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June 20, 2011

BNY Trust Company of Canada

The Honourable Joe Oliver
Minister of Natural Resources
Natural Resources Canada
Minister's Office
580 Booth Street, 21st Floor, Room C7-1
Ottawa, Ontario K1A 0E4

Mr. Ken Nash, President
Nuclear Waste Management Organization
22 St. Clair Avenue East, 6th Floor
Toronto, Ontario M4T 2S3

Subject: Audited Financial Statements – Nuclear Fuel Waste Trust

Hon. Oliver and Mr. Nash:

Under section 23(2) of the Nuclear Fuel Waste Act, audited financial statements are required to be sent to you. I am pleased to enclose the audited financial statements of the Nuclear Fuel Waste Trust (English & French) for the fiscal year ending March 31, 2011.

Should you have any questions, please do not hesitate to contact me directly.

Sincerely,

Moran Chiu (Ms)
Relationship Manager
BNY Trust Company of Canada
The Bank of New York Mellon – Global Trust Services
320 Bay Street, 11th Floor
Toronto, ON M5H 4A6
Tel: (416) 933-8526
Fax: (416) 360-1711
E-mail: moran.chiu@bnymellon.com

cc: Ms. Kathleen Hollington, Senior Policy Advisor
Mr. David McCauley, Director
Uranium and Radioactive Waste Division
Natural Resources Canada

Mr. Leonard Lee-White, ADM
Treasury Division - Dept. of Finance, Province of New Brunswick

Mr. Darren Murphy, NB Power Group – no enclosure
Mr. Jonathan Dobson, NB Power Holding Corporation – no enclosure

Encl: a/s

Financial Statements of

**NEW BRUNSWICK POWER NUCLEAR CORPORATION -
NUCLEAR FUEL WASTE TRUST**

For the year ended March 31, 2011



Deloitte & Touche LLP
Brunswick House
44 Chipman Hill, 7th Floor
P.O. Box 6549
Saint John NB E2L 4R9
Canada
Tel: (506) 632-1080
Fax: (506) 632-1210
www.deloitte.ca

Independent Auditor's Report

To the Trustee of New Brunswick Power Nuclear Corporation-Nuclear Fuel Waste Trust:

We have audited the accompanying financial statements of the New Brunswick Power Nuclear Corporation – Nuclear Fuel Waste Trust (the “Trust”), which comprise the statement of assets as at March 31, 2011 and the statements of operations and comprehensive income and changes in assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2011 and the results of the operations and changes in the assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 10, 2011
Saint John, New Brunswick, Canada

**NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR
FUEL WASTE TRUST**

**Statement of Assets
as at March 31, 2011
(in thousands)**

	2011	2010
ASSETS		
INVESTMENTS		
Cash (Note 4)	\$ 1	\$ 4,120
Investments (Note 4)	76,131	62,479
	76,132	66,599
OTHER		
Accrued interest receivable (Note 4)	384	334
TOTAL ASSETS	\$ 76,516	\$ 66,933

**NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR
FUEL WASTE TRUST**

**Statement of Operations and Comprehensive Income
for the year ended March 31, 2011
(in thousands)**

	2011	2010
Interest income	\$ 2,981	\$ 2,534
INCOME FROM OPERATIONS	2,981	2,534
Other comprehensive income		
Change in unrealized gains on available-for-sale investments:		
Unrealized gains arising during the year (Note 4)	2,144	1,531
COMPREHENSIVE INCOME	\$ 5,125	\$ 4,065

**NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR
FUEL WASTE TRUST**

**Statement of Changes in Assets
for the year ended March 31, 2011
(in thousands)**

		2011		2010
ASSETS, BEGINNING OF YEAR	\$	66,933	\$	48,828
Contributions		4,458		14,040
Increase in assets from operations		2,981		2,534
Increase in assets from other comprehensive income		2,144		1,531
ASSETS, END OF YEAR	\$	76,516	\$	66,933

NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR FUEL WASTE TRUST

**Notes to the Financial Statements
for the year ended March 31, 2011
(in thousands)**

1. DESCRIPTION OF THE TRUST

As required under the Nuclear Fuel Waste Act (NFWA), owners of nuclear fuel waste established, by incorporation, the Nuclear Waste Management Organization (NWMO). The NWMO will report regularly to the Government of Canada and make recommendations on long-term management of nuclear fuel waste.

The *Nuclear Fuel Waste Act* requires major owners of used nuclear fuel in Canada to establish trust funds to finance the long-term management of used nuclear fuel. In June 2007, the Government of Canada announced its decision to accept the long-term disposal plan proposed by the NWMO. The funding requirement is based on the accepted proposal and was approved on April 7, 2009. The funding requirement for 2010/11 was \$4.0 million (\$10.5 million in 2009/10).

The Trustee of the Trust is CIBC Mellon Trust Company. The NWMO is the beneficiary of the Trust. The Trust, the Point Lepreau Used Fuel Management Segregated Fund and the Point Lepreau Decommissioning Segregated Fund collectively have been accepted by the Canadian Nuclear Safety Commission as satisfaction of New Brunswick Power Nuclear Corporation's (Nuclearco's) financial guarantee requirement in the operating license.

The financial statements present the assets of the Trust as at March 31, 2011 and the statements of operations and comprehensive income and changes in assets for the year then ended.

NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR FUEL WASTE TRUST

Notes to the Financial Statements
for the year ended March 31, 2011
(in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Trust have been prepared by management in accordance with Canadian generally accepted accounting principles.

Payments in lieu of future income taxes

Payments in lieu of future income taxes are the liability of Nuclearco, the holder of the investments, and have been recognized in the records of Nuclearco.

Financial instruments

Financial assets are initially recognized at fair value, and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Trust's designation of such instruments.

Settlement date accounting is used.

Classification

Cash	Held-for-trading
Accrued interest receivable	Loans and receivables
Investments	Available-for-sale

Held-for-trading

Held-for-trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the statement of assets. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in income.

NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR FUEL WASTE TRUST

Notes to the Financial Statements
for the year ended March 31, 2011
(in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, or held for trading investments. Available-for-sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized when the cumulative gain or loss is transferred to income.

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Effective interest method

The Trust uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums or discounts earned or incurred for financial instruments.

3. CHANGES IN ACCOUNTING POLICIES

Future accounting changes

International Financial Reporting Standards (IFRS)

The Trust's statements will be prepared under IFRS, beginning April 1, 2012 with one year's comparatives. Changes are expected to be minimal.

NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR FUEL WASTE TRUST

Notes to the Financial Statements
for the year ended March 31, 2011
(in thousands)

4. INVESTMENTS

Investments are comprised of cash and Federal and Provincial Bonds as follows:

	2011	2010
Cash	\$ 1	\$ 4,120
Accrued interest receivable	384	334
Investments	76,131	62,479
	\$ 76,516	\$ 66,933

Investments include a mark-to-market unrealized gain of \$2,940 at March 31, 2011, as compared to a mark-to-market unrealized gain of \$794 at March 31, 2010. The change from year to year is recorded in other comprehensive income.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Trust, through its financial assets, has exposure to the following risks from its use of financial instruments: credit risk and interest rate risk.

Credit risk

The Trust's principal financial assets are cash, investments and accrued interest receivable, which are subject to credit risk. The carrying amounts of financial assets on the statement of assets represent the Trusts' maximum credit exposure at the statement of assets date.

The credit risk on cash, investments and accrued interest receivable is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies. Additionally the credit risk on investments is limited because the bonds are issued by federal and provincial governments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust has interest rate risk exposure as changes in interest rates directly affect the value of the Trust's investments.

A 0.5% increase or decrease in interest rates would cause a corresponding change of approximately \$4,332 in the value of the investments.

**NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR
FUEL WASTE TRUST**

**Notes to the Financial Statements
for the year ended March 31, 2011
(in thousands)**

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair value

The fair value of cash and accrued interest receivable approximate their carrying values due to their short-term maturity. The financial instruments carried at fair value are classified using a fair value hierarchy which has 3 levels as follows

Hierarchy Level	Fair values are determined	Includes these financial instruments
1	using inputs that are quoted prices in active markets for identical assets or liabilities	<ul style="list-style-type: none">• the Nuclear Fuel Waste Trust
2	using internal models using observable market prices as inputs	The Trust currently does not have any fair values in level 2
3	based on internal models using inputs that are not based on observable market data	The Trust currently does not have any fair values in level 3

Financial Statements of

**NEW BRUNSWICK POWER NUCLEAR CORPORATION -
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For the year ended March 31, 2011



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NEW BRUNSWICK POWER NUCLEAR CORPORATION - NUCLEAR FUEL WASTE TRUST

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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3	based on internal models using inputs that are not based on observable market data	The Trust currently does not have any fair values in level 3