



Lower Churchill Management Corporation
 Lower Churchill Project Operations Office
 350 Torbay Road, Suite 2
 St. John's, NL Canada A1A 4E1

Rec. No.: L010-S011-200-170331-00251

29-Oct-2015

SNC Lavalin Inc.
 Suite 2, 350 Torbay Road
 St. John's, NL A1A 4E1

Attention: Mr. David Haley

Subject: Lower Churchill Phase 1 Development
 Agreement LC-G-002
 Invoice Rejection

Dear David,

Please be advised that we are rejecting the following invoice related to the subject Agreement:

Invoice Date	Invoice #	Amount	Currency
6-Oct-2015	1210224	\$629,682.80	CAD

Company cannot process and pay this invoice due to the following reasons:

1. The invoice was not properly documented and supported with summary schedules and coding required to effectively verify the charges.
2. In many cases, the supporting documentation related to hours paid to an individual did not agree with the hours being used to calculate completion premiums. Please complete the required quality review on the hours being used to calculate the completion premium to ensure alignment with the payroll summaries.
3. Company has determined that Consultant has added 37.5% to the base rate in calculating the Completion Premium due to Consultant. We refer you to letter no. L010-S011-170331-00250, issued to Consultant on 22-Oct-2015, wherein we reiterated Company's position that payroll burdens be excluded from completion premium billings. Unless Consultant can demonstrate that it has incurred additional payroll burdens associated with the payment of completion premiums, please remove payroll burdens from the revised invoice submission.

If you have any questions, please contact John Skinner.

Sincerely,

Ron Power

General Project Manager