Financial Statements of

NEW BRUNSWICK POWER CORPORATION – NUCLEAR FUEL WASTE TRUST

For the year ended March 31, 2015
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 New Brunswick Power Nuclear Corporation – Nuclear Fuel Waste Trust, which comprise the statement of assets as at March 31, 2015 and 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 International Financial Reporting Standards, 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. 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 audit 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 New Brunswick Power Nuclear Corporation – Nuclear Fuel Waste Trust as at March 31, 2015 and the results of the operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants
June 25, 2015
NEW BRUNSWICK POWER CORPORATION - NUCLEAR FUEL WASTE TRUST  
Statement of Assets  
as at March 31, 2015  
(in thousands)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>INVESTMENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (Note 4)</td>
<td>$ 1</td>
<td>$ -</td>
</tr>
<tr>
<td>Investments (Note 4)</td>
<td>131,377</td>
<td>107,400</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>131,378</td>
<td>107,400</td>
</tr>
<tr>
<td>OTHER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued interest receivable (Note 4)</td>
<td>773</td>
<td>662</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$ 132,151</td>
<td>$ 108,062</td>
</tr>
</tbody>
</table>
## Statement of Operations and Comprehensive Income

for the year ended March 31, 2015

(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>$ 3,829</td>
<td>$ 3,706</td>
</tr>
<tr>
<td><strong>INCOME FROM OPERATIONS</strong></td>
<td>3,829</td>
<td>3,706</td>
</tr>
</tbody>
</table>

Other comprehensive income

<table>
<thead>
<tr>
<th>Change in unrealized gains and losses on available-for-sale investments:</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gains (loss) arising during the year</td>
<td>13,940</td>
<td>(4,053)</td>
</tr>
</tbody>
</table>

**COMPREHENSIVE INCOME (LOSS)**

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 17,769</td>
<td>$ (347)</td>
</tr>
</tbody>
</table>
NEW BRUNSWICK POWER CORPORATION - NUCLEAR FUEL WASTE TRUST
Statement of Changes in Assets
for the year ended March 31, 2015
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS, BEGINNING OF YEAR</td>
<td>$108,062</td>
<td>$103,489</td>
</tr>
<tr>
<td>Contributions</td>
<td>6,320</td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>4,920</td>
</tr>
<tr>
<td>Income from operations</td>
<td>3,829</td>
<td>3,706</td>
</tr>
<tr>
<td>Increase (decrease) in assets from other comprehensive income (loss)</td>
<td>13,940</td>
<td>(4,053)</td>
</tr>
<tr>
<td>ASSETS, END OF YEAR</td>
<td>$132,151</td>
<td>$108,062</td>
</tr>
</tbody>
</table>
NEW BRUNSWICK POWER CORPORATION - NUCLEAR FUEL WASTE TRUST  
Notes to the Financial Statements  
for the year ended March 31, 2015  
(in thousands)

1. DESCRIPTION OF THE TRUST

On October 1, 2013, upon proclamation of the new Electricity Act, New Brunswick Power Nuclear Corporation amalgamated with New Brunswick Power Corporation, as such the Nuclear Fuel Waste Trust funds (the “Trust”) are now held by New Brunswick Power Corporation.

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 NFWA 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 2014/15 was $6.0 million ($5.0 million in 2013/14).

The Trustee of the Trust is BNY Mellon Trust Company. The address of the Trustee’s registered office is 320 Bay Street, 11th Floor / AIM N16-01A0 Toronto, Ontario M5H 4A6.

The NWMO is the beneficiary of the Trust. The Trust has been accepted by the Canadian Nuclear Safety Commission as satisfaction of New Brunswick Power Corporation’s financial guarantee requirement in the operating license.

The financial statements present the assets of the Trust as at March 31, 2015 and the statements of operations and comprehensive income and changes in assets for the year then ended.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Trust have been prepared by management in accordance with International Financial Reporting Standards.

Statement of compliance

The financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and interpretations adopted by the International Accounting Standards Board (“IASB”).

The financial statements of the Trust were authorized for issue by the Trustee in June 2015.

Basis of Measurement

The financial statements of the Trust have been prepared on the historical cost basis except for available-for-sale financial assets that are measured at fair value. The financial report has been prepared on a going concern basis.

Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the Trust’s functional currency. The financial statements of the Trust have been rounded off to the nearest thousand dollars, unless otherwise stated.

Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of the assets, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable when making the judgment about carrying values of assets that are not readily apparent from other sources. Actual results may differ materially from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in Note 5.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets are initially recognized at fair value (determined using quoted prices in active markets) 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

<table>
<thead>
<tr>
<th>Classification</th>
<th>Loans and receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>Loans and receivables</td>
</tr>
<tr>
<td>Investments</td>
<td>Available-for-sale</td>
</tr>
</tbody>
</table>

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, held to maturity or held for trading investments. Except as mentioned below, 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 non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including receivables, bank balances and cash, are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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

The following standards or amendments, applicable to the Trust, have been issued but are not yet effective. They have not been adopted early by the Trust.

IFRS 9, Financial Instruments: The standard is the first part of a multi-phase project to replace IAS 39, Financial Instruments: Recognition and Measurement. The standard contains chapters on recognition, classification, and measurement, de-recognition of financial assets and liabilities, and hedge accounting. The Trust must apply IFRS 9, Financial Instruments for its annual periods beginning on 1 April 2018. Earlier application is permitted.

4. INVESTMENTS

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

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
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<tr>
<td>Cash</td>
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<td>$ 108,062</td>
</tr>
</tbody>
</table>

Investments include an accumulated mark-to-market unrealized gain of $23,708 at March 31, 2015, as compared to a mark-to-market unrealized gain of $9,768 at March 31, 2014. These are 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 Trust's 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 0.25% increase or decrease in interest rates would cause a corresponding change of approximately $3.7 million in the value of the investments.

Fair Value

The fair value of cash and accrued interest receivable approximates 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 three levels as follows

<table>
<thead>
<tr>
<th>Hierarchy Level</th>
<th>Fair values are determined</th>
<th>Includes these financial instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>using inputs that are quoted prices in active markets for identical assets or liabilities</td>
<td>the Nuclear Fuel Waste Trust</td>
</tr>
<tr>
<td>2</td>
<td>using internal models using observable market prices as inputs</td>
<td>the Trust currently does not have any financial instruments in level 2</td>
</tr>
<tr>
<td>3</td>
<td>based on internal models using inputs that are not based on observable market data</td>
<td>the Trust currently does not have any financial instruments in level 3</td>
</tr>
</tbody>
</table>