B., FCIP
Commissioner

Cheryl Blundon
Board Secretary

THIS SERVICE AGREEMENT made at St. John's, in the Province of Newfoundland and Labrador on the _______ day of _______________ 20___ (the "Agreement").

BETWEEN: **NEWFOUNDLAND AND LABRADOR HYDRO**, a corporation and an agent of the Crown constituted by statute, renamed and continued by the *Hydro Corporation Act, 2007*, Revised Statutes of Newfoundland and Labrador, Chapter H-16, (hereinafter called "Hydro") of the first part;

AND **MARATHON GOLD CORPORATION**, a company organized under the laws of Canada and extra-provincially registered under the laws of Newfoundland and Labrador (hereinafter called the "Customer") of the second part.

WHEREAS Hydro has agreed to sell electrical Demand and Energy to the Customer and the Customer has agreed to purchase the same from Hydro according to the Rates, Rules and Regulations set by the Board of Commissioners of Public Utilities for the Province of Newfoundland and Labrador and by the terms of this Agreement;

AND WHEREAS Hydro and the Customer acknowledge that this Agreement shall not be binding unless and until it is approved by the Board of Commissioners of Public Utilities;

THEREFORE THIS AGREEMENT WITNESSETH that the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.01 In this Agreement, including the recitals, unless the context otherwise requires,

(a) "**Amount of Power on Order"** means the Power contracted for in accordance with Article 2. **"Power on Order"** and **"Firm Power"** as referenced in the Rate Schedules have corresponding meanings;

(b) **"Billing Demand"** means the components of the Customer's monthly Power consumption for which Demand charges apply as determined in accordance with Articles 2, 5 and 10;

(c) "**Board"** means the Board of Commissioners of Public Utilities for Newfoundland and Labrador;

(d) **“Business Day”** means any day that is not a Saturday, Sunday or holiday upon which the main offices of Hydro or the Customer in Newfoundland and Labrador are closed;

(e) **“Calendar Year”** means a period that commences on January 1 and ends on December 31 of that year;

(f) “**Customer’s Demand**” means the Demand at any particular time determined by adding the amount supplied to the Customer at the Delivery Point;

(g) **“Delivery Point”** means the termination point of TL271 onto the takeoff structure at the Customer’s Valentine Terminal Station**;**

(h) **“Demand”** means the amount of Power averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter and measured by a demand meter of a type approved for revenue metering by the appropriate department of the Government of Canada;

(i) **“Electricity”** includes Demand and Energy;

(j) **“Energy”** means the amount of electricity delivered in a given period of time and measured in kilowatt hours (kWh);

(k) **“Firm Energy**” means the Energy associated with Firm Power;

(l) **“Firm Power”** means, except as varied by paragraph 5.01 (a) and subject to Clause 2.06, the Demand normally associated with the Amount of Power on Order;

(m) "**Force Majeure**" means:

(i) Acts of God, fire, flood, tidal wave, lightning, earthquake, cyclone, epidemic, pandemic, acts of a competent authority, acts of public enemies, terrorism, civil commotion, war, invasion, embargo, insurrection, rebellion, sabotage, protest, riot, violence, malicious mischief, extortion;
(ii) strike, labour dispute or lockout; and
(iii) includes any other cause which could not have been avoided by the exercise of reasonable human foresight and skill;

(n) **“Interruptible Demand”** means that part of a Customer's Demand which exceeds its Power on Order, which may be interrupted, in whole or in part, at the discretion of Hydro, and which is supplied to the Customer in accordance with Clause 4.01;

(o) **"Interruptible Energy"** means the Energy associated with Interruptible Demand, determined as that Energy taken in each fifteen-minute interval in which Interruptible Demand is taken and it shall be deemed that in such cases Firm Energy is taken at 100 percent load factor;

(p) **"Interruptible Power"** means the Demand associated with Interruptible Demand and the Energy associated with Interruptible Energy;

(q) **"Maximum Demand"** means the greatest amount of Demand taken during the appropriate Month or part of a Month, as the case may be, averaged over each consecutive period of fifteen minutes duration commencing on the hour and ending each fifteen minute period thereafter, and measured by a demand meter of a type approved for revenue metering by the appropriate department of the Government of Canada;

(r) **"Month"** means a calendar month;

(s) **"Power"** means the amount of electrical power delivered at any time and measured in kilowatts (kW);

(t) **"Province"** means the Province of Newfoundland and Labrador;

(u) **"Ramp-Up Period"** means the period of time it takes for the Customer to initially reach full operation of its facilities, as further specified in Clause 2.06;

(v) **"Rate Schedules"** means the schedules of rates that are approved by the Board for the sale and purchase of Demand and Energy;

(w) **"Specifically Assigned Charge"** means the payment made by the Customer in each Month, calculated according to a method approved by the Board, for the use of Specifically Assigned Plant;

(x) **"Specifically Assigned Plant"** means that equipment and those facilities which are owned by Hydro and used to serve the Customer only, as described in Schedule A;

(y) **"Standby or Emergency Energy Source"** means the energy source associated with Industrial Non-Firm Energy as published in Newfoundland and Labrador Hydro's Schedule of Rates, Rules and Regulations;

(z) **"Tax"** or **"Taxes"** means any tax, fee, levy, rental, duty, charge, royalty or similar charge including, for greater certainty, any federal, state, provincial, municipal, local, aboriginal, foreign or any other assessment, governmental charge, imposition or tariff wherever imposed, assessed or collected, and whether based on or measured by gross receipts, income, profits, sales, use and occupation or otherwise, and including any income tax, capital gains tax, payroll tax, fuel tax, capital tax, goods and services tax, harmonized sales tax, value added tax, sales tax, withholding tax, property tax, business tax, ad valorem tax, transfer tax, franchise tax or excise tax, together with all interest, penalties, fines or additions imposed, assessed or collected with respect to any such amounts.

1.02 Hydro and the Customer agree that they are bound by this Agreement, which supersedes and replaces any previous Power Service Agreement between the parties, and by the agreements and covenants contained in the Rates Schedules. In the event of a conflict between this Agreement and the Rates Schedules, the Rates Schedules shall have priority.

1.03 In this Agreement all references to dollar amounts and all references to any other money amounts are, unless specifically otherwise provided, expressed in terms of coin or currency of Canada which at the time of payment or determination shall be legal tender herein for the payment of public and private debts.

1.04 Words in this Agreement importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders.

1.05 Where a word is defined anywhere in this Agreement, other parts of speech and tenses of the same word have corresponding meanings.

1.06 Wherever this Agreement prescribes a number of days for any purpose, the days shall be reckoned exclusively of the first and inclusively of the last.

1.07 The headings of all the articles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.08 Any reference in this Agreement to an Article, a Clause, a subclause or a paragraph shall, unless the context otherwise specifically requires, be taken as a reference to an article, a clause, a subclause or a paragraph of this Agreement.

1.09 This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all of such counterparts together shall constitute one and the same instrument. The counterparts of this Agreement may be executed and delivered by electronic mail, facsimile or other electronic signature (including PDF) by either of the parties.

1.10 Notwithstanding any other provision of this Agreement, the respective rights, obligations and liabilities of the parties hereunder shall not take effect and shall be of no effect unless and until the Customer has made a written declaration to Hydro, which declaration must be made on or before July 31, 2024.

1.11 The parties agree that any waiver of or non-action with respect to any breach or default of any of the terms or conditions of this Agreement shall not be construed as a waiver of any subsequent or other breach or default but all of the terms and conditions of this Agreement shall survive and continue to remain in force and effect.

1.12 Should any provision of this Agreement be deemed in contradiction of applicable laws or unenforceable for any reason, such provision shall be deemed null and void, and this Agreement shall remain in force in all other respects (provided that if deeming such provision null and void would materially affect the intent of this Agreement, such provision shall be adjusted rather than deemed null and void, if possible, in order to achieve the intent of the parties to the extent possible). If such circumstances arise, the parties shall negotiate in good faith appropriate modifications to this Agreement to reflect those changes that are required by law.

ARTICLE 2
AMOUNT OF POWER ON ORDER

2.01 Subject to this Agreement, Hydro agrees to deliver to the Customer and the Customer agrees to purchase from Hydro the Amount of Power on Order.

2.02 Subject to Clause 2.06 and Clause 15.03, the Customer shall declare to Hydro in writing, not later than October 1 of each Calendar Year, its Amount of Power on Order for the following Calendar Year. Such declarations may provide for an Amount of Power on Order to apply throughout the Calendar Year, or may provide for one or more successive increases at specified times during the Calendar Year, but subject to Clause 2.05, may not provide for a decrease other than a decrease to take effect on January 1st of that following Calendar Year. The Amount of Power on Order shall in no event be greater than 25,000 kilowatts.

2.03 Hydro will supply all future Power requirements requested by the Customer additional to the amounts specified in Clause 2.02 provided that the Customer's request for such additional Power shall be made upon adequate notice, (provided that, if Hydro asserts that the amount of advance time provided by the Customer is inadequate for the supply of additional Power, it shall provide reasons for asserting such inadequacy) so that Hydro may make suitable extensions or additions to its system, if necessary.

2.04 If Hydro cannot fully comply with a declaration of Amount of Power on Order made in accordance with Clause 2.02 it will, as soon as practicable and in any event not later than November 1 of the year in which the declaration was made, advise the Customer of the extent to which it can comply. If more than one industrial customer requests an increase in their Amount of Power on Order and Hydro cannot in its judgment provide enough Power to satisfy all of the timely requests it has received, Hydro will offer additional Amounts of Power on Order to the industrial customers who made those requests in such amounts as are prorated in accordance to the quantity of additional Amounts of Power on Order in the timely requests it has received from those customers.

2.05 The Customer hereby acknowledges that Hydro cannot deliver Power to the Customer unless it is consumed by the Customer. If at any time the Customer does not consume the Power that it has obligated itself to pay for in this Agreement, then, subject to Article 9, the readiness of Hydro to deliver such Power, as evidenced by the maintenance of normal voltage and frequency at the Delivery Point, shall constitute a valid tender by Hydro to the Customer of such Power.

2.06 The Ramp-Up Period:

(a) shall be deemed to commence at the Customer's written declaration to Hydro that Ramp-Up Period has commenced.

(b) During the Ramp-Up Period the Customer shall declare the Amount of Power on Order for the following Month by giving written notice to that effect to Hydro's Energy Control Center not later than noon of the first Business Day of each Month. Such declarations shall provide for an Amount of Power on Order that shall apply throughout the following Month. As of the commencement of the Ramp-Up Period, the Amount of Power on Order shall in no event be less than 500 kilowatts.

(c) During the Ramp-Up Period, the Customer's Billing Demand for Firm Power shall be the greater of the Customer's Maximum Demand in that Month less its maximum Interruptible Demand in that Month, and the Amount of Power on Order declared under paragraph (b) of this Clause. In the event that the Customer does not declare an Amount of Power on Order for any Month pursuant to this clause, then, subject to paragraph (b) of this clause, the Billing Demand for Firm Power for that Month shall be the Customer's Maximum Demand in that Month less its maximum Interruptible Demand in that Month except that as of the commencement of the Ramp-Up Period, in no event shall the Billing Demand for Firm Power be less than 500 kilowatts.

(d) The Ramp-Up Period shall be deemed to end at the earlier of:

(i) The Customer's written declaration to Hydro that the Ramp-Up Period has ended, or

(ii) The Customer's Billing Demand, subject to Clause 10.02, exceeds 19,000 kilowatts for a period of three (3) consecutive Months, or

(iii) 30 Months following the date of commencement of the Ramp-Up Period as outlined in paragraph (a).

(e) During the Ramp-Up Period, not later than noon of the first Business Day of the last month of every quarter, the Customer shall provide forecasts of monthly peak demand for the following quarter by giving written notice to that affect to Hydro's Energy Control Centre.

2.07 In no event shall Hydro be obliged to deliver Power in excess of that which it has agreed to deliver pursuant to this Article 2 and the Customer shall manage its Demand such that its Maximum Demand does not exceed its Amount of Power on Order, subject to Article 4.

ARTICLE 3
PURCHASE AND SALE OF DEMAND AND ENERGY

3.01 The sale and purchase of Demand and Energy shall be at such prices and upon such terms and conditions as are set out in the Rate Schedules and this Agreement.

3.02 Notwithstanding anything to the contrary herein, the Customer shall pay in each Month its applicable Demand charges, its applicable Energy charges, and its Specifically Assigned Charge as set out in the metering and billing statement delivered by Hydro to the Customer pursuant to Clause 13.01. For greater clarity, the Specifically Assigned Charge is limited to the sustaining capital and operations and maintenance expenditures as approved by the Board and made by Hydro for the Customer's Specifically Assigned Plant, it being acknowledged that the Customer will fully contribute to the costs of construction of the Specifically Assigned Plant in accordance with the contribution agreement dated September 1, 2021 between Newfoundland and Labrador Hydro and Marathon Gold Corporation, as amended from time to time.

ARTICLE 4
INTERRUPTIBLE POWER

4.01 The Customer may in any Month take an amount of Interruptible Power in addition to the Amount of Power of Order which shall be billed at Interruptible Demand and Energy rates approved by the Board. The amount of Interruptible Power available shall be 5,000 kW per Month. If Hydro is willing and able to serve the Customer's Interruptible Power, then the following shall apply:

(a) The Customer shall, if practicable, make a prior request for, or otherwise as soon as practicable notify Hydro of its requirement for Interruptible Power, specifying the amount and duration of its Interruptible Power requirements. Such request or notification may be made by telephone to the contact listed in Article 18.04 with confirmation of the request provided by the Customer in email to the contact listed in Clause 18.04 within 3 business days of the telephone request; Hydro officials shall reply by email to the Customer to confirm the request, and if such Interruptible Power was made available.

(b) If serving the Customer's Interruptible Power would result in Hydro generating, or increasing or prolonging generation, from a Standby or Emergency Energy Source, then Hydro will so advise the Customer. If the Customer wishes to purchase Interruptible Demand and Energy at such a time or times, that Demand and Energy shall be charged for as calculated by the method or formula approved by the Board in Newfoundland and Labrador Hydro's Schedule of Rates, Rules and Regulations in the "Industrial – Non-Firm" rate sheet.

ARTICLE 5
DETERMINATION OF BILLING DEMAND

5.01 Subject to Clause 2, Clause 10 and Clause 15.03, the Customer's Billing Demands, which shall each be charged at the applicable rates as approved by the Board, shall comprise the following:

(a) the Billing Demand for Firm Power, which in each Month shall be the greater of:

(i) the Amount of Power on Order,

(ii) the lesser of 75% of the Amount of Power on Order for the prior Calendar Year and, the Amount of Power on Order for the prior Calendar Year less 20,000 kW,

or

(iii) the Maximum Demand taken up to that time in the Calendar Year less any Interruptible Demand; and

(b) the maximum Interruptible Demand for that Month.

ARTICLE 6
CHARACTERISTICS OF POWER SERVICE AND POINTS OF DELIVERY

6.01 The Demand and Energy to be supplied under this Agreement will be delivered to the Customer at three (3) phase alternating current having a normal frequency of sixty (60) cycles and at a voltage to be determined by Hydro and the Customer, and delivery will be made at the Delivery Point.

6.02 Hydro will exercise its best efforts to limit variation from the normal frequency and voltage to tolerable values.

ARTICLE 7
POWER FACTOR

7.01 The Customer agrees to consume the Power contracted for in this Agreement at a power factor of not less than ninety percent (90%) lagging at the Delivery Point.

7.02 Should the power factor be consistently less than ninety percent (90%) lagging, the Customer, upon written notification from Hydro, agrees to install suitable corrective equipment to bring the power factor to a minimum of ninety percent (90%) lagging.

7.03 If the Customer should install static condensers to correct the lagging power factor, the equipment shall be installed such that it can be completely disconnected at the request of Hydro.

ARTICLE 8
METERING

8.01 The metering equipment and meters to register the amount of Demand and Energy to be delivered to the Customer under this Agreement shall be furnished and owned by Hydro and if required to be located on the Customer's premises will be installed by Hydro at the Customer’s cost and expense, in a suitable place satisfactory to Hydro and provided by the Customer, and in such manner as to register accurately the total amount of Demand and Energy taken by the Customer under this Agreement. All metering equipment shall be inspected and tested by Hydro upon installation, and thereafter all testing, calibration, and if necessary replacement of the metering equipment shall be carried out and arranged for by Hydro in accordance with all applicable laws and regulatory approvals.

8.02 If the metering is installed on the Customer end of transmission lines or low side of transformers that are Specifically Assigned Plant or owned by the Customer, an appropriate adjustment will be made to account for losses in the transmission lines and transformers.

8.03 The Customer shall have the right, at its own expense, to install, equip, and maintain check meters adjacent to Hydro's meters. Schedule A depicts the approximate location of Hydro's metering equipment.

8.04 Marathon may, at any time, request the data related to the reading, inspecting, testing, repairing or replacement of Hydro's meters and Hydro shall provide the data as soon as reasonably possible. Marathon may also, upon reasonable notice, request to be present at a subsequent inspection, which request will not be unreasonably denied.

8.05 Should any Hydro meter fail to register the amount of Demand and Energy accurately, or be found to be not true and accurate within the acceptable margins of error set forth in the Electricity and Gas Inspection Regulations, and to the extent that this clause does not conflict with the *Electricity and Gas Inspection Act*, RSC 1985, c. E-4, the check meters provided by the Customer shall be used for measuring the amount of Demand and Energy delivered while the Hydro meters are out of service. If Hydro's meters fail to register the amount of Demand and Energy accurately, or the amount of Demand and Energy is not found to be true and accurate as noted above, and should the Customer's check meters also fail to register the amount of Demand and Energy accurately, Hydro may charge for the Demand and Energy delivered during the period when the registration was inaccurate, either:

(a) On the basis of the amount of Demand and Energy charged for:

i. During the corresponding term immediately succeeding or preceding the period of alleged inaccurate registration; or

ii. During the corresponding term in the previous calendar year; or

(b) On the basis of the amount of Demand and Energy supplied as established by available evidence,

whichever basis appears most fair and accurate to both the Customer and Hydro.

ARTICLE 9
LIABILITY FOR SERVICE

9.01 Subject to the provisions of the Rate Schedules and this Agreement, the Power and Energy herein contracted for will be made available for use by the Customer during twenty-four (24) hours on each and every day of the term of this Agreement.

9.02 The obligation of Hydro to furnish Power and Energy under this Agreement is expressly subject to all accidents or causes that may occur at any time and affect the generation or transmission of such Power and Energy, and in any such event, but subject to Clause 9.04, Hydro shall have the right in its discretion to reduce or, if necessary, to interrupt the delivery of Power and Energy under this Agreement.

9.03 Hydro shall cause all reasonable precautions to be taken in order to guard against reductions, fluctuations and interruptions in the delivery of Electricity and shall cause all such reductions, fluctuations or interruptions that occur to be terminated with all possible dispatch. If reductions, fluctuations or interruptions are necessary or unavoidable for repair, overhauling or inspection of equipment or for improving or adding to its equipment, where practical Hydro shall coordinate with the Customer in advance and give the Customer reasonable notice of any anticipated reduction, fluctuation or interruption of any amount of Electricity so that inconvenience and loss to the Customer may be minimized. The parties agree to use reasonable commercial efforts to coordinate, where possible, necessary reductions, fluctuations and interruptions in Hydro's delivery of Electricity in order to minimize the impact on the Customer's operations.

9.04 Unless the Customer suffers damages due to the willful acts or negligence of Hydro, and subject always to Clauses 9.08 and 9.09 and Article 10, the Customer's sole remedy for an interruption or reduction in the delivery of Electricity by Hydro to the Customer shall be the right to reduce its Billing Demand in accordance with Article 10.

9.05 If the operations of Hydro or the operations of its suppliers are suspended or curtailed by reason of Force Majeure, Hydro shall use reasonable commercial efforts to remove the cause of such suspension or curtailment and to resume normal operations at the earliest possible date and, in the event such suspension or curtailment of operations of Hydro or its suppliers results in the suspension or curtailment of the operations of the Customer for a period of more than seven (7) days thereafter occurring during the continuance of such period of curtailment or suspension of the operations of Hydro or its suppliers, the Customer's sole remedy shall be the right to reduce its Billing Demand in respect of the period of such suspension or curtailment by an amount of Power proportionate to the reduction of the amount of Power actually made available by Hydro and resulting from such suspension or curtailment of the operations of Hydro or its suppliers, including such seven (7) day period.

9.06 If the operations of the Customer are suspended or curtailed owing to Force Majeure, the Customer shall use reasonable commercial efforts to remove the cause of such suspension or curtailment and to resume normal operations at the earliest possible date, but if as a result of such suspension or curtailment, the Power taken by the Customer is reduced below fifty percent (50%) of the Amount of Power on Order, for any period exceeding seven (7) days, then, the Customer's sole remedy shall be the right to reduce its Billing Demand in respect of the period of such suspension or curtailment by an amount of Power proportionate to the reduction of the amount of Power actually taken by Customer and resulting from such suspension or curtailment of the operations of the Customer, including such seven (7) day period.

9.07 Nothing in Clause 9.06 shall obligate the Customer to settle or resolve (or attempt to settle or resolve) a strike or other labour issue or interruption (or threatened strike or other labour issue or interruption).

9.08 Notwithstanding any other provision contained herein, neither Hydro nor the Customer shall:

(a) be responsible to other for injury, damages or losses arising from loss of business, loss of profits, or any other losses as a result of interruption of the other's operations, or any other consequential losses, directly or indirectly arising out of the activities, occupancy, use or operation of the other's premises; or

(b) look to or pursue the directors, officers or employees of the other for satisfaction of any claim or cause of action arising under this agreement, including any liability, damages, expenses or losses of any nature.

9.09 In no event shall the liability of either party exceed the sum of $1,000,000.00 for any single occurrence.

ARTICLE 10
REDUCED BILLING DEMAND

10.01 If, in accordance with Clauses 9.04 or 9.05, or subject to the Customer's request pursuant to Clause 9.06, the Customer is entitled to a reduction in its Billing Demand, such reduction will be made according to the following:

(a) If there is a total interruption of the delivery of Power and Energy by Hydro for a whole Month, the Customer Billing Demand for such Month shall be zero.

(b) If there is a total interruption of Power for part of a Month, the Billing Demand for that Month shall be reduced by an amount of Power bearing the same ratio to that Billing Demand as the number of hours during which the interruption occurs bears to the total number of hours in that Month.

(c) If the reduction of Power is made for a whole Month, then, subject to subclause 10.01(e), the reduced Billing Demand for that Month shall be substituted for the Billing Demand for the same Month, when determining the price of Power and

Energy for that Month.

(d) If the reduction of Power is made for part of a Month, then, subject to subclause 10.01(e), the Billing Demand for such Month shall be determined by adding:

the reduced Billing Demand for the part of the Month during which the reduction was made, averaged over the whole of that Month;

to

the Billing Demand for the part of the Month during which no reduction was made, averaged over the whole of that Month.

(e) In no event shall the reduced Billing Demand in any period be lower than the Maximum Demand in that same part of the Month.

(f) Where a Billing Demand, a reduced Billing Demand or a Maximum Demand for a part of a Month is to be averaged for the whole of that Month in accordance with subclause 10.01(d), the averaging shall be done by dividing the Billing Demand, the reduced Billing Demand or the Maximum Demand, as the case may be, by the total number of hours in the whole of that Month and multiplying the result by the number of hours to which the Billing Demand, the reduced Billing Demand or the Maximum Demand relates.

10.02 In addition to the reductions in Billing Demand that may be made in accordance with Clause 10.01, Hydro may, in its sole judgment and discretion, make other Billing Demand adjustments from time to time to decrease the Customer's bill to reflect unusual or unanticipated conditions or to facilitate the testing of equipment or processes by the Customer.

ARTICLE 11
CONSTRUCTION OR INSTALLATION OF TRANSMISSION LINES OR APPARATUS

11.01 For the consideration aforesaid, the Customer hereby grants to Hydro the right to construct transmission lines and accessory apparatus on locations approved by the Customer on, under or over the property of the Customer for the purpose of serving the Customer and the other customers of Hydro, together with the right of access to the property of the Customer at all times for the construction of such lines and apparatus and for the repair, maintenance and removal thereof, provided that nothing in this clause shall entitle Hydro to construct transmission lines and accessory apparatus on or over the Customer's property if such transmission lines are not directly connected with the

Customer's premises or some part thereof. Hydro agrees to observe and fully comply with (a) any and all applicable laws and municipal statutes, codes, regulations, order, by-laws and guidelines applicable to the Customer's premises, and (b) all of the Customer's health, safety, and environmental rules, provided they are in compliance with the laws of the Province of Newfoundland and Labrador, and of Canada, as the case may be. Without derogating from the previous sentence, Hydro shall also undertake any construction, repair, maintenance and removal of transmission lines and accessory apparatus in accordance with its construction rules and standards as they exist from time to time and in accordance with good industry practice. Hydro agrees to consider the Customer's input with respect to the design, location, clearance and material composition of any equipment or installation built or placed on the Customer's premises, provided that in no event shall Hydro be required to incorporate the Customer's input to the extent that such input would result in a breach of Hydro's construction rules and standards or any applicable laws. Hydro will assume all risk of, and indemnify and hold harmless, and at its expense defend the Customer from and against all claims, loss, cost, legal actions, liabilities or expense on account of personal injury to or death of any persons whomsoever in exercising its right of access (either directly or through a contractor) pursuant to this Article 11. Hydro shall protect, defend, indemnify and hold harmless the Customer from and against all costs, which at any time may be imposed on the Customer arising out of any environmental claim resulting from Hydro's exercise of its rights under this Article 11, save for environmental costs or claims arising out of or in connection with any negligence or willful misconduct of the Customer to the extent of such negligence or willful misconduct.

11.02 The Customer shall not erect any building, structure or object on or over any right-of-way referred to in Clause 11.01 without the written approval of Hydro, which may not be unreasonably withheld, conditioned, or delayed, but subject to that limitation the Customer shall be entitled to make fair and reasonable use of all lands subjected to the said right-of-way.

11.03 Any changes that the Customer may request Hydro to make in the location of any lines or apparatus constructed pursuant to Clause 11.01 shall be made by Hydro, but the Customer shall bear the expense of any such changes to the extent that such lines or apparatus deliver Power to the Customer.

11.04 All transmission lines and apparatus of Hydro furnished and installed by it on the Customer's premises shall remain the property of Hydro, and Hydro shall be entitled to remove or retain such transmission lines and apparatus on the expiry or termination of this Agreement.

11.05 For the purpose of using the power service of Hydro, the Customer shall install properly designed and suitable apparatus in accordance with good engineering practice, and shall at all times operate and maintain such apparatus so as to avoid causing any undue disturbance on the system of Hydro, and so that the current shall be approximately equal on all three of its phases.

11.06 If, at any time, the unbalance in current between any two of its phases is, in the judgment of Hydro, excessive to a degree that the power delivery system of Hydro and/or the electrical equipment of any other customer of Hydro is adversely affected, then it shall be the responsibility of the Customer to take such reasonable remedial measures as may be necessary and within their control, to reduce the unbalance to an acceptable value, at the Customer's cost and expense.

11.07 If, at any time during the term of this Agreement, Hydro desires to improve the continuity of power service to any of its customers, Hydro and the Customer will co-operate and use their reasonable commercial efforts to carry out the improvements either by changes to existing equipment or additions to the original installations of either Hydro or the Customer. If the proposed improvements will materially improve the continuity of power service to the Customer and will provide a benefit solely to the Customer, the costs and expenses shall be borne by the Customer. If the improvements provide a benefit to Hydro customers other than, or in addition to, the Customer, the costs and expenses shall be either (i) shared amongst the Hydro customers receiving the benefit provided that if the Customer is within the group of Hydro customers receiving the benefit then its contribution to the costs and expenses shall be proportionate to its benefit relative to the benefit to the other Hydro Customers, or (ii) borne by Hydro, as applicable.

11.08 The Customer shall not proceed with the construction of or major alterations of its equipment or structures associated with any terminal station at which Power and Energy is being delivered until Hydro has provided its written consent, not to be unreasonably withheld, conditioned, or delayed, that the proposals for such construction or alteration are in accordance with good engineering practice and the laws and regulations of the Province, provided that any examination of the Customer's proposals by Hydro shall not render Hydro responsible in any way for the construction or alteration proposed, even if electrical connection is made by Hydro, whether or not any changes suggested by Hydro shall have been made by the Customer.

ARTICLE 12
RESPONSIBILITY FOR DAMAGES

12.01 Subject to Clause 11.01, beyond the Delivery Point, the Customer shall indemnify and hold Hydro harmless with respect to any and all claims, losses, costs, damages, expenses, fines, penalties and other liabilities (including legal fees on a solicitor and client basis) that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence or use on the Customer's premises of electric circuits or apparatus, whether owned by Hydro or by the Customer, unless and to the extent that such injuries or damages are caused by the willful misconduct or negligence on the part of the employees of Hydro or other persons for whom Hydro would in law be liable.

12.02 Up to the Delivery Point, Hydro shall indemnify and hold the Customer harmless with respect to any and all claims, losses, costs, damages, expenses, fines, penalties and other liabilities (including legal fees on a solicitor and client basis) that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence or use on the Customer's premises of electric circuits or apparatus owned by Hydro, unless and to the extent that such injuries or damages are caused by willful misconduct or negligence on the part of the employees of the Customer or other persons for whom the Customer would in law be liable.

12.03 If any of the transmission lines or apparatus installed by Hydro on the Customer's premises should be destroyed or damaged by the negligence of the Customer, its employees or agents, the Customer shall reimburse Hydro for the cost of their replacement or repair.

ARTICLE 13
PAYMENT OF ACCOUNTS AND NOTICE OF CLAIMS OF CUSTOMER

13.01 Hydro will render a monthly metering and billing statement to the Customer and the Customer shall, within twenty (20) days after the date of rendering any such account, make payment in lawful money of Canada by wire transfer or electronic funds transfer in accordance with the written instructions of Hydro without deduction for any claim or counterclaim which the Customer may have to claim to have against Hydro arising under this Agreement or otherwise. In the event that an error is found in any metering and billing statement rendered, the necessary adjustment shall be made in the next metering and billing statement. In the event a party disputes, in good faith, any part of a metering or billing statement, such dispute shall be resolved in accordance with the dispute resolution provisions of this Agreement.

13.02 Hydro and the Customer acknowledge that, notwithstanding any other provision of this Agreement, any amounts payable by the Customer to Hydro pursuant to this Agreement exclude HST and include all other Taxes. If Hydro is required to collect from the Customer an amount of HST with respect to the provision of any goods or services supplied pursuant to this Agreement, such amounts shall be identified separately on the invoice and the Customer shall pay the amount of such HST to Hydro.

13.03 All amounts in arrears after the expiration of the period of twenty (20) days referred to in Clause 13.01 shall bear interest at the rate of five percent (5%) per annum above the Bank of Canada prime business rate (publication V122495) or its successor rate, calculated daily not in advance, to and including the date of payment, and interest accrued will be payable on demand.

13.04 If the Customer is in default for more than thirty (30) days in paying any amount due Hydro under this Agreement, then, without prejudice to its other recourses and without liability therefor, Hydro shall, upon ten (10) days written notice to the Customer of its intention so to do, be entitled to suspend the delivery of Power and Energy to the Customer until the said amount is paid, and if the delivery is so suspended, the Customer shall not be relieved of its obligations under this Agreement.

13.05 The Customer and Hydro will submit to the other in writing every claim or counterclaim which each may have or claim to have against the other arising under this Agreement within sixty (60) days of the day upon which the Customer or Hydro has knowledge of the event giving rise to such a claim.

13.06 The Customer and Hydro shall be deemed to have waived all rights for the recovery of any claim or counterclaim which has not been submitted to the other party pursuant to and in accordance with Clause 13.05.

13.07 Except as otherwise provided, each party is separately responsible for, and shall in a timely manner discharge, its separate obligations in respect of the collection, payment, withholding, reporting and remittance of all Taxes in accordance with the applicable law. Hydro shall pay or cause to be paid all Taxes on or with respect to the Electricity up to the Delivery Point. Customer shall pay or cause to be paid all Taxes on or with respect to the Electricity beyond the Delivery Point. For the computation of amounts of Electricity delivered at the Delivery Point and the Taxes so calculated, amounts determined through metering will be subject to any appropriate losses calculated in accordance with Clause 8.02. For greater certainty:

(a) Hydro is solely responsible for the payment of Taxes payable by Hydro; and

(b) Customer is solely responsible for the payment of Taxes payable by Customer.

ARTICLE 14
ARBITRATION

14.01 In substitution for the dispute resolution provisions set out in the *Electricity and Gas Inspection Act*, RSC 1985, c. E-4, and the *Electricity and Gas Inspection Regulations*, any dispute or differences between Hydro and the Customer concerning this Agreement which cannot be resolved or settled by Hydro and the Customer shall be settled by final and binding arbitration in the City of St. John’s, Newfoundland and Labrador, or such other place as the parties mutually agree, at the request of either party pursuant to the provisions of the Arbitration Act (Newfoundland and Labrador), subject to the specific terms hereof. The party desiring arbitration shall notify the other party of its intention to submit any dispute(s) or difference(s) to arbitration as well as a brief description of the matter(s) to be submitted for arbitration. Should Hydro and the Customer fail to agree on a single arbitrator to settle the relevant dispute(s) or difference(s) within fifteen (15) days of delivery of the aforesaid notice, then each such party shall within thirty (30) days thereafter nominate an arbitrator having expertise with respect to the subject matter(s) under dispute (failing which nomination by a party, the arbitrator nominated by the other party may proceed to determine the dispute alone as he or she shall deem fit) and the two (2) arbitrators so selected shall select a third arbitrator to serve as a chairperson of the arbitral tribunal of similar expertise to act jointly with them. If said arbitrators shall be unable to agree in the selection of such chairperson within thirty (30) days of the expiry of the aforesaid thirty (30) day arbitrator nomination period, the chairperson shall be selected as contemplated in the aforesaid Arbitration Act. The costs of the arbitration shall be borne by the parties hereto as may be specified in the determination of the arbitrator(s). The arbitrator(s) shall further be authorized to retain such legal counsel and other professional advisors to provide any advice to the arbitrator(s) as the arbitrator(s) deem appropriate. The decision of the single arbitrator or any two (2) of the three (3) arbitrators, as the case may be, shall be non-appealable, final and binding with respect to the issue(s) in dispute.

ARTICLE 15
MODIFICATION OR TERMINATION OF AGREEMENT

15.01 Except where otherwise specifically provided in this Agreement and only to the extent so provided, all previous communications between Hydro and the Customer, either oral or written, with reference to the subject matter of this Agreement, are hereby abrogated and this Agreement shall constitute the sole and complete agreement between Hydro and the Customer in respect of the matters herein set forth.

15.02 At any time while this Agreement is in effect, the Customer may terminate it by giving to Hydro two (2) years notice in writing of its intention so to do. It is acknowledged by Hydro that Clause 19.01 shall have no application in the case of a termination of this Agreement in accordance with such notice.

15.03 It is possible that during the term of this Agreement, there may be material change to Hydro’s system for the provision of electrical Demand and Energy to customers such as the creation of non-firm rate or other flexible product that could provide for additional options related to a gradual reduction of Power on Order (i.e. Ramp-Down) leading up to termination of the Agreement. If such circumstances were to occur, or in any event at least 5 years prior to the anticipated termination of this Agreement, the parties shall negotiate in good faith appropriate modifications to this Agreement to reflect those changes.

15.04 Any amendment, change or modification of this Agreement shall be binding upon Hydro and the Customer, or either of them only if such amendment, change or modification is in writing and is executed by Hydro and the Customer by its duly authorized officers or agents and in accordance with their respective regulations or by-laws.

15.05 In the event that the Board sets terms and conditions of rates to be charged by Hydro to the Customer for the Electricity delivered hereunder and those rates are inconsistent with the terms and conditions set out in this Agreement, the rates set by the Board shall prevail.

ARTICLE 16
SUCCESSORS AND ASSIGNS

16.01 This Agreement shall be binding upon and enure to the benefit of Hydro and the Customer and their respective successors and assigns, but it shall not be assignable by the Customer, except to any affiliate, parent or subsidiary corporation of the Customer, without the written consent of Hydro with such consent not to be unreasonably withheld. Where the Agreement is assigned to an affiliate, parent or subsidiary corporation of the Customer, the Customer must provide written notice to Hydro of the assignment.

ARTICLE 17
GOVERNING LAW AND FORUM

17.01 This Agreement shall be governed by and interpreted in accordance with the laws of the Province and the federal laws of Canada applicable therein, and every action or other proceeding arising hereunder shall be determined exclusively by a court of competent jurisdiction in the Province, subject to the right of appeal to the Supreme Court of Canada where such appeal lies.

ARTICLE 18
COMMUNICATION BETWEEN HYDRO AND THE CUSTOMER

18.01 Subject to Clauses 18.02 and 18.03, any notice, request or other instrument which is required or permitted to be given, made or served under this Agreement by either Hydro or the Customer, except for notices or requests pertaining to Interruptible Power or

Power on Order, shall be given, made or served in writing and shall be deemed to be properly given, made or served if personally delivered, or sent by email, or mailed by prepaid registered post, addressed, if service is to be made

(a) on Hydro, to

The Corporate Secretary
Newfoundland and Labrador Hydro
Hydro Place
P.O. Box 12400
St. John's, Newfoundland
CANADA. A1B 4K7
Email: hydrocorporatesecretary@nlh.nl.ca

or

(b) on the Customer, to

Marathon Gold Corporation
Suite 600, 36 Lombard Street
Toronto, Ontario
M5C 2X3
Email: twilliams@marathon-gold.com
Attention: Tim Williams, COO

18.02 Any notice mailed by prepaid registered mail will be conclusively deemed to have been given on the fourth day after mailing thereof and, if given by email, will be conclusively deemed to have been given on the day of transmittal thereof if given during the normal business hours of the recipient and on the next Business Day during which such normal business hours next occur if not given during such hours on any day; provided that, in each case, confirmation of receipt is received by the party giving the Notice. If the party giving any Notice knows or ought reasonably to know any difficulties with the postal system that might affect the delivery of mail, any such Notice must not be mailed but must be given by email.

Except for notices for Interruptible Power, whenever this Agreement requires a notice to be given or a request to be made on a day that is not a Business Day, such notice or request may be given or made on the first Business Day occurring thereafter. Notices or requests pertaining to Interruptible Power may be given and received by and to the appropriate nominees of Hydro and the Customer by telephone or electronic communication provided that it is confirmed in writing and transmitted or delivered by email, courier or mail as soon as practicable.

18.03 Either Hydro or the Customer may change the address to which a notice, request or other instrument may be sent to it by giving the other party notice of such change, and thereafter, every notice, request or other instrument shall be delivered or mailed in the manner prescribed in Clause 18.01 to such party at the new address.

18.04 Any notices or requests pertaining to Interruptible Power or Power on Order, shall be made by the Customer via telephone call to Hydro's Energy Control Center, at (709) 737-1957/1958. The notice or request shall be confirmed by the Customer via email sent to KeyAccounts@nlh.nl.ca within 3 business days of the initial telephone call to the Energy Control Center. Hydro shall confirm the request by return email.

ARTICLE 19
LIQUIDATED DAMAGES

19.01 Subject to applicable law and Article 10 and Article 15.02, if the Customer voluntarily or forcibly abandons its operations, commits an act of bankruptcy or liquidates its assets, then there shall, forthwith, become due and payable to Hydro by the Customer, as stipulated and liquidated damages without burden of proof thereof, a lump sum equal to:

(a) 0.85 of its then current Billing Demand for Firm Power, at the Firm Power Demand rate, multiplied by 24;

plus

(b) Specifically Assigned Plant: the remaining net book value, plus any decommissioning costs, less the salvageable value, and less the net book value of any contributions made by the Customer.

ARTICLE 20
ANTI-CORRUPTION

20.01 Hydro represents and warrants that, in all of its activities in connection with this Agreement and on behalf of the Customer, Hydro and its employees, directors, agents and representatives will at all times comply with all applicable anticorruption and conflict of interest laws, policies and codes of conduct, including, but not limited to, the Criminal Code (Canada), Hydro's Code of Business Conduct and Ethics, Hydro's Statement of Core Values, Newfoundland and Labrador Conflict of Interest Act, and that at no time will its employees, directors, agents and representatives derive any benefit from this Agreement unless the provision or receipt of such benefit is in full compliance with such laws, policies and codes of conduct.

[Signature Page Follows]

IN WITNESS WHEREOF Hydro and the Customer have each executed this Agreement by causing it to be executed in accordance with its by-laws or regulations and by its duly authorized officers or agents, the day and year first above written.

DULY EXECUTED by **Newfoundland and Labrador Hydro** in accordance with its Regulations or By-Laws in the presence of: ______________________________

______________________________ ______________________________
Witness

DULY EXECUTED by
Marathon Gold Corporation
in accordance with its
By-Laws in the presence of: ______________________________

______________________________ ______________________________
Witness

Schedule A
Specifically Assigned Plant

Specifically Assigned Plant

The Customers Specifically Assigned Plant is as described below:

All assets associated with the safe and reliable delivery of power to the Customer that are located in the extension section (extension for breaker B1L71 and associated equipment) of the Star Lake Terminal Station ("SLK TS") and the transmission line, TL271, up to the interconnection point between Hydro and the Customer. The interconnection point is the termination of transmission line TL271 onto the takeoff structure inside the Valentine Terminal Station ("VLN TS"). The figures in this Schedule indicate the approximate location of the SLK TS extension and the interconnection point at VLN TS. Minor communications equipment that Hydro has installed at the VLN TS for Hydro's SCADA purposes is also included in the Customer's Specifically Assigned Plant.

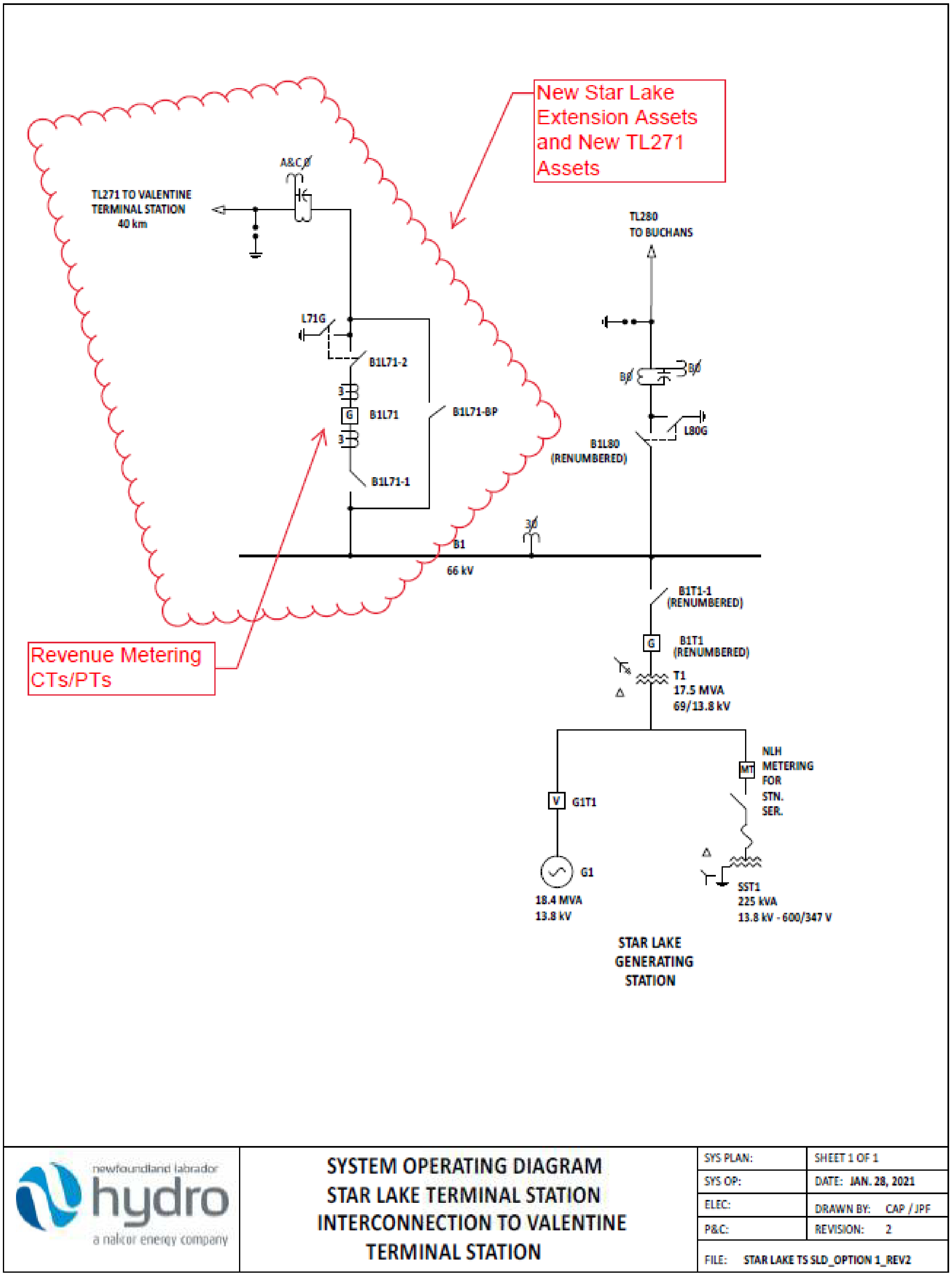

Figure 1: Star Lake Terminal Station (SLK TS) Single Line Diagram

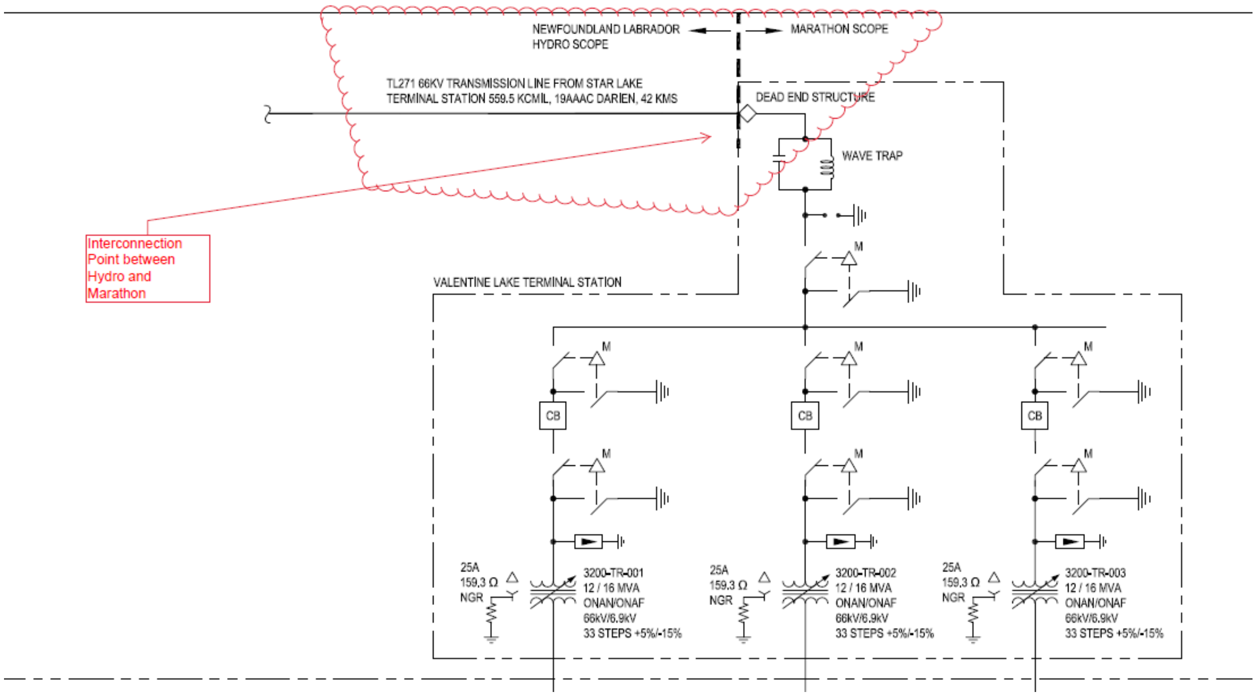

Figure 2: Valentine Terminal Station (VLN TS) Single Line Diagram