

LABRADOR - ISLAND LINK GENERAL PARTNER CORPORATION
CONDENSED INTERIM FINANCIAL STATEMENTS

March 31, 2015

(Unaudited)

DIRECTORS

KEN MARSHALL
President – Atlantic Region
Rogers Communications

EDMUND MARTIN
President and Chief Executive Officer

GERALD SHORTALL
Corporate Director
Chartered Accountant

LIBBY BURNHAM
Lawyer

RON ELLSWORTH
Business Person

OFFICERS

KEN MARSHALL
Chairperson

EDMUND MARTIN
President and Chief Executive Officer

DERRICK STURGE
Vice President, Finance and Chief Financial Officer

GILBERT BENNETT
Vice President, Lower Churchill Project

WAYNE CHAMBERLAIN
General Counsel and Corporate Secretary

PETER HICKMAN
Assistant Corporate Secretary

JAMES MEANEY
General Manager, Finance

AUBURN WARREN
General Manager, Commercial, Treasury and Risk

HEAD AND CORPORATE OFFICE

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Hydro Place, 500 Columbus Drive
St. John's, NL
Canada A1B 0M1

LABRADOR - ISLAND LINK GENERAL PARTNER CORPORATION
STATEMENT OF FINANCIAL POSITION
(Unaudited)

March 31 December 31
2015 2014

As at (thousands of Canadian dollars)

ASSETS

Current assets

Trade and other receivables	1	1
Total assets	1	1

LIABILITIES AND SHAREHOLDER'S DEFICIENCY

Non-current liabilities

Trade and other payables	123	105
Total liabilities	123	105

Shareholder's deficiency

Share capital	1	1
Deficit	(123)	(105)
Total shareholder's deficiency	(122)	(104)
Total liabilities and shareholder's deficiency	1	1

Commitments and contingencies (Note 5)

See accompanying notes

LABRADOR - ISLAND LINK GENERAL PARTNER CORPORATION
STATEMENT OF COMPREHENSIVE LOSS
(Unaudited)

<i>For the period ended March 31 (thousands of Canadian dollars)</i>	Three months ended	
	2015	2014
Operating costs	(18)	(20)
Loss for the period, being the comprehensive loss for the period	(18)	(20)

See accompanying notes

LABRADOR - ISLAND LINK GENERAL PARTNER CORPORATION
STATEMENT OF CHANGES IN SHAREHOLDER DEFICIT
(Unaudited)

<i>(thousands of Canadian dollars)</i>	Share Capital	Deficit	Total
Balance at January 1, 2015	1	(105)	(104)
Loss for the period, being the comprehensive loss for the period	-	(18)	(18)
Balance at March 31, 2015	1	(123)	(122)
Balance at January 1, 2014	1	(70)	(69)
Loss for the period, being the comprehensive loss for the period	-	(20)	(20)
Balance at March 31, 2014	1	(90)	(89)

See accompanying notes

LABRADOR - ISLAND LINK GENERAL PARTNER CORPORATION
STATEMENT OF CASH FLOWS
(Unaudited)

<i>For the period ended March 31 (thousands of Canadian dollars)</i>	Notes	Three months ended	
		2015	2014
Cash provided from (used in)			
Operating activities			
Loss for the period		(18)	(20)
Changes in trade and other payables balances		18	20
Net cash provided from (used in) operating activities		-	-
Net change in cash and cash equivalents		-	-
Cash and cash equivalents, beginning of period		-	-
Cash and cash equivalents, end of period		-	-

See accompanying notes

LABRADOR - ISLAND LINK GENERAL PARTNER CORPORATION
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

1. DESCRIPTION OF BUSINESS

Labrador-Island Link General Partner Corporation (LIL GP or the Company) was incorporated under the laws of Newfoundland and Labrador on July 26, 2012, and is the general partner of the Labrador-Island Link Limited Partnership (LIL LP). The head office of LIL GP is located in St. John's, Newfoundland and Labrador.

LIL GP is a 100% owned subsidiary of Nalcor Energy (Nalcor).

The LIL LP was formed to carry on the business of designing, engineering, constructing, commissioning, owning, financing, operating and maintaining the assets and property constituting the Labrador-Island Link (the LIL). LIL LP has entered into the LIL Lease Agreement and the Transmission Funding Agreement with Labrador-Island Link Operating Corporation (LIL Opco) and Newfoundland and Labrador Hydro (Hydro), both of which are wholly-owned subsidiaries of Nalcor. These agreements effectively provide for a lease of the LIL assets to Hydro. LIL Opco will maintain and operate the LIL on behalf of the LIL LP.

The Company owns the only issued general partner unit of the LIL LP, thereby constituting it the LIL LP general partner. As the general partner, in accordance with the Limited Partnership Agreement relating to the LIL LP and applicable law, the LIL GP has the power to control and manage LIL LP. Labrador-Island Link Holding Corporation (LIL Holdco), a wholly-owned subsidiary of Nalcor, and Emera Newfoundland and Labrador Holdings Inc. (Emera NL) are the limited partners of LIL LP.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance and Basis of Measurement

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and have been prepared using accounting policies consistent with those used in the preparation of the annual audited financial statements for the year ended December 31, 2014.

These condensed interim financial statements do not include all of the disclosures normally found in LIL GP's annual audited financial statements and should be read in conjunction with the annual audited financial statements.

These condensed interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars with all values rounded to the nearest thousand, except when otherwise noted.

3. FINANCIAL INSTRUMENTS

Fair Value

The estimated fair values of financial instruments as at March 31, 2015 and December 31, 2014 are based on relevant market prices and information available at the time. Fair value estimates are based on valuation techniques which are significantly affected by the assumptions used including the amount and timing of future cash flows and discount rates reflecting various degrees of risk. As such, the fair value estimates below are not necessarily indicative of the amounts that LIL GP might receive or incur in actual market transactions.

As a significant number of LIL GP's assets and liabilities do not meet the definition of a financial instrument, the fair value estimates below do not reflect the fair value of LIL GP as a whole.

Establishing Fair Value

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the nature of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

LABRADOR - ISLAND LINK GENERAL PARTNER CORPORATION
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. For assets and liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1, 2 and 3 fair value measurement during the period ended March 31, 2015 and the year ended December 31, 2014.

As of March 31, 2015 and December 31, 2014, the Company did not have any level 2 or 3 financial instruments.

	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
		March 31, 2015		December 31, 2014	
<i>(thousands of Canadian dollars)</i>					
Financial assets					
Trade and other receivables	1	1	1	1	1
Financial liabilities					
Trade and other payables	2	123	123	105	105

The fair value of trade and other receivables and trade and other payables approximate their carrying values due to their short-term maturity.

4. RELATED PARTY TRANSACTIONS

LIL GP enters into various transactions with its parent and other affiliates. These transactions occur within the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties. Related parties with which LIL GP transacts are as follows:

Related Party	Relationship
Nalcor	100% shareholder of LIL GP
LIL LP	Limited partnership between Nalcor and Emera NL
Lower Churchill Management Corporation	100% owned subsidiary of Nalcor
LIL Holdco	100% owned subsidiary of Nalcor and limited partner of LIL LP
Emera NL	Limited partner of LIL LP

5. COMMITMENTS AND CONTINGENCIES

- (a) Under the terms of the Newfoundland and Labrador Development Agreement (NLDA), the Company has certain responsibilities and provisions of duty with which it must comply in its role as the general partner. Any failure of LIL GP to comply with the NLDA will result in Nalcor indemnifying Emera NL for any losses sustained.
- (b) LIL GP is subject to various legal proceedings and claims in the normal course of business. Although the outcome of such actions cannot be predicted with certainty, Management currently believes LIL GP's exposure to such claims and litigation, to the extent not covered by insurance policies or otherwise provided for is not expected to materially affect its financial position.