



LOWER CHURCHILL DEVELOPMENT CORPORATION LIMITED

June 25, 1980

Honourable Leo D. Barry, Q.C.
Minister of Mines and Energy,
Government of Newfoundland and Labrador.

Honourable Marc Lalonde,
Minister of Energy, Mines and Resources,
Government of Canada.

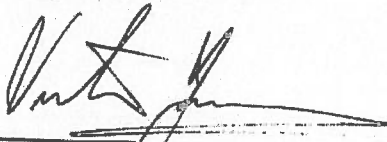
Dear Ministers,

The Board of Directors of The Lower Churchill Development Corporation Limited is pleased to submit a report outlining the immediate opportunities which exist for development of the substantial untapped hydro-electric potential of the Churchill River. The recommendation which is presented for your review has the unanimous support of all Members of the Board as well as Corporation's Management and reflect both considered judgement and the findings of an impressive series of technical, marketing, economic, financial and environmental analyses.

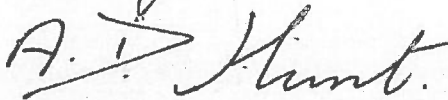
It is our view that the two hydro-electric sites at Gull Island and Muskrat Falls, which can together produce the energy equivalence of 27 million barrels of oil annually, should be exploited at the earliest possible opportunity. Your attention is directed to the consistency of our proposals for the development of these renewable energy sources with Canada's declared objective of energy self-sufficiency.

The nature of our findings suggest the need for careful, but expeditious, Shareholder consideration of the report. The Board and staff of LCDC are at your disposal to assist in your deliberations.

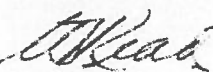
Respectfully Submitted



V.L. YOUNG
Chairman



A.D. HUNT
Vice Chairman



W.S. READ
President & Chief Executive Officer