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**Subject:** Update on the HVdc Conductor  
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Nik,

Pursuant to your request, herein is the latest status on the HVdc conductor front. Please note that the information contained in this email is commercially sensitive.

### **Conductor Investigation**

Our investigation into the proud strand anomaly continues. Our lab and field testing are pointing towards a "crowding" phenomena in the 34 wire outer layer likely exasperated by poor wire strand dimensional control.

Numerous tests on the General Cable original conductor and modified conductors have been undertaken at Kinetics in Ontario.

We have engaged Midal (confidentially) to prepare a conductor in accordance to the same specification we provided to General Cable. Samples have been made and will be type tested at Kinetics early next week. Our objective to further understand wire behaviour as well as source a potential replacement wire in the event the root cause is confirmed to be a General Cable manufacturing issue.

We have engaged SAG in Germany to replicate all testing completed by Kinetics as well as further advanced testing.

General Cable have been supportive of our investigation to-date, however we anticipate that they will deny any fault or wrong-doing.

### **Decision on Conductor Installed To-Date**

We have yet to make a final determination of the long-term suitability of the installed conductor (~170 kms), however have just received the final test plan from Kinetics for completion of thermal loading. Testing will be completed late this month. Should replacement be the final decision, we will likely be sourcing that conductor from Midal with an intended removal and replacement program starting in early to mid November, concluding by spring. We plan to have a designated crew from Valard undertake this work. We are assessing options for claiming this replacement under the Project's CAR insurance program

### **Plan for Re-Commencing of Stringing Operations**

Based upon the favourable results from the lab and field testing program completed in July,

we have instructed General Cable and issued a PO to cover the cost (without prejudice), to modify 450 reels of the existing conductor with the new 33 wire outer layer. This will provide enough conductor to conclude the balance of stringing in Labrador.

GCC are undertaking shop set-up mods to support this production. Production will commence early September and once sufficient inventory is built, we will mob the first stringing crew (by end of September) with a focus on the southern Labrador highly wind exposed area such that we can get out this zone before snow hits hard. Based upon GCC's production commitment re the replacement of the outer layer, we should be able to mob and sustain 2 stringing crews by mid October, thus allowing us to conclude stringing in Labrador by April.

In lieu of relying solely on the outer layer removal and replacement option, GCC are configuring for plant to test a new set-up for the removal of a single strand removal. Testing will commence 15-August. We are uncertain as to whether this initial set-up will reveal positive production rates or conductor characteristics. We will understand this more fully by end of August. If positive, likely sanction this for completing modification on Island reels in fall.

In order to ensure sufficient inventory as well as support replacement of existing conductor, in all likelihood we will need to leverage Midal's production capacity. We have pricing from Midal that we will be confirming with the objective of ordering 300+ reels by early next week. Delivery in NL by early December. Our expectation is to recoup this cost under the CAR insurance program.

Please let me know if your require any clarification on the above.

Regards,

Jason

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You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?