LABRADOR - ISLAND LINK LIMITED PARTNERSHIP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
September 30, 2017
(Unaudited)

LABRADOR - ISLAND LINK LIMITED PARTNERSHIP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited)

As at (thousands of Canadian dollars)	Notes	**September 30 2017**	December 31 2016
ASSETS			
Current assets			
Cash		**4**	4
Restricted cash		**329,320**	756,167
Current portion of long-term investments	5	**486,093**	28,951
Trade and other receivables		**30,502**	35,229
Advances		**4,946**	14,404
Prepayments		**1,532**	2,184
Total current assets		**852,397**	836,939
Non-current assets			
Property, plant and equipment	3	**3,608,821**	2,756,725
Intangible assets	4	**32,167**	30,182
Long-term investments	5	**196,117**	-
Long-term prepayments		**263**	1,248
Total assets		**4,689,765**	3,625,094
LIABILITIES AND DEFICIENCY			
Current liabilities			
Trade and other payables		**330,176**	576,120
Non-current liabilities			
Long-term debt	6	**3,451,922**	2,400,569
Deferred revenue		**16,100**	16,100
Class A limited partnership units	7	**415,308**	237,092
Class B limited partnership units	7	**481,298**	399,086
Contributions		**10**	10
Total liabilities		**4,694,814**	3,628,977
Partners' deficit			
Deficit		**(5,049)**	(3,883)
Total deficiency		**(5,049)**	(3,883)
Total liabilities and deficiency		**4,689,765**	3,625,094

Commitments and contingencies (Note 12)

See accompanying notes

LABRADOR - ISLAND LINK LIMITED PARTNERSHIP
CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)

For the period ended September 30 (thousands of Canadian dollars)	Notes	**Three months ended**		**Nine months ended**	
		2017	2016	**2017**	2016
Other income	9	**43**	4	**165**	592
Operating costs		**628**	267	**1,331**	435
Total (loss) profit and comprehensive (loss) income for the period		**(585)**	(263)	**(1,166)**	157

See accompanying notes

LABRADOR - ISLAND LINK LIMITED PARTNERSHIP
CONSOLIDATED STATEMENT OF CHANGES IN DEFICIT
(Unaudited)

(thousands of Canadian dollars)	**Allocation to Class A Limited Partner**	**Allocation to Class B Limited Partner**	**Total Deficit**
Balance at January 1, 2017	**(1,899)**	**(1,984)**	**(3,883)**
Total comprehensive loss for the period	**(540)**	**(626)**	**(1,166)**
Balance at September 30, 2017	**(2,439)**	**(2,610)**	**(5,049)**
Balance at January 1, 2016	(1,791)	(1,803)	(3,594)
Total comprehensive income for the period	59	98	157
Balance at September 30, 2016	(1,732)	(1,705)	(3,437)

LABRADOR - ISLAND LINK LIMITED PARTNERSHIP
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

For the period ended September 30 (thousands of Canadian dollars)	Notes	**Three months ended** **2017**	2016	**Nine months ended** **2017**	2016
Operating activities					
(Loss) profit for the period		**(585)**	(263)	**(1,166)**	157
Adjustments for the following non-cash items					
Amortization of long-term prepayments		**56**	546	**985**	1,638
Accretion of long-term debt		**(18)**	(6)	**(36)**	(18)
Changes in non-cash working capital balances	13	**1**	24	**(11)**	(13)
Net cash (used in) provided from operating activities		**(546)**	301	**(228)**	1,764
Investing activities					
Additions to property, plant and equipment	3	**(298,268)**	(349,490)	**(806,166)**	(796,293)
Additions to intangible assets	4	**708**	(75)	**(2,288)**	(360)
Change in advances		**44,685**	233	**9,458**	1,470
Change in investments	5	**(682,210)**	123,983	**(653,259)**	537,362
Changes in non-cash working capital balances	13	**(130,537)**	184,791	**(240,554)**	257,870
Net cash (used in) provided from investing activities		**(1,065,622)**	(40,558)	**(1,692,809)**	49
Financing activities					
Proceeds from long-term debt	6	**-**	-	**1,051,389**	-
Change in restricted cash		**1,008,722**	(1,276)	**426,847**	(117,020)
Increase in Class A limited partnership units	7	**57,445**	4,909	**159,822**	13,417
Increase in Class B limited partnership units	7	**-**	36,624	**54,979**	101,775
Net cash provided from (used in) financing activities		**1,066,167**	40,257	**1,693,037**	(1,828)
Net decrease in cash		**(1)**	-	**-**	(15)
Cash, beginning of period		**5**	5	**4**	20
Cash, end of period		**4**	5	**4**	5
Interest received		**4,651**	2,659	**7,526**	9,802
Interest paid		**3**	2	**45,044**	45,909

See accompanying notes

1. DESCRIPTION OF BUSINESS

Labrador-Island Link Limited Partnership (the Partnership or LIL LP) was formed on July 31, 2012 under the laws of the Province of Newfoundland and Labrador. The Partnership's head office is located at 500 Columbus Drive, St. John's, Newfoundland and Labrador, A1B 0C9, Canada.

The Partnership has two limited partners, Labrador-Island Link Holding Corporation (LIL Holdco), a wholly-owned subsidiary of Nalcor Energy (Nalcor), and Emera Newfoundland and Labrador Island Link Inc. (Emera NL). LIL Holdco holds 75 partnership units (Limited A units) and one Class C unit (Limited C unit) while Emera NL holds 25 partnership units (Limited B units). The Partnership is expected to terminate on December 31, 2081, unless terminated earlier or extended in accordance with the Labrador-Island Link Limited Partnership Agreement (the Partnership Agreement or LIL LPA).

The general partner of the Partnership is Labrador-Island Link General Partner Corporation (the General Partner or LIL GP), a wholly-owned subsidiary of Nalcor. Although the General Partner holds legal title to the assets, the Partnership is the beneficial owner and assumes all risks and rewards of the assets.

The Partnership 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 (LIL). LIL LP has entered into the LIL Lease Agreement and the Transmission Funding Agreement (TFA) 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 Partnership.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance and Basis of Measurement

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting and have been prepared using accounting policies consistent with those used in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2016.

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

These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian Dollars (CAD) with all values rounded to the nearest thousand, except when otherwise noted. The General Partner has delegated the authority to approve the condensed consolidated interim financial statements to the Audit Committee of the Board of Directors of Nalcor, which approved the statements on November 7, 2017.

2.2 Basis of Consolidation

These condensed consolidated interim financial statements include the financial statements of the Partnership and the LIL Construction Project Trust (Project Trust or the IT). Intercompany transactions and balances have been eliminated upon consolidation.

3. PROPERTY, PLANT AND EQUIPMENT

(thousands of Canadian dollars)	Project support assets	Construction in Progress	Total
Cost			
Balance at January 1, 2016	-	1,593,941	1,593,941
Additions	-	1,162,784	1,162,784
Balance at December 31, 2016	-	2,756,725	2,756,725
Additions	**5,788**	**847,091**	**852,879**
Balance at September 30, 2017	**5,788**	**3,603,816**	**3,609,604**
Depreciation			
Balance at January 1, 2016	-	-	-
Depreciation	-	-	-
Balance at December 31, 2016	-	-	-
Depreciation	**783**	**-**	**783**
Balance at September 30, 2017	**783**	**-**	**783**
Carrying value			
Balance at January 1, 2016	-	1,593,941	1,593,941
Balance at December 31, 2016	-	2,756,725	2,756,725
Balance at September 30, 2017	**5,005**	**3,603,816**	**3,608,821**

Capitalized Borrowing Costs

The construction of the LIL is being financed, in part, through the issuance of long-term debt. For the period ended September 30, 2017, $73.1 million (December 31, 2016 - $79.8 million) of borrowing costs were capitalized. The Partnership also capitalized borrowing costs associated with the Limited A units and the Limited B units of $45.6 million (December 31, 2016 - $38.9 million) as non-cash additions to property, plant and equipment.

4. INTANGIBLE ASSETS

(thousands of Canadian dollars)	Computer Software	Assets Under Development	Total
Cost			
Balance at January 1, 2016	1,377	14,658	16,035
Additions	403	15,303	15,706
Balance at December 31, 2016	1,780	29,961	31,741
Additions	**340**	**1,948**	**2,288**
Balance at September 30, 2017	**2,120**	**31,909**	**34,029**
Amortization			
Balance at January 1, 2016	1,236	-	1,236
Amortization	323	-	323
Balance at December 31, 2016	1,559	-	1,559
Amortization	**303**	**-**	**303**
Balance at September 30, 2017	**1,862**	**-**	**1,862**
Carrying value			
Balance at January 1, 2016	141	14,658	14,799
Balance at December 31, 2016	221	29,961	30,182
Balance at September 30, 2017	**258**	**31,909**	**32,167**

Intangible assets consist of computer software costs and assets under development which represent LIL LP's right to collect the costs incurred related to these assets through the LIL Lease Agreement and TFA with LIL Opco and Hydro.

Computer software is amortized on a straight-line basis over their finite useful lives of one year. Amortization of assets under development will commence once LIL LP begins recovering its costs for these assets over the term of the TFA.

5. INVESTMENTS

In December 2013, the IT purchased three structured deposit notes using the proceeds of the advance under the LIL Construction Facility. These investments were fully drawn down in 2017. In July 2017, the IT purchased three additional structured deposit notes using the proceeds of the advance under the LIL Construction Facility. The investments are restricted in nature and are subject to the provisions contained within the LIL Project Finance Agreement (LIL PFA).

As at (thousands of Canadian dollars)	Year of Maturity	**September 30 2017**	December 31 2016
$75.0 million Floating Rate Deposit Note, with interest paid at the one-month Canadian Dollar Offer Rate (CDOR) plus 0.38%.	2017	**-**	28,951
$75.0 million Floating Rate Deposit Note, with interest paid at the one-month CDOR plus 0.20%.	2019	**75,000**	-
$182.9 million Amortizing Floating Rate Deposit Note, with interest paid at the one-month CDOR plus 0.20%.	2019	**151,803**	-
$548.6 million Amortizing Fixed Rate Deposit Note, with interest paid at a rate of 1.644% per annum.	2019	**455,407**	-
Long-term investments, end of period		**682,210**	28,951
Less: redemptions to be received within one year		**486,093**	28,951
		196,117	-

6. LONG-TERM DEBT

The following table represents the value of long-term debt measured at amortized cost:

As at (thousands of Canadian dollars)	Face Value	Coupon Rate %	Year of Issue	Year of Maturity	**September 30 2017**	December 31 2016
Tranche A	725,000	3.76	2013	2033	**725,245**	725,257
Tranche B	600,000	3.86	2013	2045	**600,100**	600,103
Tranche C	1,075,000	3.85	2013	2053	**1,075,204**	1,075,209
Tranche 1-10	105,000	1.14-1.75	2017	2020-2025	**105,026**	-
Tranche 11-20	105,000	1.84-2.37	2017	2025-2030	**105,033**	-
Tranche 21-30	105,000	2.41-2.64	2017	2030-2035	**105,057**	-
Tranche 31-40	105,000	2.66-2.80	2017	2035-2040	**105,114**	-
Tranche 41-50	105,000	2.81-2.86	2017	2040-2045	**105,117**	-
Tranche 51-60	105,000	2.84-2.86	2017	2045-2050	**105,146**	-
Tranche 61-70	105,000	2.85	2017	2050-2055	**105,210**	-
Tranche 71-74	315,000	2.85	2017	2055-2057	**315,670**	-
Total debentures	3,450,000				**3,451,922**	2,400,569

On May 10, 2017, the IT, the Labrador-Island Link Funding Trust (LIL Funding Trust), LIL LP, LIL Opco and the Collateral Agent executed second amendments to the IT Project Financing Agreement (IT PFA) and the LIL PFA. Under the terms and conditions of the second amended IT PFA, the LIL Funding Trust agreed to provide an additional non-revolving credit facility in the amount of $975 million, as well as a $75 million working capital revolving facility, to the IT. These facilities, available in a series of 74 bonds with maturities of every six months beginning in December 2020, were fully drawn down by the IT on May 25, 2017 by way of a single advance to an account administered by a Collateral Agent. LIL LP draws funds from this account on a monthly basis in accordance with procedures set out in the LIL PFA. The financing of the LIL Funding Trust benefits from a direct, absolute, unconditional and irrevocable guarantee from Canada, and thereby carry its full faith and credit (AAA rating or equivalent). Under the terms of the additional guarantee from the Government of Canada, LIL LP agrees to pay an annual guarantee fee starting in May 2018 equal to 0.5% of the average balance outstanding on Tranches 1 through 74 for the prior twelve months.

As security for these debt obligations, LIL LP has granted to the Collateral Agent first ranking liens on all present and future assets. Sinking funds are required to be set up for these debentures to be held in a sinking fund account under the control of the Collateral Agent.

Sinking fund installments due for the next five years for the 12 month period ended September 30 are as follows:

(thousands of Canadian dollars)	2018	2019	2020	2021	2022
Sinking fund instalments	-	-	-	55,769	55,769

7. LIMITED PARTNERSHIP UNITS

Debt and equity instruments issued by the Partnership are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Partnership has four classes of units; Class A, Class B, Class C and the General Partner unit. The Class A and B unit holders and the General Partner are each entitled to voting rights, mandatory distributions and allocations of profit and loss as provided by the terms of the Partnership Agreement. The Class C unit holder is not entitled to voting rights, distributions or allocations of profit and loss, but may share in the remaining assets of the Partnership in a liquidation after full recovery of the outstanding capital accounts of the Limited A and Limited B units.

7.1 Description of the Class A and Class B Limited Partnership Units

The Class A and Class B limited partnership units issued to the limited partners represent LIL Holdco's and Emera NL's interests in the Partnership, respectively. As described in the Partnership Agreement, these units have certain rights and obligations, including mandatory distributions, that indicate that the substance of the units represent a financial liability and are measured at amortized cost using the effective interest method. The return on the units is classified as a finance expense. All finance expenses associated with the units have been capitalized.

7.2 Class A Limited Partnership Units

		September 30		December 31
As at (thousands of Canadian dollars)	**Units**	**2017**	Units	2016
Class A limited partnership units, beginning of period	**75**	**237,092**	75	168,950
Contributions	**-**	**159,822**	-	52,840
Accrued interest	**-**	**18,394**	-	15,302
Class A limited partnership units, end of period	**75**	**415,308**	75	237,092

7.3 Class B Limited Partnership Units

As at (thousands of Canadian dollars)	**Units**	**September 30 2017**	Units	December 31 2016
Class B limited partnership units, beginning of period	**25**	**399,086**	25	207,396
Contributions	**-**	**54,979**	-	168,132
Accrued interest	**-**	**27,233**	-	23,558
Class B limited partnership units, end of period	**25**	**481,298**	25	399,086

8. NET FINANCE (INCOME) EXPENSE

	Three months ended		**Nine months ended**	
For the period ended September 30 (thousands of Canadian dollars)	**2017**	2016	**2017**	2016
Finance income				
Interest on investments	**2,174**	828	**2,222**	4,657
Other interest income	**1,648**	1,848	**4,920**	5,210
	3,822	2,676	**7,142**	9,867
Finance expense				
Interest and fees on long-term debt	**31,516**	22,952	**80,212**	68,852
Interest on limited partnership units	**17,678**	9,489	**45,627**	27,117
Bank charges	**3**	(7)	**8**	-
	49,197	32,434	**125,847**	95,969
Interest capitalized during construction	**(45,375)**	(29,758)	**(118,705)**	(86,102)
	3,822	2,676	**7,142**	9,867
Net finance (income) expense	**-**	-	**-**	-

9. OTHER INCOME

	Three months ended		**Nine months ended**	
For the period ended September 30 (thousands of Canadian dollars)	**2017**	2016	**2017**	2016
Realized foreign exchange (gain) loss	**(13)**	1	**(258)**	(239)
Unrealized foreign exchange (gain) loss	**(30)**	(5)	**93**	(353)
Other income	**43**	4	**165**	592

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

10.1 Fair Value

The estimated fair values of financial instruments as at September 30, 2017 and December 31, 2016 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 disclosed are not necessarily indicative of the amounts that LIL LP might receive or incur in actual market transactions.

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

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 Partnership 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 measurements during the periods ended September 30, 2017 and December 31, 2016.

	Level	Category	Carrying Value	Fair Value	Carrying Value	Fair Value
As at (thousands of Canadian dollars)			**September 30, 2017**		December 31, 2016	
Financial assets						
Investments	**2**	**HTM[1]**	**682,210**	**682,210**	28,951	28,949
Financial liabilities						
Long-term debt	**2**	**OFL[2]**	**3,451,922**	**3,689,668**	2,400,569	2,715,343
Class A limited partnership units	**3**	**OFL[2]**	**415,308**	**415,308**	237,092	237,092
Class B limited partnership units	**3**	**OFL[2]**	**481,298**	**481,298**	399,086	399,086

[1]Held-to-maturity investments
[2]Other financial liabilities

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

The fair values of Level 2 financial instruments are determined using quoted prices in active markets, which in some cases are adjusted for factors specific to the asset or liability. Level 2 fair values of long-term debt are determined using observable inputs other than unadjusted quoted prices, such as interest rate yield curves.

The Class A and Class B limited partnership units are carried at amortized cost, calculated using the effective interest method, which approximates fair value. The effective interest rate is defined in the Newfoundland and Labrador Development Agreement as Emera NL's rate of return on equity, and is equal to the rate approved by the Newfoundland and Labrador Board of Commissioners of Public Utilities for privately-owned regulated electrical utilities. Due to the unobservable nature of the effective interest rate and resulting discounted cash flows associated with the units, the instruments have been classified as Level 3.

The table below sets forth a summary of changes in fair value of the Partnership’s Level 3 financial liabilities given a percent change in the discount rate while holding other variables constant:

(thousands of Canadian dollars)	1% increase in discount rate	1% decrease in discount rate
Class A limited partnership units	(9,362)	9,077
Class B limited partnership units	(9,159)	8,989
Total	(18,521)	18,066

10.2 Risk Management

The Partnership is exposed to certain credit, liquidity and market price risks through its operating, financing and investing activities. Financial risk is managed in accordance with a Board-approved policy, which outlines the objectives and strategies for the management of financial risk. Permitted financial risk management strategies are aimed at minimizing the volatility of the Partnership’s expected future cash flows.

Credit Risk

The Partnership's expected future cash flows are exposed to credit risk through financing activities, primarily due to the potential for non-performance by counterparties to its financial instruments. Credit risk on cash and cash equivalents, restricted cash and investments is minimal, as the Partnership's deposits are held by Canadian Schedule 1 Chartered Banks with ratings of A, A+ and AA- (Standard and Poor's). The degree of exposure to credit risk on trade and other receivables and advances is determined by the financial capacity and stability of the counterparties whereby the maximum risk is represented by their carrying value on the Consolidated Statement of Financial Position at the reporting date.

Liquidity Risk

The Partnership is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. Liquidity risk management activities are directed at ensuring cash is available to meet those obligations as they become due. Short-term liquidity is provided through restricted cash, cash and cash equivalents on hand and partnership contributions. The Partnership can access the funds drawn down from the LIL Construction Facility and partnership contributions for the payment of construction costs as well as interest payments.

The following are the contractual maturities of the Partnership's financial liabilities, including principal, sinking fund and interest, as at September 30, 2017:

(thousands of Canadian dollars)	< 1 Year	1-3 Years	3-5 Years	> 5 Years	Total
Trade and other payables	330,176	-	-	-	330,176
Long-term debt (including interest and sinking fund)	119,063	238,127	391,116	6,037,930	6,786,236
Unit A partnership units	-	-	101,224	1,661,106	1,762,330
Unit B partnership units	-	-	117,308	1,925,043	2,042,351
	449,239	238,127	609,648	9,624,079	10,921,093

Market Risk

In the course of carrying out its operating, financing and investing activities, the Partnership is exposed to possible market price movements that could impact expected future cash flow and the carrying value of certain financial assets and liabilities.

Interest Rates

Changes in prevailing interest rates will impact the fair value of financial assets and liabilities. Expected future cash flows from these assets and liabilities are also impacted in certain circumstances.

Foreign Currency and Commodity Exposure

The Partnership does not hold any financial instruments whose value would vary due to changes in a commodity price or fluctuations in foreign currency exchange rates. Cash flow exposure to commodity price and foreign exchange risk arises primarily through investing activities, most notably US dollar denominated capital expenditures, and regular procurement activities. Exposure arising from capital expenditures is evaluated on a case by case basis. Where possible, contracts are denominated in CAD.

11. RELATED PARTY TRANSACTIONS

LIL LP enters into various transactions with its partner 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 LP transacts are as follows:

Related Party	Relationship
LIL Holdco	Limited Partner holding 75 Class A limited partnership units of LIL LP
Emera NL	Limited Partner holding 25 Class B limited partnership units of LIL LP
Nalcor	100% shareholder of LIL Holdco
Labrador Transmission Corporation (Labrador Transco)	Wholly-owned subsidiary of Nalcor
LIL GP	Wholly-owned subsidiary of Nalcor, general partner of LIL LP
LIL Opco	Wholly-owned subsidiary of Nalcor
Lower Churchill Management Corporation (LCMC)	Wholly-owned subsidiary of Nalcor
Muskrat Falls Corporation (Muskrat Falls)	Wholly-owned subsidiary of Nalcor

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

(a) As at September 30, 2017, LIL LP has related party payables totaling $25.3 million (December 31, 2016 - $6.9 million) with LCMC, Muskrat Falls, Labrador Transco and Nalcor. These payables consist of various intercompany operating and construction costs.

(b) During 2017, LIL LP had incurred costs of $1.9 million (September 30, 2016 - $13.7 million) related to assets under development which LIL LP controls the right to collect costs through the LIL Lease Agreement and TFA with LIL Opco and Hydro.

12. COMMITMENTS AND CONTINGENCIES

(a) The Partnership is required to make mandatory distributions in accordance with the Partnership Agreement. The amount of periodic distributions will be determined by the General Partner and will commence following commissioning of the LIL.

(b) As part of the LIL PFA, the Partnership has pledged its current and future assets as security to the Collateral Agent. Under the terms and conditions of the IT PFA, the Partnership has also provided a guarantee of the IT's payment obligations to the Collateral Agent for the benefit of the LIL Funding Trust.

(c) LIL LP is subject to legal proceedings in the normal course of business. Although the outcome of such actions cannot be predicted with certainty, Management currently believes LIL LP'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.

(d) Outstanding commitments for capital projects, total approximately $232.6 million (December 31, 2016 - $598.8 million).

13. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended		Nine months ended	
For the period ended September 30 (thousands of Canadian dollars)	**2017**	2016	**2017**	2016
Trade and other receivables	**7,452**	(1,357)	**4,727**	5,627
Prepayments	**489**	-	**652**	-
Trade and other payables	**(138,477)**	186,172	**(245,944)**	252,230
Changes in non-cash working capital balances	**(130,536)**	184,815	**(240,565)**	257,857
Related to:				
Operating activities	**1**	24	**(11)**	(13)
Investing activities	**(130,537)**	184,791	**(240,554)**	257,870
	(130,536)	184,815	**(240,565)**	257,857