

**SCHEDULE 5
PROJECT WORK DEFECTS AND WARRANTIES**

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**PART 1
PROJECT WORK DEFECTS**

1.1 Representation, Warranty and Covenant as to Project Work

Project Co represents and warrants to and covenants with the Province that:

- (a) all Design, Construction and other Project Work provided, performed or carried out by or on behalf of Project Co pursuant to this Agreement and (to the extent constructed, installed, altered, upgraded or augmented by the carrying out of the Project Work or to the extent, in order to comply with its obligations under this Agreement, any component thereof ought to have been constructed, installed, altered, upgraded or augmented by the carrying out of the Project Work) all Project Infrastructure shall conform to, comply with and satisfy all of the requirements of this Agreement, Good Industry Practice and all professional engineering principles generally accepted as standards of the industry in the Province of British Columbia;
- (b) the Project Work and (to the extent constructed, installed, altered, upgraded or augmented by the carrying out of the Project Work or to the extent, in order to comply with its obligations under this Agreement, any component thereof ought to have been constructed, installed, altered, upgraded or augmented by the carrying out of the Project Work) the Project Infrastructure shall be free of defects; and
- (c) all materials furnished under this Agreement shall be of good quality and fit for the intended purpose.

1.2 Project Work Defects

- (a) Any defect which Project Co is obligated to repair and remediate pursuant to this Agreement and any deficiency, defect or error in the Project Work or (to the extent constructed, installed, altered, upgraded or augmented by the carrying out of the Project Work or to the extent, in order to comply with its obligations under this Agreement, any component thereof ought to have been constructed, installed, altered, upgraded or augmented by the carrying out of the Project Work) the Project Infrastructure or non-compliance with the requirements of this Agreement (including the representations, warranties and covenants in Section 1.1 [Representation, Warranty and Covenant as to Project Work] of this Schedule) shall be referred to as a “**Project Work Defect**”.
- (b) For certainty, Latent Project Work Defects, shall be Project Work Defects.

**PART 2
WARRANTIES**

2.1 Project Work Defect Warranty

Without limiting or derogating from the other warranty obligations of Project Co contained in this Agreement (including this Schedule), Project Co, at its own cost and expense (but without prejudice to the Province’s obligations under Section 3.1(d) of this Schedule), shall correct to the satisfaction of the Province, acting reasonably, as required by and in accordance with Section 2.3 [Correction of Project

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Work Defects] of this Schedule, all Project Work Defects (other than in respect of the Fish Habitat Off-Setting) arising during the General Project Work Defect Warranty Period.

2.1A Fish Habitat Off-Setting Warranty

Without limiting or derogating from the other warranty obligations of Project Co contained in this Agreement (including this Schedule), Project Co, at its own cost and expense (but without prejudice to the Province's obligations under Section 3.1(d) of this Schedule), shall correct to the satisfaction of the Province, acting reasonably, as required by and in accordance with Section 2.3 [Correction of Project Work Defects] of this Schedule, all Project Work Defects in respect of the Fish Habitat Off-Setting arising during the Fish Habitat Off-Setting Warranty Period.

2.2 Latent Project Work Defect Warranty

- (a) At least three months prior to the end of the:
 - (i) General Project Work Defect Warranty Period, the Province and Project Co shall conduct a joint inspection of all of the Project Work (other than the Fish Habitat Off-Setting); and
 - (ii) Fish Habitat Off-Setting Warranty Period, the Province and Project Co shall conduct a joint inspection of all of the Fish Habitat Off-Setting,

in each case to identify all applicable Project Work Defects which are identifiable on visible inspection and in order to compile a list of any such Project Work Defects, which shall be corrected by Project Co in accordance with Section 2.3 [Correction of Project Work Defects] of this Schedule. Project Co shall prepare and submit each such list to the Province's Representative, pursuant to the Consent Procedure, within ten Business Days following the completion of such joint inspection.

- (b) Without limiting or derogating from the other warranty obligations of Project Co contained in this Agreement, Project Co at its own cost and expense shall correct to the satisfaction of the Province, acting reasonably, as required by and in accordance with Section 2.3 [Correction of Project Work Defects] of this Schedule, any and all Project Work Defects which were not identified, and could not reasonably have been identified in accordance with Good Industry Practice, during the inspections contemplated by Section 2.2(a) of this Schedule (each a "**Latent Project Work Defect**"), provided that the Province gives Project Co written notice of each Latent Project Work Defect within the time frame applicable to such Latent Project Work Defect pursuant to the *Limitation Act* (British Columbia).
- (c) The Province will use all reasonable efforts to provide notice of a Latent Project Work Defect to Project Co within a reasonable period of time following the Province becoming aware of such Latent Project Work Defect, provided that no delay by the Province in providing such notice shall relieve Project Co of its obligation to remedy such Latent Project Work Defect in accordance with Section 2.3 [Correction of Project Work Defects] of this Schedule.

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2.3 Correction of Project Work Defects

- (a) As soon as reasonably practicable, and in any event within ten Business Days after the earlier to occur of Project Co becoming aware of a Project Work Defect required to be corrected pursuant to Section 2.1 [Project Work Defect Warranty], Section 2.1A [Fish Habitat Off-Setting Warranty] or Section 2.2 [Latent Project Work Defect Warranty] of this Schedule and receipt by Project Co of written notice from the Province specifying such a Project Work Defect, Project Co shall propose when and how Project Co shall remedy such Project Work Defect, which proposal shall be to the satisfaction of the Province, acting reasonably, provided that, in case of an Emergency requiring immediate corrective action, the provisions of Section 11.4 [Province's Emergency Rights] shall apply.
- (b) If Project Co becomes aware of a Project Work Defect of which it has not been previously been notified by the Province, Project Co shall notify the Province thereof in writing within five Business Days.
- (c) If Project Co does not correct a Project Work Defect in accordance with Section 2.3(a) of this Schedule within the agreed time, or should Project Co fail to provide a proposal within the ten Business Day period referred to in Section 2.3(a) of this Schedule or fail to provide a proposal satisfactory to the Province in accordance with Section 2.3(a) of this Schedule, or should the Province disapprove of the actions being taken by Project Co in the case of emergency conditions, notwithstanding anything to the contrary contained in this Agreement and without limiting the rights of the Province pursuant to Part 11 [Province's Access, Monitoring and Step-In Rights], the Province may, upon five Business Days' written notice to Project Co, perform some or all of the remedial Project Work required to correct or eliminate such Project Work Defect, either through its own forces or through the use of contractors designated by the Province, in which case all reasonable direct costs incurred by the Province (including costs of the Province's own personnel, materials and services) in remedying such Project Work Defect shall be payable on demand by Project Co to the Province, provided that:
 - (i) if, prior to the expiry of the General Project Work Defect Warranty Period, Project Co fails on demand either to pay any such costs to the Province or satisfy any Claim made by the Province pursuant to Section 9.1 (including Section 9.1(d)(viii)) in respect of a Project Work Defect (other than in respect of the Fish Habitat Off-Setting), the Province shall be entitled to discharge the relevant claim for such costs by:
 - (A) applying an amount from the Warranty Holdback (whether, in accordance with this Agreement, deducted from the SC1 Substantial Completion Payment or taken into account in the calculation of any termination sum in accordance with Schedule 13 [Compensation on Termination]); and/or
 - (B) if a Letter of Credit has been provided by Project Co in lieu of the Province retaining the Warranty Holdback, making a demand under such Letter of Credit;

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up to an amount in aggregate equal to the amount of such costs or the relevant Claim;

(ii) if, prior to the expiry of the Fish Habitat Off-Setting Warranty Period, Project Co fails on demand either to pay any such costs to the Province or satisfy any Claim made by the Province pursuant to Section 9.1 (including Section 9.1(d)(viii)) in respect of a Project Work Defect in respect of the Fish Habitat Off-Setting, the Province shall be entitled to discharge the relevant claim for such costs by:

(A) applying an amount from the Fish Habitat Off-Setting Warranty Holdback (whether, in accordance with this Agreement, deducted from the payment of the SC1b Withholding Amount or taken into account in the calculation of any termination sum in accordance with Schedule 13 [Compensation on Termination]); and/or

(B) if a Letter of Credit has been provided by Project Co in lieu of the Province retaining the Fish Habitat Off-Setting Warranty Holdback, making a demand under such Letter of Credit;

up to an amount in aggregate equal to the amount of such costs or the relevant Claim; and

(iii) Project Co's obligation to pay such costs or indemnify the Province, as the case may be, shall only be discharged to the extent of the amount so applied and/or demanded by the Province.

(d) If, at the expiry of the General Project Work Defect Warranty Period, any Project Work Defect (other than in respect of the Fish Habitat Off-Setting) that has been identified by the Province has not been corrected by Project Co in accordance with this Section 2.3 (other than any such Project Work Defect in respect of which the Province has applied an amount from the Warranty Holdback and/or made a demand under a Letter of Credit in accordance with Section 2.3(c)(i)) of this Schedule, then the Province shall be entitled to:

(i) retain from the Warranty Holdback (whether, in accordance with this Agreement, deducted from the SC1 Substantial Completion Payment or taken into account in the calculation of any termination sum in accordance with Schedule 13 [Compensation on Termination]); and/or

(ii) if a Letter of Credit has been provided by Project Co in lieu of the Province retaining the Warranty Holdback, make a demand under such Letter of Credit;

up to an amount in aggregate equal to 200% of the Province's estimate of the costs for remedying each such Project Work Defect, provided that, following the correction of any such Project Work Defect by the Province, the Province shall pay (without interest) to Project Co the excess (if any) of the amount so retained or demanded over the actual costs incurred by the Province in remedying such Project Work Defect.

(e) If, at the expiry of the Fish Habitat Off-Setting Warranty Period, any Project Work Defect in respect of the Fish Habitat Off-Setting that has been identified by the Province has not been corrected by Project Co in accordance with this Section 2.3 (other than any

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Project Work Defect in respect of the Fish Habitat Off-Setting in respect of which the Province has applied an amount from the Fish Habitat Off-Setting Warranty Holdback and/or made a demand under a Letter of Credit in accordance with Section 2.3(c)(ii) of this Schedule, then the Province shall be entitled to:

- (i) retain from the Fish Habitat Off-Setting Warranty Holdback (whether, in accordance with this Agreement, deducted from the payment of the SC1b Withholding Amount or taken into account in the calculation of any termination sum in accordance with Schedule 13 [Compensation on Termination]); and/or
- (ii) if a Letter of Credit has been provided by Project Co in lieu of the Province retaining the Fish Habitat Off-Setting Warranty Holdback, make a demand under such Letter of Credit;

up to an amount in aggregate equal to 200% of the Province's estimate of the costs for remedying each such Project Work Defect in respect of the Fish Habitat Off-Setting, provided that, following the correction of any such Project Work Defect by the Province, the Province shall pay (without interest) to Project Co the excess (if any) of the amount so retained or demanded over the actual costs incurred by the Province in remedying such Project Work Defect.

2.4 Terms of Principal Contractor and Subcontractor Warranties

Without limiting or derogating from any warranty obligations of Project Co contained in this Agreement, but subject to any express terms or conditions agreed in any Collateral Agreement with any Principal Contractor or as otherwise agreed by the Province, in its discretion, Project Co shall:

- (a) ensure that all Principal Contracts contain provisions which:
 - (i) impose on the relevant Principal Contractor the same warranties as are contained in this Agreement in relation to all Design, Construction and other Project Work provided, performed or carried out and materials supplied by such Principal Contractor; and
 - (ii) acknowledge that such warranties are for the benefit of the Province and its assignees as well as Project Co or, as the case may be, the Principal Contractor that is the beneficiary of any warranties contained in the relevant Principal Contract and are assignable in accordance with the terms of this Agreement;
- (b) obtain or cause to be obtained any industry standard warranties which may be available which exceed the requirements of this Section 2.4 of this Schedule (including in respect of the term of such warranties), including against defects in materials and workmanship from each Subcontractor in respect of Design, Construction and other Project Work provided, performed or carried out and materials and Equipment supplied by that Subcontractor under its Subcontract; and
- (c) at the request of the Province, cooperate with and assist the Province in the enforcement of any claims under warranties contained in any Principal Contract or Subcontract or otherwise given by a Principal Contractor or Subcontractor.

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2.5 Assignment of Warranties to Province

- (a) Project Co:
 - (i) hereby absolutely assigns, on the terms set out in Section 2.5(b) of this Schedule, to the Province all warranties contained in any Principal Contract or Subcontract to which Project Co is a party; and
 - (ii) shall cause, by ensuring that relevant Principal Contractors and Subcontractors include relevant provisions in all Principal Subcontracts and Subcontracts to which Project Co is not a party, all warranties contained in any such Principal Subcontract or Subcontract to be absolutely assigned to the Province, on the terms set out in Section 2.5(b) of this Schedule.
- (b) Notwithstanding the provisions of Sections 2.5(a)(i) and (ii) of this Schedule, Project Co or the Principal Contractor or Subcontractor that is the beneficiary of any warranties contained in the relevant Principal Subcontract or Subcontract, as the case may be, shall be permitted to enjoy the benefit of and enforce the warranties referred to in, respectively, Sections 2.5(a)(i) and (ii) of this Schedule as if the assignment made in Section 2.5(a)(i) of this Schedule and any assignments made pursuant to Section 2.5(a)(ii) of this Schedule had not been made until (subject to and without prejudice to the rights of the Secured Parties under, and as defined in, the Lenders' Remedies Agreement) the earlier of (i) the date on which the Province gives Project Co or the relevant Principal Contractor or Subcontractor, as the case may be, a written notice stating that a Project Co Default has occurred and that the Province is exercising its rights pursuant to the relevant assignment, (ii) the Termination Date, and (iii) the end of the Term.
- (c) Without limiting the provisions of Section 18.7 [Further Assurance], Project Co shall:
 - (i) cause to be included in any Principal Contract or Subcontract to which it is a party a notice from Project Co to the relevant Principal Contractor or Subcontractor of the assignment made in Section 2.5(a)(i) of this Schedule and an acknowledgment of such notice from the relevant Principal Contractor or Subcontractor; and
 - (ii) cause to be included in any Principal Subcontract or Subcontract to which it is not a party a notice from the Principal Contractor or Subcontractor that is the beneficiary of any warranties contained in the relevant Principal Subcontract or Subcontractor to the Principal Contractor or Subcontractor that is the provider of such warranties of the assignment made pursuant to Section 2.5(a)(ii) of this Schedule and an acknowledgment of such notice from the Principal Contractor or Subcontractor that is the provider of such warranties.

2.6 Survival

Notwithstanding any other provision of this Agreement, the provisions of this Part 2, together with Sections 3.2(b), (c) and (d) of this Schedule, will survive the expiry or any earlier termination of this Agreement.

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PART 3
HOLDBACKS

3.1 Deficiency Holdbacks

- (a) Notwithstanding any other provision of this Agreement, and in addition to any other holdbacks provided for in this Agreement, the Province may retain out of:
 - (i) the SC1 Substantial Completion Payment, an amount equal to 200% of the SC1 Deficiency Agreed Remedy Cost (the “**SC1 Deficiency Holdback**”);
 - (ii) the repayment of the SC1a Withholding Amount in accordance with Section 1.3(a) of Schedule 10 [Payment and Performance Mechanism], an amount equal to 200% of the SC2 Deficiency Agreed Remedy Cost (the “**SC2 Deficiency Holdback**”); and
 - (iii) the repayment of the SC1b Withholding Amount in accordance with Section 1.4(a) of Schedule 10 [Payment and Performance Mechanism], an amount equal to 200% of the SC3 Deficiency Agreed Remedy Cost (the “**SC3 Deficiency Holdback**”).
- (b) At the option of Project Co, the amount that the Province is entitled to retain under any of Sections 3.1(a), 3.1(b) and 3.1(c) of this Schedule (or any portion thereof) may be replaced by a Letter of Credit provided by Project Co in such amount (or portion thereof), which Letter of Credit shall remain in full force and effect until two months following the Total Completion Target Date and, upon receipt of such Letter of Credit, the Province shall pay to Project Co an amount equal to the retained payments that such Letter of Credit is replacing.
- (c) Following the end of each complete calendar month (commencing with the first complete calendar month) after each of the SC1 Substantial Completion Date, the SC2 Substantial Completion Date and the SC3 Substantial Completion Date has occurred, Project Co shall prepare, and deliver to the Province’s Representative, a Payment Application in the applicable form set out in Appendix E [Payment Application Forms] to Schedule 10 and accompanied by the documentation specified therein, requesting payment of any amounts retained by the Province for the SC1 Deficiency Holdback, the SC2 Deficiency Holdback or the SC3 Deficiency Holdback, as the case may be, pursuant to Section 3.1(a) of this Schedule (or in respect of which a Letter of Credit has been provided by Project Co pursuant to Section 3.1(b) of this Schedule) in respect of any SC1 Final Deficiency List Deficiency, SC2 Final Deficiency List Deficiency or SC3 Final Deficiency List Deficiency, as the case may be, that have been remedied, to the satisfaction of the Province, acting reasonably, during such month (or, in the case of the first such application, since the applicable date of Substantial Completion).
- (d) By no later than the tenth Business Day following receipt of any Payment Application pursuant to Section 3.1(c) of this Schedule, the Province shall, subject to Section 3.1(f) of this Schedule, make payment, without interest, to Project Co of the applicable amount(s) and/or, if applicable, permit the reduction in the amount of any Letter of Credit provided by Project Co pursuant to Section 3.1(b) of this Schedule by an amount equal to such

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amount(s) and/or, if applicable, return any Letter of Credit provided by Project Co pursuant to Section 3.1(b) of this Schedule.

- (e) If the Total Completion Date does not occur on or before the Total Completion Target Date, the Province may, in its discretion, do either of the following for each SC1 Final Deficiency List Deficiency, SC2 Final Deficiency List Deficiency or SC3 Final Deficiency List Deficiency that as at the Total Completion Target Date has not been remedied:
 - (i) without prejudice to Section 3.1(c) of this Schedule:
 - (A) the Province shall be entitled irrevocably to retain any amounts not paid to Project Co in accordance with Section 3.1(c) of this Schedule (or any portion thereof not replaced by a Letter of Credit provided by Project Co pursuant to Section 3.1(b) of this Schedule) and/or, if a Letter of Credit has been provided by Project Co pursuant to Section 3.1(b) of this Schedule, the Province shall be entitled to make a demand under any such Letter of Credit for the principal amount thereof, in respect of such SC1 Final Deficiency List Deficiency, SC2 Final Deficiency List Deficiency or SC3 Final Deficiency List Deficiency; and
 - (B) in consideration for the making of such retention and/or demand by the Province, Project Co shall be released from its obligation to remedy such SC1 Final Deficiency List Deficiency, SC2 Final Deficiency List Deficiency or SC3 Final Deficiency List Deficiency; and
 - (ii) require Project Co to continue to remedy such SC1 Final Deficiency List Deficiency, SC2 Final Deficiency List Deficiency or SC3 Final Deficiency List Deficiency and, if a Letter of Credit has been provided by Project Co pursuant to Section 3.1(b) of this Schedule in respect of such SC1 Final Deficiency List Deficiency, SC2 Final Deficiency List Deficiency or SC3 Final Deficiency List Deficiency, require that such Letter of Credit be extended for such period as the Province determines, acting reasonably, is required to complete such remedial work.
- (f) If this Agreement is terminated after any amounts have been retained pursuant to Section 3.1(a) of this Schedule but prior to the Total Completion Date, the Province shall be entitled irrevocably to retain any such amounts retained pursuant to Section 3.1(a) of this Schedule and not paid to Project Co in accordance with Section 3.1(c) of this Schedule (or any portion thereof not replaced by a Letter of Credit provided by Project Co pursuant to Section 3.1(b) of this Schedule) and/or, if a Letter of Credit has been provided by Project Co pursuant to Section 3.1(b) of this Schedule, the Province shall be entitled to make a demand under any such Letter of Credit for the principal amount thereof.

3.2 Warranty Holdback

- (a) Notwithstanding any other provision of this Agreement, and in addition to any other holdbacks provided for in this Agreement, the Province may retain out of the SC1 Substantial Completion Payment an amount (the “**Warranty Holdback**”) equal to 1% of the Contract Price, or such reduced amount as may have been determined in accordance

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with Section 1.3(b)(i)(A) or Section 2.3(b)(i)(A) of Schedule 13 [Compensation on Termination].

- (b) At the option of Project Co, the amount that the Province is entitled to retain under Section 3.2(a) of this Schedule (or any portion thereof) may be replaced by a Letter of Credit provided by Project Co in such amount (or portion thereof), which Letter of Credit shall remain in full force and effect until the date that is 26 months after the SC2 Substantial Completion Date and, upon receipt of such Letter of Credit, the Province shall pay to Project Co an amount equal to the retained payments that such Letter of Credit is replacing.
- (c) Following the expiry of the General Project Work Defect Warranty Period, Project Co shall prepare, and deliver to the Province's Representative, a Payment Application in the applicable form set out in Appendix E [Payment Application Forms] to Schedule 10 requesting payment of the Warranty Holdback or any portion thereof not replaced by a Letter of Credit (less any amounts applied therefrom by the Province in accordance with any of Sections 2.3(c)(i) and/or 2.3(d) of this Schedule, and as the Warranty Holdback may have been adjusted in accordance with Section 1.3(b)(ii) or Section 2.3(b)(ii) of Schedule 13 [Compensation on Termination]) and/or, if applicable, the return of any Letter of Credit provided by Project Co pursuant to Section 3.2(b) of this Schedule.
- (d) By no later than the tenth Business Day following receipt of the Payment Application pursuant to Section 3.2(c) of this Schedule, the Province shall make payment, without interest, to Project Co of the Warranty Holdback or any portion thereof not replaced by a Letter of Credit (less any amounts applied therefrom by the Province in accordance with any of Sections 2.3(c)(i) and/or 2.3(d) of this Schedule, and as the Warranty Holdback may have been adjusted in accordance with Section 1.3(b)(ii) or Section 2.3(b)(ii) of Schedule 13 [Compensation on Termination]) and/or, if applicable, return any Letter of Credit provided by Project Co pursuant to Section 3.2(b) of this Schedule.

3.3 Fish Habitat Off-Setting Warranty Holdback

- (a) Notwithstanding any other provision of this Agreement, and in addition to any other holdbacks provided for in this Agreement, the Province may retain out of the payment of the SC1b Withholding Amount the amount of \$500,000 (the "**Fish Habitat Off-Setting Warranty Holdback**"), or such reduced amount as may have been determined in accordance with Section 1.3(b)(i)(A) or Section 2.3(b)(i)(A) of Schedule 13 [Compensation on Termination].
- (b) At the option of Project Co, the amount that the Province is entitled to retain under Section 3.3(a) of this Schedule (or any portion thereof) may be replaced by a Letter of Credit provided by Project Co in such amount (or portion thereof), which Letter of Credit shall remain in full force and effect until the date that is 26 months after the SC3 Substantial Completion Date and, upon receipt of such Letter of Credit, the Province shall pay to Project Co an amount equal to the retained payments that such Letter of Credit is replacing.
- (c) Following the expiry of the Fish Habitat Off-Setting Warranty Period, Project Co shall prepare, and deliver to the Province's Representative, a Payment Application in the applicable form set out in Appendix E [Payment Application Forms] to Schedule 10

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requesting payment of the Fish Habitat Off-Setting Warranty Holdback or any portion thereof not replaced by a Letter of Credit (less any amounts applied therefrom by the Province in accordance with any of Sections 2.3(c)(ii) and/or 2.3(e) of this Schedule, and as the Fish Habitat Off-Setting Warranty Holdback may have been adjusted in accordance with Section 1.3(b)(ii) or Section 2.3(b)(ii) of Schedule 13 [Compensation on Termination]) and/or, if applicable, the return of any Letter of Credit provided by Project Co pursuant to Section 3.3(b) of this Schedule.

- (d) By no later than the tenth Business Day following receipt of the Payment Application pursuant to Section 3.3(c) of this Schedule, the Province shall make payment, without interest, to Project Co of the Fish Habitat Off-Setting Warranty Holdback or any portion thereof not replaced by a Letter of Credit (less any amounts applied therefrom by the Province in accordance with any of Sections 2.3(c)(ii) and/or 2.3(e) of this Schedule, and as the Fish Habitat Off-Setting Warranty Holdback may have been adjusted in accordance with Section 1.3(b)(ii) or Section 2.3(b)(ii) of Schedule 13 [Compensation on Termination]) and/or, if applicable, return any Letter of Credit provided by Project Co pursuant to Section 3.3(b) of this Schedule.

**PART 4
LETTERS OF CREDIT**

4.1 Letters of Credit

In the event that the institution issuing or confirming any Letter of Credit notifies the Province that such Letter of Credit will not be renewed in accordance with its terms and Project Co has not (by the date which is ten Business Days prior to the date of termination or expiry of such Letter of Credit) made arrangements satisfactory to the Province, in its discretion, that will result in such Letter of Credit being replaced with effect from the date of its termination or expiry with a Letter of Credit that satisfies (in the discretion of the Province) the requirements specified in Appendix A [Form of Letter of Credit] to this Schedule; the Province shall be entitled to make a demand for the full principal amount of such Letter of Credit and deposit the proceeds of such demand in an account in the name of the Province, in which event the Province shall thereafter be entitled to withdraw funds from such account in any circumstance in which the Province would otherwise have been entitled in accordance with this Agreement to make a demand under such Letter of Credit, provided that, if, at any time after the Province has made such a demand for the full principal amount of such Letter of Credit, Project Co delivers a replacement Letter of Credit to the Province that satisfies (in the discretion of the Province) the requirements specified in Appendix A [Form of Letter of Credit] of this Schedule, the Province shall pay Project Co the amount, as at the date of delivery of such replacement Letter of Credit, standing to the credit of such account (save that the Province shall be entitled to retain for its own account any interest that has accrued to such account).

**APPENDIX A
FORM OF LETTER OF CREDIT**

[NTD: Letters of Credit are to be issued by a Canadian chartered bank with offices in Vancouver, or any other bank or financial institution with offices in Vancouver acceptable to the Province. Any Letter of Credit shall be callable at the issuing institution's counter in Vancouver.]

This form of Letter of Credit shall be amended appropriately for use as:

- (a) a Letter of Credit replacing all or any part of the Warranty Holdback, which shall have a final Expiry Date 26 months after the SC2 Substantial Completion Date;
- (b) a Letter of Credit replacing all or any part of the Fish Habitat Off-Setting Warranty Holdback, which shall have a final Expiry Date 26 months after the SC3 Substantial Completion Date;
- (c) a Letter of Credit replacing all or any part of any of the SC1 Deficiency Holdback, SC2 Deficiency Holdback or SC3 Deficiency Holdback, which shall have a final Expiry Date two months after the Total Completion Target Date; and
- (d) the Financing Letter of Credit, which shall have a final Expiry Date one year after the Effective Date.]

[Name and address of Issuing Bank in Vancouver, BC]

[Date]

HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA
[Address]

[Attention]

(the "Beneficiary")

Re: Project Agreement dated February 7, 2020 between the Beneficiary, BC Transportation Financing Authority and Fraser Crossing Project Corporation (the "Applicant") in respect of the Pattullo Bridge Replacement Project

By order of our client, the Applicant, we hereby issue our Irrevocable Standby Letter of Credit No. _____ (this "Standby Letter of Credit") in an amount not to exceed in the aggregate CAD\$• to the Beneficiary, effective immediately and expiring on _____ (the "Expiry Date").

We, [Name of Bank] (the "Issuing Bank"), at our offices shown above in Vancouver, British Columbia, Canada (the "Offices"), shall immediately pay to you under this Standby Letter of Credit any amount or amounts claimed, not to exceed in the aggregate CAD\$•, upon presentation of a sight draft, appropriately completed, in the form of Annex 1 hereto (the "Sight Draft") being made upon us at our counter during normal business hours, and upon presentation of the original or certified copy of this Standby Letter of Credit and any amendments hereto.

Partial and multiple drawings are permitted.

If the Holder's Sight Draft, appropriately completed and the original or certified copy of this Standby Letter of Credit and any amendments hereto are received by us at the Offices on or before the Expiry

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Date, we will immediately notify the Applicant of the receipt of such Sight Draft without enquiring whether you have a legitimate claim between yourself and the Applicant.

After the Expiry Date has elapsed, no draw shall be honoured by us save to any Sight Draft presented by the Holder according to the requirements of this Standby Letter of Credit prior to the Expiry Date.

All banking charges are for the account of the Applicant.

It is a condition of this Standby Letter of Credit that it shall be deemed automatically extended from year to year for successive one year periods from the Expiry Date (each anniversary of the Expiry Date thus becoming the new “**Expiry Date**”), but not beyond _____, unless we notify the Holder in writing at least 60 days prior to the then applicable Expiry Date that we irrevocably elect not to consider this Standby Letter of Credit renewed for such further period. Such notice must be sent by registered mail or hand delivered, each with proof of delivery, to the Holder at the address set forth above or such other address designated by the Holder from time to time. **[NTD: Delete this paragraph for the Deficiency Letter of Credit and Financing Letter of Credit. For all other Letters of Credit, this form has been prepared on the assumption that it will be issued for 12 months, with automatic annual extension except as provided herein and subject to the final Expiry Date.]**

IT IS A CONDITION OF THIS STANDBY LETTER OF CREDIT THAT IT IS TRANSFERABLE AND MAY BE TRANSFERRED IN ITS ENTIRETY, BUT NOT IN PART, AND MAY BE SUCCESSIVELY TRANSFERRED BY THE THEN CURRENT HOLDER TO A TRANSFEREE. TRANSFER OF THIS STANDBY LETTER OF CREDIT TO SUCH TRANSFEREE SHALL BE EFFECTED UPON PRESENTATION TO US AT THE OFFICES OF THE ORIGINAL OF THIS STANDBY LETTER OF CREDIT AND ANY AMENDMENTS HERETO ACCOMPANIED BY A REQUEST DESIGNATING THE TRANSFEREE IN THE FORM ATTACHED HERETO AS ANNEX 2 APPROPRIATELY COMPLETED. All future amendments under this Standby Letter of Credit are to be advised directly to the transferee without the consent of, or notice to, any prior Holder and all future correspondence and notifications in respect of this Standby Letter of Credit are to be sent to the transferee and not to any prior Holder.

In this Standby Letter of Credit, “**Holder**” means either (i) if no transfer has occurred, the Beneficiary or (ii) if a transfer has occurred, the last transferee under the above provision.

This Standby Letter of Credit is subject to and governed by the ISP98.

This Standby Letter of Credit shall be interpreted and governed by the laws of British Columbia and the federal laws of Canada applicable therein.

•
Per: _____
Authorized Signatory

•
Per: _____
Authorized Signatory

**PATTULLO BRIDGE REPLACEMENT PROJECT
PROJECT AGREEMENT
SCHEDULE 5: PROJECT WORK DEFECTS AND WARRANTIES
Appendix A: Form of Letter of Credit**

*Commercial in Confidence
Execution*

SIGHT DRAFT

To: [Name of Issuing Bank]
[Address of Offices]

Re: [• name of Issuing Bank]'s Standby Letter of Credit No. [•] dated [•] (the “**Standby Letter of Credit**”) issued in favour of [•] on behalf of [•] (the “**Applicant**”)

We refer to the Standby Letter of Credit. Terms defined in the Standby Letter of Credit have the same meaning when used in this Sight Draft.

We hereby request payment of CAD\$[•] ([•] Canadian Dollars).

Payment should be made to the following account:

Name: [•]
Account Number: [•]
Bank: [•]

We hereby confirm that the undersigned is entitled to present the Standby Letter of Credit for payment in accordance with the terms and conditions of the Project Agreement between the Beneficiary and the Applicant in respect of the • Project.

Yours truly,
[• Name of Holder]

By: _____
Authorized Signatory

PATTULLO BRIDGE REPLACEMENT PROJECT
PROJECT AGREEMENT
SCHEDULE 5: PROJECT WORK DEFECTS AND WARRANTIES
Appendix A: Form of Letter of Credit

Commercial in Confidence
Execution

REQUEST DESIGNATING THE TRANSFEREE

To: [Name of Issuing Bank]
[Address of Offices]

Re: [• name of Issuing Bank]'s Standby Letter of Credit No. [•] dated [•] (the “**Standby Letter of Credit**”) issued in favour of [•] on behalf of [•] (the “**Applicant**”)

We refer to the Standby Letter of Credit. Terms defined in the Standby Letter of Credit have the same meaning when used in this Request Designating the Transferee.

For value received, we request you to transfer the Standby Letter of Credit to the following transferee:

[Name of Transferee]
[Full Address of Transferee]

We enclose herewith the original Standby Letter of Credit together with any amendments thereto.

Please forward the transfer amendment and all future amendments, correspondence and notifications under the Standby Letter of Credit to the transferee designated above to the attention of [•].

[• Name of Holder]

By: _____
Authorized Signatory