

LTR-CH0009001-0345



Muskrat Falls North and South Dams
PO Box 1030 Station C
Goose Bay, NL
AOP 1C0

23-May-2017

Muskrat Falls Corporation

350 Torbay Road, Suite 2
St. John's, NL Canada A1A 4E1

Attention: Scott O'Brien, Project Manager

Subject: **Agreement:** CH0009-001 Construction of North and South Dams
Letter No.: BPLP-1418-L-137
Re: LTR-0343 - Force Majeure Declaration by Company 20-May-2017

Mr. O'Brien:

BPLP is in receipt of the Company's letter dated 20-May-2017 regarding the Company's declaration of an occurrence of Force Majeure.

Missing from the Company's May 20, 2017 Force Majeure Declaration is any explanation or justification as to why the gate blockade constitutes a Force Majeure event. The gate blockade does not constitute a Force Majeure event as set forth in Article 28.

The blockade was formed as the protesters believed that the Company's recent release of water or failure to properly manage the downstream flows resulted in flooding of the Mud Lake community. Section 28.2 only allows the Company to claim a Force Majeure event if such event is "beyond the control and without the fault or negligence of [the Company], and which by the exercise of reasonable diligence [the Company] is unable to provide against it."

The blockade is the result of the Company release of water or failure to properly manage the downstream flows which resulted in the flooding of the Mud Lake community. This was clearly within the Company's control and the result of the Company's fault or negligence. Further, the Company, by exercising reasonable diligence, could have prevented the blockade by properly managing the downstream flows.

As such, BPLP is currently evaluating cost and schedule impacts and will notify MFC separately of these, if any.

Please contact me at (709) 702-0176 if you have any questions or need further information regarding this subject.

Regards,

Barnard Pennecon LP

A handwritten signature in blue ink, appearing to read "Aaron Rietveld".

Sam Lumbuck

Aaron Rietveld
Project Manager

For