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Subject: MFLTA Construction Report Oct 20 2015
Date: Tuesday, October 20, 2015 7:11:33 PM
Attachments: [.png](#)
[MFLTA Construction Report 20 Oct 2015.pdf](#)

Hi Folks

In accordance with the MF/LTA Project Finance Agreement, please find attached the Construction Report dated 20 Oct 2015

Regards

Jim



MFLTA Construction Report 20 Oct 2015.pdf

James Meaney

General Manager, Finance

PROJECT DELIVERY TEAM

Lower Churchill Project

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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?

CONSTRUCTION REPORT
Muskrat/LTA Project Finance Agreement

Date: 20-October-2015

THE TORONTO-DOMINION BANK
AS COLLATERAL AGENT
66 Wellington Street West
9th Floor
Toronto, Ontario M5K 1A2

MWH CANADA INC.
AS INDEPENDENT ENGINEER
Suite 740, 1185 W. Georgia Street
Vancouver, BC V6E 4E6

Ladies and Gentlemen:

We refer you to the amended and restated financing agreement dated as of July 16, 2015 entered into among Muskrat Falls Corporation ("**Muskrat**") and Labrador Transmission Corporation ("**Labrador Transco**"), as borrowers, Muskrat Falls/Labrador Transmission Assets Funding Trust (the "**Funding Vehicle**"), as lender, and The Toronto-Dominion Bank, as collateral agent (the "**Collateral Agent**") (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the "**Muskrat/LTA Project Finance Agreement**").

We also refer you to the amended and restated master definitions agreement entered into among, *inter alia*, the Collateral Agent, BNY Trust Company of Canada, as issuer trustee of the Funding Vehicle, Computershare Trust Company of Canada, as security trustee, Nalcor Energy, Her Majesty The Queen In Right of the Province of Newfoundland and Labrador, Muskrat, as a credit party, and Labrador Transco, as a credit party (said agreement, as same may be amended, supplemented or restated from time to time is hereinafter referred to as the "**MDA**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them from time to time in the MDA.

This Construction Report is delivered to you pursuant to subsection 7.4.2 and Section 11.3 of the Muskrat/LTA Project Finance Agreement in respect of the month ending on 30-September-2015 (the "**Applicable Month**").

I, Gilbert Bennett, the undersigned, the Vice-President of Devco, and Vice-President of Muskrat, in my capacity as an officer and without personal liability, do hereby certify the matters set forth in Section A below, and I, Gilbert Bennett, the undersigned, the Vice-President of Devco, and Vice-President of Labrador Transco, in my capacity as an officer and without personal liability, do hereby certify the matters set forth in Section B below:

A. MUSKRAT MATTERS

1. I have conducted such investigations as I have deemed necessary to provide the information set out in this report and in so doing I have verified all engineering related matters with a licensed professional engineer working on our behalf in respect of the MF Plant.
2. Attached hereto as Part I of Schedule "A" is a true and accurate table detailing the Hard Costs incurred during the Applicable Month with respect to the MF Plant by and compared as against the MF Project Budget.
3. Attached hereto as Part I of Schedule "B" is a true and accurate analysis of the Cost to Complete the MF Plant, as it relates to Hard Costs, as at the end of the Applicable Month.
4. Attached hereto as Part I of Schedule "C" is a true and accurate analysis of the Cost Variances for the MF Plant, as they relate to Hard Costs, as at the end of the Applicable Month, with a narrative explanation as to any variances from the MF Project Budget.
5. The estimated Commissioning Date is currently 01-June-2018. Please refer to Part I of Schedule "D" hereto for details.
6. There are no material disputes with any Material Project Participant related to the MF Plant and any related claims against Muskrat, other than as set out in Part I of Schedule "E" hereto.
7. Attached hereto as Part I of Schedule "F" is a true and accurate report describing the progress of the construction of the MF Plant since the Previous Construction Report and compared as against the established milestones in the MF Project Schedule.
8. The MF Plant is being built substantially in all respects in accordance with the MF Project Plans and Good Utility Practice.
9. Subject to Sections 9.5 and 9.14 of the Muskrat/LTA Project Finance Agreement, I have no reason to believe that the MF Plant is being built in violation of any Applicable Laws or Authorizations pertaining to the MF Plant in effect at the time of performance of the relevant work.
10. Subject to Sections 9.5 and 9.14 of the Muskrat/LTA Project Finance Agreement, all Authorizations which, under Applicable Law, as at the date hereof are necessary to have been obtained in connection with the MF Plant and the work currently being performed on the MF Plant, have been obtained and are in full force and effect and do not contain any condition which could prevent or adversely affect the ability of the Credit Parties of attaining Commissioning by the Date Certain.
11. Subject to Sections 9.5 and 9.14 of the Muskrat/LTA Project Finance Agreement, all Material Project Participants related to the MF Plant and other Persons participating or working toward the Commissioning of the MF Plant, to the best of my Knowledge, are not in material default with respect to any of their respective obligations which would

delay Commissioning beyond the Date Certain and Muskrat is not in material default in the payment of any sums due to such Persons in accordance with the terms agreed upon or in the fulfilment of any of its obligations with respect to such Persons, save and except with respect to such payments or obligations which Muskrat shall be contesting diligently and in good faith and in respect of which, in the event that such contestation should prove unsuccessful, no Lien shall be created or result upon or with respect to any of its Assets, except for Permitted Encumbrances.

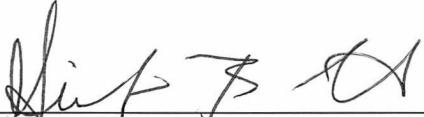
12. Attached hereto as Part I of Schedule "G" is a true and complete copy of each of the Additional Material Project Documents entered into by Muskrat since the Previous Construction Report.

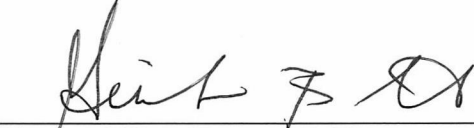
B. LABRADOR TRANSCO MATTERS


13. I have conducted such investigations as I have deemed necessary to provide the information set out in this report and in so doing I have verified all engineering related matters with a licensed professional engineer working on our behalf in respect of the LTA.
14. Attached hereto as Part II of Schedule "A" is a true and accurate table detailing the Hard Costs incurred during the Applicable Month with respect to the LTA and compared as against the LTA Project Budget.
15. Attached hereto as Part II of Schedule "B" is a true and accurate analysis of the Cost to Complete for the LTA, as it relates to Hard Costs, as at the end of the Applicable Month.
16. Attached hereto as Part II of Schedule "C" is a true and accurate analysis of the Cost Variances for the LTA, as they related to Hard Costs, as at the end of the Applicable Month, with a narrative explanation as to any variances from the LTA Project Budget.
17. The estimated Commissioning Date is currently 01-June-2018. Please refer to Part II of Schedule "D" hereto for details.
18. There are no material disputes with any Material Project Participant related to the LTA and any related claims against Labrador Transco, other than as set out in Part II of Schedule "E" hereto.
19. Attached hereto as Part II of Schedule "F" is a true and accurate report describing the progress of the construction of the LTA since the Previous Construction Report and compared as against the established milestones in the LTA Project Schedule.
20. The LTA is being built substantially in all respects in accordance with the LTA Project Plans and Good Utility Practice.
21. Subject to Sections 9.5 and 9.14 of the Muskrat/LTA Project Finance Agreement, I have no reason to believe that the LTA is being built in violation of any Applicable Laws or Authorizations pertaining to the LTA in effect at the time of performance of the relevant work.

- 22. Subject to Sections 9.5 and 9.14 of the Muskrat/LTA Project Finance Agreement, all Authorizations which, under Applicable Law, as at the date hereof are necessary to have been obtained in connection with the LTA and the work currently being performed on the LTA, have been obtained and are in full force and effect and do not contain any condition which could prevent or adversely affect the ability of the Credit Parties of attaining Commissioning by the Date Certain.
- 23. That, subject to Sections 9.5 and 9.14 of the Muskrat/LTA Project Finance Agreement, all Material Project Participants related to the LTA and other Persons participating or working toward the Commissioning of the LTA, to the best of our Knowledge, are not in material default with respect to any of their respective obligations which would delay Commissioning beyond the Date Certain and Labrador Transco is not in material default in the payment of any sums due to such Persons in accordance with the terms agreed upon or in the fulfilment of any of its obligations with respect to such Persons, save and except with respect to such payments or obligations which Labrador Transco shall be contesting diligently and in good faith and in respect of which, in the event that such contestation should prove unsuccessful, no Lien shall be created or result upon or with respect to any of its Assets, except for Permitted Encumbrances.
- 24. Attached hereto as Part II of Schedule "G" is a true and complete copy of each of the Additional Material Project Documents entered into by Labrador Transco since the Previous Construction Report.

Signed at St. John's, Newfoundland and Labrador, this 20th day of October, 2015.


 Name: Gilbert Bennett, P. Eng.
 Title: Vice-President of Muskrat Falls Corporation


 Name: Gilbert Bennett, P. Eng.
 Title: Vice-President of Labrador Transmission Corporation


 Name: Gilbert Bennett, P. Eng.
 Title: Vice-President of Devco

SCHEDULE "A"

Part I - Hard Costs for the MF Plant

Schedule "A" - Summary of Project Budget - Hard Costs
 Lower Churchill Project-Phase 1
 Muskrat Falls Generation
 Period Ending 30-September-2015

Description	Initial Project Budget	Project Budget	Planned Costs		Incurred Costs	
			Current Period	Project-to-Date	Current Period	Project-to-Date
NE-LCP Owners Team, Admin and EPCM Services	\$378,969	\$408,723	\$1,955	\$289,159	\$1,955	\$289,159
Feasibility Engineering	\$18,345	\$17,949	\$0	\$17,949	\$0	\$17,949
Environmental & Regulatory Compliance	\$20,312	\$25,825	\$446	\$17,391	\$446	\$17,391
Aboriginal Affairs	\$13,314	\$13,314	\$175	\$6,858	\$175	\$6,858
Procurement & Construction	\$2,719,626	\$3,121,813	\$84,461	\$1,467,303	\$84,461	\$1,467,303
Commercial & Legal	\$20,457	\$25,239	\$139	\$14,871	\$139	\$14,871
Contingency	\$94,255	\$73,102	\$0	\$0	\$0	\$0
Total	\$3,265,278	\$3,685,966	\$87,176	\$1,813,532	\$87,176	\$1,813,532

Note 1: Costs in CAD (\$ Thousands)

Note 2: Initial Project Budget represents baseline set at Financial Close in November 2013

Note 3: Project Budget represents Authorization for Expenditure (AFE) approved by the Board of Directors in September 2015

Note 4: Analysis and statements made with regard to variances are reflective of Project Budget, not Initial Project Budget

Analysis:

Incurred Costs for the Current Period and Project-to-Date are aligned with the incurred cost flow for the 2015 revised Authorization for Expenditure (AFE) approved by the Board of Directors of Muskrat during the period.

The incurring of the Contingency is reflected within the incurred and future incurred costs in the above categories as and where the work is performed.

Part II - Hard Costs for the LTA

**Schedule "A" - Summary of Project Budget - Hard Costs
Lower Churchill Project-Phase 1
Labrador Transmission Asset (LTA)
Period Ending 30-September-2015**

Description	Initial Project Budget	Project Budget	Planned Costs		Incurred Costs	
			Current Period	Project-to-Date	Current Period	Project-to-Date
NE-LCP Owners Team, Admin and EPCM Services	\$76,238	\$144,958	\$2,377	\$89,742	\$2,377	\$89,742
Feasibility Engineering	\$256	\$220	\$0	\$220	\$0	\$220
Environmental & Regulatory Compliance	\$710	\$811	\$0	\$813	\$0	\$813
Aboriginal Affairs	\$188	\$188	-\$1	\$0	-\$1	\$0
Procurement & Construction	\$626,869	\$709,643	\$14,302	\$411,978	\$14,302	\$411,978
Commercial & Legal	\$2,030	\$3,891	\$17	\$2,219	\$17	\$2,219
Contingency	\$14,030	\$17,846	\$0	\$0	\$0	\$0
Total	\$720,322	\$877,557	\$16,696	\$504,973	\$16,696	\$504,973

Note 1: Costs in CAD (\$ Thousands)

Note 2: Initial Project Budget represents baseline set at Financial Close in November 2013

Note 3: Project Budget represents Authorization for Expenditure (AFE) approved by the Board of Directors in September 2015

Note 4: Analysis and statements made with regard to variances are reflective of Project Budget, not Initial Project Budget

Analysis:

Incurred Costs for the Current Period and Project-to-Date are aligned with the incurred cost flow for the 2015 revised Authorization for Expenditure (AFE) approved by the Board of Directors of Labrador Transco during the current period.

The net negative Planned and Incurred Cost for the Current Period under “Aboriginal Affairs” is as a result of the alignment with the AFE to Final Forecast Cost.

The incurring of the Contingency is reflected within the incurred and future incurred costs in the above categories as and where the work is performed.

SCHEDULE "B"

Part I - Muskrat Cost to Complete

Schedule "B" - Summary of Cost to Complete
 Lower Churchill Project-Phase 1
 Muskrat Falls Generation
 Period Ending 30-September-2015

Description	Initial Project Budget	Project Budget	Incurred Costs Project-to-Date	Final Forecast Cost (FFC)	Cost to Complete
NE-LCP Owners Team, Admin and EPCM Services	\$378,969	\$408,723	\$289,159	\$408,723	\$119,564
Feasibility Engineering	\$18,345	\$17,949	\$17,949	\$17,949	\$0
Environmental & Regulatory Compliance	\$20,312	\$25,825	\$17,391	\$25,825	\$8,434
Aboriginal Affairs	\$13,314	\$13,314	\$6,858	\$13,314	\$6,456
Procurement & Construction	\$2,719,626	\$3,121,813	\$1,467,303	\$3,121,813	\$1,654,509
Commercial & Legal	\$20,457	\$25,239	\$14,871	\$25,239	\$10,368
Contingency	\$94,255	\$73,102	\$0	\$73,102	\$73,102
Total	\$3,265,278	\$3,685,966	\$1,813,532	\$3,685,966	\$1,872,434

Note 1: Costs in CAD (\$ Thousands)

Note 2: Initial Project Budget represents baseline set at Financial Close in November 2013

Note 3: Project Budget represents Authorization for Expenditure (AFE) approved by the Board of Directors in September 2015

Note 4: Analysis and statements made with regard to variances are reflective of Project Budget, not Initial Project Budget

Note 5: As a result of the ongoing commercial negotiations between Nalcor and the CH0007 Contractor including potential impact on cost and schedule, the Final Forecast Cost/Cost to complete is subject to change and will be updated when the commercial negotiations are concluded

Analysis:

The Final Forecast Cost has been updated to align with the 2015 revised Authorization for Expenditure (AFE) approved by the Board of Directors of Muskrat during the current period, resulting in an approximate increase of \$227M in the overall Cost to Complete, compared to the previous period.

The majority of this increase is contained in the category of "Procurement & Construction" as a result of the increase in Final Forecast Cost, and continues to remain significant as construction activities for work in progress remain in the early stages, including Contract CH0009 in which an LNTP was entered into during the previous period, and the remaining major construction contract for MF (CH0031) pending award.

The Cost to Complete for "Owners Team, Admin and EPCM Services" has increased from last month as a result of the increase in Final Forecast Cost for this category.

The Cost to Complete for "Feasibility Engineering" remains unchanged from the last reporting period.

The Cost to Complete for "Environmental & Regulatory Compliance" has increased from last month as a result of the increase in Final Forecast Cost for this category.

The Cost to Complete for "Contingency" has decreased as a result of the decrease in Final Forecast Cost for this category.

The Cost to Complete for all other categories has decreased from last month by the incurred cost this period, as the Final Forecast Cost remains unchanged from the last reporting period.

Part II - Labrador Transco Cost to Complete

**Schedule "B" - Summary of Cost to Complete
Lower Churchill Project-Phase 1
Labrador Transmission Asset (LTA)
Period Ending 30-September-2015**

Description	Initial Project Budget	Project Budget	Incurred Costs Project-to-Date	Final Forecast Cost (FFC)	Cost to Complete
NE-LCP Owners Team, Admin and EPCM Services	\$76,238	\$144,958	\$89,742	\$144,958	\$55,216
Feasibility Engineering	\$256	\$220	\$220	\$220	\$0
Environmental & Regulatory Compliance	\$710	\$811	\$813	\$811	-\$2
Aboriginal Affairs	\$188	\$188	\$0	\$188	\$188
Procurement & Construction	\$626,869	\$709,643	\$411,978	\$709,643	\$297,665
Commercial & Legal	\$2,030	\$3,891	\$2,219	\$3,891	\$1,672
Contingency	\$14,030	\$17,846	\$0	\$17,846	\$17,846
Total	\$720,322	\$877,557	\$504,973	\$877,557	\$372,584

Note 1: Costs in CAD (\$ Thousands)

Note 2: Initial Project Budget represents baseline set at Financial Close in November 2013

Note 3: Project Budget represents Authorization for Expenditure (AFE) approved by the Board of Directors in September 2015

Note 4: Analysis and statements made with regard to variances are reflective of Project Budget, not Initial Project Budget

Analysis:

The Final Forecast Cost has been updated to align with the 2015 revised Authorization for Expenditure (AFE) approved by the Board of Directors of Labrador Transco during the current period, resulting in an approximate increase of \$29M in the overall Cost to Complete, compared to the previous period.

The majority of this increase is contained in the category of “Owners Team, Admin and EPCM Services”, as a result of the increase in Final Forecast Cost.

The Cost to Complete for “Feasibility Engineering” remains unchanged from the last reporting period.

The Cost to Complete for “Procurement & Construction” has decreased from last month due to the incurred cost this period notwithstanding the increase in Final Forecast Cost for this category, and continues to remain significant as construction activities for work in progress are ongoing.

The Cost to Complete for “Commercial & Legal” has increased as a result of the increase in Final Forecast Cost in this category.

The Cost to Complete for “Environmental & Regulatory Compliance”, and “Contingency” have decreased as a result of the decrease in Final Forecast Cost for these categories.

SCHEDULE "C"

Part I - Muskrat Cost Variances

Schedule "C" - Summary of Cost Variances
 Lower Churchill Project-Phase 1
 Muskrat Falls Generation
 Period Ending 30-September-2015

Description	Initial Project Budget	Project Budget	Final Forecast Cost (FFC)	Variance
NE-LCP Owners Team, Admin and EPCM Services	\$378,969	\$408,723	\$408,723	\$0
Feasibility Engineering	\$18,345	\$17,949	\$17,949	\$0
Environmental & Regulatory Compliance	\$20,312	\$25,825	\$25,825	\$0
Aboriginal Affairs	\$13,314	\$13,314	\$13,314	\$0
Procurement & Construction	\$2,719,626	\$3,121,813	\$3,121,813	\$0
Commercial & Legal	\$20,457	\$25,239	\$25,239	\$0
Contingency	\$94,255	\$73,102	\$73,102	\$0
Total	\$3,265,278	\$3,685,966	\$3,685,966	\$0

Note 1: Costs in CAD (\$ Thousands)

Note 2: Initial Project Budget represents baseline set at Financial Close in November 2013

Note 3: Project Budget represents Authorization for Expenditure (AFE) approved by the Board of Directors in September 2015

Note 4: Analysis and statements made with regard to variances are reflective of Project Budget, not Initial Project Budget

Note 5: As a result of the ongoing commercial negotiations between Nalcor and the CH0007 Contractor including potential impact on cost and schedule, the Final Forecast Cost/Cost to complete is subject to change and will be updated when the commercial negotiations are concluded

Analysis:

The Final Forecast Cost has been updated to align with the 2015 revised Authorization for Expenditure (AFE) approved by the Board of Directors of Muskrat during the current period, resulting in an increase of \$313,977 in the overall Final Forecast Cost, primarily impacted by market conditions and pressures, reliability improvements & design enhancements, and Contractor performance & project management execution.

The main component of this variance is an increase of \$315,245 in the category of “Procurement & Construction”, followed by increases of \$21,000 in the category of “Owners Team, Admin and EPCM Services”, and \$1,083 in the category of “Environmental & Regulatory Compliance”, amended from the last reporting period as a result of the impacts indicated above.

The project is experiencing market pressures which in turn are increasing the price of the work and the contracts required for Muskrat Falls Generation, including labour productivity matters. Design enhancements have accounted for scope changes and the need for additional quantity of materials. The requirement for more direct project management from the Project to oversee some of the MF contracts, along with the requirement for increased services to accommodate additional manpower at the Muskrat Falls site, environmental cost increases and increases in dispute costs are all having an impact on cost.

The Final Forecast Costs for “Feasibility Engineering”, “Aboriginal Affairs”, and “Commercial & Legal” remain unchanged from the last reporting period.

The Final Forecast Cost for “Contingency” has decreased by a net amount of \$23,352 from the last reporting period as a result of the analysis of this category during the AFE revision.

Part II - Labrador Transco Cost Variances

**Schedule "C" - Summary of Cost Variances
Lower Churchill Project-Phase 1
Labrador Transmission Asset (LTA)
Period Ending 30-September-2015**

Description	Initial Project Budget	Project Budget	Final Forecast Cost (FFC)	Variance
NE-LCP Owners Team, Admin and EPCM Services	\$76,238	\$144,958	\$144,958	\$0
Feasibility Engineering	\$256	\$220	\$220	\$0
Environmental & Regulatory Compliance	\$710	\$811	\$811	\$0
Aboriginal Affairs	\$188	\$188	\$188	\$0
Procurement & Construction	\$626,869	\$709,643	\$709,643	\$0
Commercial & Legal	\$2,030	\$3,891	\$3,891	\$0
Contingency	\$14,030	\$17,846	\$17,846	\$0
Total	\$720,322	\$877,557	\$877,557	\$0

Note 1: Costs in CAD (\$ Thousands)

Note 2: Initial Project Budget represents baseline set at Financial Close in November 2013

Note 3: Project Budget represents Authorization for Expenditure (AFE) approved by the Board of Directors in September 2015

Note 4: Analysis and statements made with regard to variances are reflective of Project Budget, not Initial Project Budget

Analysis:

The Final Forecast Cost has been updated to align with the 2015 revised Authorization for Expenditure (AFE) approved by the Board of Directors of Labrador Transco during the current period, resulting in an increase of \$45,612 in the overall Final Forecast Cost, primarily impacted by market conditions and pressures, reliability improvements & design enhancements, and Contractor performance & project management execution.

The main component of this variance is an increase of \$45,022 in the category of “Owners Team, Admin and EPCM Services”, followed by increases of \$3,470 in the category of “Procurement & Construction”, and \$750 in the category of “Commercial & Legal”, amended from the last reporting period as a result of the impacts indicated above.

Similar to MF, market pressures are increasing the price of the work and the contracts required for the Labrador Transmission Asset. Construction of the 735 kV line, along with site services for Construction of the Muskrat Falls and Churchill Falls Switchyards are primarily those Contracts that these conditions are having an impact. Design enhancements to account for geotechnical conditions at the Switchyards as well as on the terrain encountered on the HVac Transmission Line to ensure reliability, along with the requirement for more direct project management from the Project also impact the cost increases under LTA.

The Final Forecast Costs for “Feasibility Engineering”, and “Aboriginal Affairs”, remain unchanged from the last reporting period.

The Final Forecast Cost for “Environmental & Regulatory Compliance” has decreased by \$207; and by \$3,422 for “Contingency”, from the last reporting period as a result of the analysis of these categories during the AFE revision.

SCHEDULE "D"**Part I - Muskrat Estimated Commissioning Date**

The planned Commissioning Date of 01-June-2018 set forth in the MF Project Schedule is under review; however it is anticipated not to extend past the Date Certain.

Part II - Labrador Transco Estimated Commissioning Date

Due to the schedule review under Muskrat Falls, the Commissioning Date of 01-June-2018 set forth in the LTA Project Schedule is under review; however it is anticipated not to extend past the Date Certain.

SCHEDULE "E"**Part I - Muskrat Material Disputes**

Material disputes with any Material Project Participant or related claims against Muskrat are listed below:

- CH0006 – Construction of Bulk Excavation Works and Associated Works:

The Contractor, IKC-ONE, submitted a Request for Equitable Adjustment (REA) dated 27-August-2013 in the approximate amount of \$31million. The Contractor has stated that there were delays outside of its control and they were required to accelerate their work to meet their contract schedule.

The REA is being managed in accordance with Devco business processes however a deadline has not been established for resolution.

Evaluation completed to date by Devco has established the value of the REA as submitted by the Contractor is inflated, and that the estimated value is well below \$10 million. A forensic audit of the Contractor's costs was completed May 2014 and discussions with the Contractor are ongoing. A revised REA was submitted by the Contractor and is currently under review by Devco.

The Request for Equitable Adjustment will not impact the MF Project Schedule as the work has been completed, on schedule.

Part II - Labrador Transco Material Disputes

There are currently no material disputes with any Material Project Participant, or related claims against Labrador Transco.

SCHEDULE "F"

Part I - MF Plant Construction Progress

Milestone Description	Planned	Actual/Forecast	Status
Project Sanction	17-Dec-2012	17-Dec-2012	Actual
North Spur Works Ready for Diversion	30-Nov-2015	28-Sep-2016	
River Diversion Complete (to 25m)	09-Nov-2016	09-Nov-2016	
Reservoir Impoundment Complete (to 39m)	19-Nov-2017	19-Nov-2017	Under Review
Powerhouse Unit 1 Commissioned - Ready for Operation	30-Dec-2017	30-Dec-2017	Under Review
First Power from Muskrat Falls	30-Dec-2017	30-Dec-2017	Under Review
Powerhouse Unit 2 Commissioned - Ready for Operation	18-Feb-2018	18-Feb-2018	Under Review
Powerhouse Unit 3 Commissioned - Ready for Operation	12-April-2018	12-April-2018	Under Review
Powerhouse Unit 4 Commissioned - Ready for Operation	22-May-2018	22-May-2018	Under Review
Full Power from Muskrat Falls	22-May-2018	22-May-2018	Under Review
Commissioning Complete - Commissioning Certificate Issued	01-Jun-2018	01-Jun-2018	Under Review
Date Certain	28-Feb-2019	28-Feb-2019	Under Review

Construction Narrative:

During the period, the CH0007 contractor responsible for the Intake, Powerhouse, Spillway, and Transition Dams made progress in the following areas:

- Completion of final concrete pour at the top of the Spillway.
- Continuation of concrete placement – 27 spillway pier placements; 5 placements at the center transition dam; 4 separation wall placements, and 1 dental placement; 7 North Transition Dam placements; 12 intake placements; 6 south service bay placements; 9 draft tube placements; and 5 permanent downstream bridge placements.
- Ongoing maintenance of curing, hoarding and heating of the placed concrete.
- Completion of welding repairs on permanent downstream bridge.
- Dismantling of downstream spillway Tower Crane No. 2.
- Installation of concrete culvert and steel conduit line on south side of spillway wall.

Overall, CH0007 production, while making significant improvements, continues to trend behind plan, however, Devco continue to collaborate with the Contractor in the implementation of organizational and production changes at the construction management level, and plans to improve production are being realized since re-start of 2015 operations. A review of the C1 (Muskrat Falls Generation) work plan is underway, and implementation of an updated C1 schedule will remain on hold pending acceptance of agreed actions and mitigations plan.

Manufacturing of the Turbines and Generators under CH0030 is proceeding on schedule and is now at 53% complete. The next shipment from China, containing the majority of heavy steel components is scheduled for arrival in Goose Bay, Labrador by mid-November 2015.

Manufacturing of the primary anchor materials for the intake, powerhouse and spillway is continuing under contract CH0032 for the Supply and Installation of Hydro-Mechanical Equipment. Intake and draft tube embedded parts fabrication, draft tube crane fabrication, intake hoist fabrication, and primary anchor installation are ongoing. The CH0032 Contractor has mobilized at the Muskrat Falls site to commence the downstream spillway hydro-mechanical scope of work, including the installation of the stop log and gates guides.

The CH0008 Contractor for Construction of North Spur Stabilization Works continued with excavation activities on the upstream and downstream embankment, and the upstream cement bentonite cut-off wall was near completion by the end of the period. The schedule for stabilization works has been updated, and is forecast to be completed prior to the planned Winter Headpond (elev. 25 m) milestone date.

Preparation of management, technical and commercial deliverables are underway following issue of a Limited Notice to Proceed (LNTP) during the previous period for Construction of the North and South Dams under CH0009.

Part II - LTA Construction Progress

Milestone Description	Planned	Actual/Forecast	Status
Project Sanction	17-Dec-2012	17-Dec-2012	Actual
HVac Transmission Line Construction Complete	08-Jun-2016	28-Sept-2016	
Churchill Falls Switchyard Ready to Energize	31-May-2017	31-May-2017	
Muskrat Falls Switchyard Ready to Energize	31-May-2017	31-May-2017	
Ready for Power Transmission	31-May-2017	31-May-2017	
Commissioning Complete- Commissioning Certificate Issued	01-Jun-2018	01-Jun-2018	Under Review (as a result of noted MF schedule review)
Date Certain	28-Feb-2019	28-Feb-2019	Under Review (as a result of noted MF schedule review)

Construction Narrative:

Work is continuing on the preparation of management, technical, and commercial deliverables under Contract CD0502 for Construction of AC Substations, along with civil works and building services activities including civil excavation, rebar and forming for gantries and transformer pads ongoing at both the Muskrat Falls and Churchill Falls sites.

All transformer units for the Muskrat Falls Switchyard under PD0537 for Supply of Power Transformers, AC Substations have been shipped from facilities in St. Louis, and are scheduled for arrival in Goose Bay by mid-October 2015. The first two units for the Churchill Falls Switchyard arrived on site during the period, with the remainder scheduled for delivery throughout October and November.

The Labrador marshalling yard operation is ongoing and supporting the HVac transmission line construction activities. Receipt of materials is continuing for the HVac transmission line, along with the ongoing issuance of towers, hardware and foundation materials to the CT0319 contractor.

Construction activities for the HVac Transmission Line in Labrador under CT0319 continued to progress during the period with ongoing tower assembly, tower erection, guy anchor installation and testing, foundation installation, and conductor stringing.

By the end of September, 1178 foundations have been installed, 1014 towers were assembled and 896 erected, out of a total of 1263; 958 of the 1003 guy anchors installed have been tested, out of a grand total of 1100; and 195,695 metres of conductor stringing out of a total of 490,481 metres, was completed. Work continues on the development of access routes and distribution of materials along the transmission line ROW.

The forecasted completion date for HVac Transmission line construction has been adjusted, but line construction activities continue to be forecasted to complete in advance of the AC switchyards. Resources and work priorities are being managed across both the LTA and the LIL to optimize progress on both.

SCHEDULE "G"

Part I - Muskrat Additional Material Project Documents

There were no Additional Material Project Documents entered into since the Previous Construction Report.

Part II - Labrador Transco Additional Material Project Documents

There were no Additional Material Project Documents entered into since the Previous Construction Report.

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