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From : "McGrath, Rob"

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Subject : SNC Lavalin note for Premiers Meeting

Attachment : Meeting Note - Premier meeting with SNC Lavalin.DOC;

Guys,

See draft note for the Premier's meeting with SNC Lavalin on Friday based on contributions from energy (policy, economics, benefits), mines, TW, and Nalcor. This is due to the Premiers Office today. Let me know if there are any further edits required.

Rob

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Meeting Note**SNC Lavalin****April 15, 2011****11:00 AM****Premier's Office**

Attendees: Pierre Duhaime, President & CEO
Patrick Lamarre, Executive Vice President (Responsible for Global Power)
Albert Williams, Vice President & General Manager, Newfoundland and Labrador

Premier Dunderdale will also be in attendance.

Purpose of Meeting:

- Items identified to be discussed at this meeting are: the Lower Churchill Project, Offshore Oil and Gas, Mining, and Provincial Infrastructure.

Background:

- SNC-Lavalin is a major global engineering and construction firm that provides engineering, procurement, construction, project management, and project financing services to a variety of industry sectors including agrifoods, pharmaceuticals & biotechnology, chemicals & petroleum, environment, heavy construction, mass transit, mining & metallurgy, and power & water management.
- SNC-Lavalin was founded in 1911 and has been active internationally for 50 years. The company has offices across Canada and in 35 other countries around the world. SNC-Lavalin's Head Office is located in Montreal, Quebec.
- SNC-Lavalin has a wholly-owned subsidiary company in Newfoundland and Labrador - BAE Newplan Group Limited (BNG) – which is a multi-disciplinary engineering consulting company that provides services throughout Atlantic Canada and around the world. BNG operates offices in St. John's, Mount Pearl and Deer Lake. BNG provided the engineering, procurement and construction management services for the Voisey's Bay mine, concentrator, and related facilities in Labrador.

Agenda Item #1 – Lower Churchill Project

- In November 2010, Nalcor and Emera Inc. announced an agreement to develop Phase 1 of the Lower Churchill Project (LCP) which will consist of: the 824 MW Muskrat Falls generating facility; the Labrador-Island transmission Link connecting Labrador with the Island, and; the Maritime Link that will connect the Island to Nova Scotia.
- The Environmental Assessment process for the LCP is ongoing. Public hearings began in Happy Valley-Goose Bay on March 3, 2011 and are scheduled to conclude on April 15, 2011, at which time the Joint Review Panel will prepare its Environmental Assessment Report.
- On March 25, 2011 Nalcor Energy announced it awarded SNC-Lavalin the engineering, procurement and construction management (EPCM) contract for services for components of Phase I of the Lower Churchill Project (LCP). It does not include the Maritime Link and the Strait of Belle Isle crossing at this time. Those are expected to be turnkey packages.

- The EPCM contract aligns with the LCP Benefits Strategy. Engineering and procurement for the Project will be performed primarily from SNC-Lavalin's office in St. John's. As the Project progresses, construction management will occur predominantly at the Muskrat Falls generating site in Labrador, as well as at various transmission locations in Labrador and on the island.
- Muskrat Falls Construction Schedule:
 - 2011 – Site access and clearing infrastructure (power, communications, etc.), Accommodations preparation and construction.
 - 2012 – Complete; site work, accommodations. Start; reservoir preparation, clearing and bulk excavation, and MF-CF transmission line.
 - 2013 – Start; powerhouse concreting and primary structural steel, spillway, north spur works, south dam, and switchyard
 - 2014 – Install powerhouse crane CF switchyard mods. Finish south dam and start north spillway ready for river control/diversion
 - 2015 – Complete: MF-CF transmission line, reservoir preparation, powerhouse primary concreting, north spur stabilization works, north dam
 - 2016 – Impound reservoir, commissioning, First power (unit one)
 - 2017 – Full power (unit four) Site demobilization, operations.

Potential Speaking Points:

- The Premier may wish to congratulate SNC-Lavalin on being awarded the engineering, procurement and construction management contract for services for Phase 1 of the Lower Churchill Project.
- The Premier may wish to acknowledge that the public hearings are scheduled to conclude this week and that NL is looking forward to the conclusions from the Joint Panel.
- The Premier may wish to highlight some of the important milestones that have occurred in the past number of weeks including:
 - The agreement reached between the Innu Nation and the Federal Government on the financial terms of the Innu land claim;
 - The pending conclusion of the public hearing for the environmental assessment process;
 - The recent announcement of federal support for LCP (loan guarantee) made by Conservative Leader Stephen Harper (as well as support indicated by Liberal Leader Ignatieff and NDP leader Layton).

Agenda Item #2 – Offshore Oil and Gas

Current Status and Outlook:

- There are 3 producing fields in the NL offshore; Hibernia, Terra Nova, and White Rose. A fourth project, North Amethyst, is also producing as a tieback to the White Rose FPSO.
- Newfoundland and Labrador's 2010 oil production was 100.7 million bbls and cumulative production to the end of 2010 was 1.19 billion bbls.
- Newfoundland and Labrador's 2009/2010 oil royalties were \$2.1 billion, accounting for 29% of total government revenue. The nominal GDP related to oil and gas extraction for 2009 was \$6.4 billion accounting for 27.5% of total nominal GDP.

- In addition to existing producing projects, there are pending projects in the NL offshore. For example, the Hibernia Southern Extension has commenced platform drilling and there are additional satellite fields that will tie back to the White Rose FPSO. The most significant pending field in terms of discovered resources is Hebron.
- Once Hebron is in production, over 95% of NL's discovered oil resources will be in development, emphasizing the need to enhance/accelerate exploration. Current initiatives, such as the Offshore Continental Margin Working Group, allow government to engage with operators to discuss barriers to exploration.
- In addition, NL continues to implement its marketing plan to target new entrants.

SNC-Lavalin Participation in NL's oil and gas sector:

- In 1990, The Hibernia Management Development Corporation (HMDC) awarded a US\$313 million contract to Newfoundland Offshore Contractors (NOC) to Engineer and Procure equipment for the Topsides for the Hibernia Oil Production Platform; SNC-Lavalin was the major participant of NOC.
- SNC-Lavalin is a partner in AKCS. AKCS consists of Aker Offshore Partner, SNC-Lavalin and G.J Cahill and Company. The Company was formed in 2002 to pursue contracts for the Atlantic Canada oil and gas industry; targeting opportunities in engineering design, modifications, campaign maintenance, field development and subsea engineering.
- In 2006 SNC-Lavalin, on behalf of Newfoundland and Labrador Refining Corporation (NLRC), conducted a study at Placentia Bay to determine the economic viability of a new oil refinery and subsequently concluded that a 300,000 barrel per day oil refinery in Placentia Bay would (at the time of the study) cost US\$4.6 Billion plus standard owner's costs, and would rank among the largest and most advanced crude oil processing plants in the world.
- Companies (BAE Newplan and IJK Consortium) actually filed suit against NLRC and Altius for payment for work. The court process resulted in NLRC entering bankruptcy protection; however, in November 2009, NLRC emerged from bankruptcy protection and resumed efforts to find a buyer, partner, of funding for the refinery project in Placentia Bay.
- In NL, SNC-Lavalin has also completed front-end studies and site investigations at the Bull Arm fabrication facility for the Hebron Development Project and has provided maintenance and inspection for offshore oil production installations operated by HMDC, Husky Oil and Suncor Energy.
- SNC-Lavalin (St. John's) responded to the Expression of Interest for the Hebron GBS Front End Engineering Design (FEED) contract in 2009 but ultimately chose not to participate.
- In May 2009, SNC Lavalin announced it had acquired the engineering and technical services firm Spectrol Energy Services Inc., a St. John's based company. At that time the engineering staff of SNC-Lavalin in St. John's reached over 200 and the company considered themselves to be well positioned locally to execute significant portions of engineering, procurement, construction (EPC) projects.

Potential Speaking Points:

- Premier may wish to congratulate SNC-Lavalin on its prior and continuing work in Newfoundland and Labrador's oil and gas industry.
- Premier may wish to indicate the numerous future opportunities in the industry and encourage SNC-Lavalin's continued participation.

- Premier may wish to inquire about SNC's perspective on the NL oil & gas sector and any opportunities for growth for the sector and SNC.

Agenda Item #3 – Mining

- The mining industry is growing in NL with two new mines anticipated this year (Labrador Iron Mines, Rambler Mines and Metal), and likely two the following year. In addition IOC is expanding operations in western Labrador.
- Western Labrador is a focus for growth, both in mining and supporting infrastructure. Alderon, and New Millennium all plan mines in next five years, and there will likely be demand for development of powerlines and increased rail capacity.
- Based on global trends, a steady growth is anticipated in the minerals sector over the next five years, with associated infrastructure also being developed.
- SNC Lavalin is a major company in the mining industry with a wide range of services. They have been involved in the development of many major mines, including engineering, procurement and construction management services for Voisey's Bay.
- In June 2003, SNC subsidiary BAE-Newplan Group awarded work related to engineering, procurement and construction management services for the mine, concentrator and related facilities at the Labrador mine site.

Potential Speaking Points:

- The Premier may want to comment on the numerous mining projects that are anticipated to take place in the next five years and the many opportunities these projects could present to SNC-Lavalin, given their excellent track record and significant presence in the province.

Agenda Item # 4 – Provincial Infrastructure

General Overview

- The Province is responsible for:
 - Approximately 9,800 kilometres of primary and secondary highways and community access roads;
 - Construction of new roads and bridges and management of road improvement projects with expenditures of \$237.3 million for 2010-11;
 - Provision, maintenance and management of 18 provincial ferries servicing over 30 communities throughout the province; including: 8 government-owned and operated vessels, 2 government-owned and privately operated (through contracts with the provincial government) vessels, and 8 privately-owned contracted vessels serving approximately 30,000 residents;
 - Marine operations accounting for \$101.9 million for 2010-11 (transporting approximately 900,000 passengers, 400,000 vehicles, and 20,000 tonnes of freight);
 - Management and maintenance of approximately 600,000 square metres of floor space, consisting of approximately 840 buildings, on 380 sites across the province;
 - Construction of new buildings and management of other capital projects for government departments and government-funded bodies with expenditures of \$190.5 million during 2010-11 and a total multi-year construction value of over \$1 billion;
 - Operation and maintenance of government's fleet of 10 aircraft for air ambulance and forest fire suppression services; and,

- Management of government's fleet of over 3,000 vehicles including, light vehicles, heavy equipment and utility vehicles (such as snowmobiles, all terrain vehicles, etc.).

Potential for Public-Private Partnerships (P3) in Certain Sectors

- To date, the Government of Newfoundland and Labrador has not entered into any Public-Private Partnerships.
- In Spring 2003, the former government issued a Request for Expressions of Interest for a P3 to construct and operate the new Corner Brook Long-Term Care Facility. Expressions of Interest were received but no further action was taken.
- PPP Canada was created in 2009 as a Crown Corporation of the Federal Department of Finance and oversees the P3 Canada Fund which directly targets P3 and Alternate Financing and Procurement (AFP) projects. In order for a project to be eligible for funding it must be in the area of \$50 million or greater.
- The P3 Canada fund has issued two calls for projects to date (October 2009 and June 2010) with Round Three to be launched in May 2011.
- 20 submissions from across the Country were received in Round One and 68 were received in Round Two for a vast variety of infrastructure projects. Submissions were received from provincial and territorial governments, municipal governments, and Indian and Northern Affairs Canada.
- NL and NS jointly submitted a proposal in Round Two for an Atlantic Provinces Renewable Energy Interconnect which would connect the NL electricity system with that of the Maritime Provinces via a 180 km (at a minimum) subsea HVDC transmission cable between NL (Cape Ray) and NS (Sydney). The proposal was unsuccessful; however, NL and NS have committed to work with PPP Canada on a second proposal.

Potential Speaking Points:

- Premier may wish to discuss provincial infrastructure and question SNC-Lavalin on any potential role they see for their future.
- Premier may want to note that to date, NL has not entered into any Public Private Partnerships.

Prepared by: Natural Resources (Energy and Mines), Transportation and Works, Nalcor Energy

Approved by:

Ministerial Approval:

12 04 2011

Attachments:

Appendix A: Biography of Pierre Duhaime, President and CEO of SNC-Lavalin Group Inc.

Appendix A:

Pierre Duhaime is President and Chief Executive Officer of SNC-Lavalin Group Inc. He also sits on the Board of Directors.

SNC-Lavalin (TSX:SNC) is one of the leading engineering and construction groups in the world and a major player in the ownership of infrastructure, and in the provision of operations and maintenance services. SNC-Lavalin has offices across Canada and in over 35 other countries around the world, and is currently working in some 100 countries.

Pierre Duhaime has over 30 years of engineering, construction and project management experience, primarily in industrial process plants and non-ferrous metals.

Born in Quebec in 1954, Pierre Duhaime holds a Bachelor of Engineering in Metallurgy from École Polytechnique, Montreal, Quebec, and an M.B.A. in Production and Finance from École des Hautes Études Commerciales, Montreal, Quebec.

He began his career with Noranda in 1975 as a technician working in research and development. As a metallurgist during the 1980s, he quickly rose to the position of Project Manager at Canadian Electrolytic Zinc and later at American Iron and Metal Company, in charge of managing modernization, relocation and greenfield construction projects.

In 1989, Mr. Duhaime joined SNC-Lavalin (TSX:SNC), a global engineering and construction firm based in Canada, as a Project Manager in the Industrial Division. He was promoted to Director of Technology in 1991 and appointed its Vice-President of Projects and Technology in 1997. During this period, he was involved in major mining and industrial projects, such as engineering and construction of the Troilus Gold Mine and the Magnola magnesium mega-plant in Quebec.

Mr. Duhaime continued to take on increasingly senior positions in the Division as well as responsibility for the Aluminum Division. In 2003, he was appointed Executive Vice-President responsible for SNC-Lavalin's Mining and Metallurgy activities worldwide. At the same time, he was appointed to the Office of the President, the senior decision-making management group composed of the President and CEO and Executive Vice-Presidents.

On May 7, 2009, Pierre Duhaime was appointed President and Chief Executive Officer of SNC-Lavalin Group Inc.

Throughout his long career, Mr. Duhaime has overseen some of SNC-Lavalin's most prestigious mining projects, including the Diavik Diamond Mine project in Canada's High Arctic and the Skorpion Zinc Mine project in the Namibian desert. In the Chemicals and Petroleum sector, he was responsible for the Canaport LNG in New Brunswick, Canada's first liquefied natural-gas regasification plant and receiving terminal. He was instrumental in securing a contract for the Ambatovy nickel project in Madagascar, the Qatalum aluminum smelter project in Qatar, and for a joint venture contract for Inco's Goro Nickel project in New Caledonia.

He has also played a key role in strengthening SNC-Lavalin's position in the copper industry through such Chilean projects as the upgrading of the Alto Norte smelter and the modernizing of the Chuquicamata electrorefinery, the largest plant of its kind in the world, and the Cobre Las Cruces project in Spain.

Pierre Duhaime is a former President of the Hydrogen Industry Council, and a member of the Canadian Council of Chief Executives; the Canadian Institute of Mining, Metallurgy and Petroleum, the Ordre des ingénieurs du Québec, and of the International Advisory Council of HEC Montreal. He is a recipient of the CIM Ainey Award.

Recent volunteering in the community includes co-chairing the 2009 fundraising dinner for the Foundation of the Women's Centre of Montreal, and the Bal de la Fondation des Étoiles, a benefit event in support of paediatric research, in September 2009.