

**Bridge Agreement
made and executed on 27 July 2016**

("Bridge Agreement")

Between:

MUSKRAT FALLS CORPORATION

a body corporate constituted pursuant to the Corporations Act, RSNL 1990, c. C-36, as amended, and having its head office at the City of St. John's, Province of Newfoundland and Labrador (hereinafter referred to as the "**Company**")

- and -

ASTALDI CANADA INC.

a company duly registered at the Registraire des entreprises (NEQ) 1168070192, having its head office at 4001 Saint-Antoine Avenue West, Suite 110, Montreal Quebec H4C 1B9, (hereinafter referred to as the "**Contractor**")

WHEREAS Company and Contractor entered into the Civil Works Agreement for the construction of the intake and powerhouse, spillway and transition dams, Agreement No. CH0007, dated 29 November 2013 (the "**Agreement**");

WHEREAS the Parties understand the cost to Contractor to complete the Agreement exceeds the amount remaining to be paid under the Agreement;

AND WHEREAS the Parties do not agree as to the reason(s) and liability for the said additional cost;

AND WHEREAS it is in the best interests of both Parties that conditions be found under which work under the Agreement may continue uninterrupted:

NOW THEREFORE IN CONSIDERATION OF THEIR MUTUAL PROMISES and the exchange of valuable consideration, the receipt and sufficiency of which is hereby duly and irrevocably acknowledged, **THE PARTIES HERETO AGREE AS FOLLOWS:**

Contract Price

1. Company shall increase the Contract Price by \$150 Million (plus HST) in 2016 on the terms and conditions as set out below.
2. Upon confirmation by Company that Contractor has performed the following work for the installation of concrete and steel erection in compliance with all Technical Requirements, quality and safety requirements set out in the Agreement, such confirmation not to be unreasonably withheld, Contractor shall be entitled to issue a Production Payment Certificate and invoice an amount for concrete and steel as set out below in paragraphs 3 to 11, inclusive (each a "Production Payment").

Concrete Production Payments

3. In each month from July 2016 to October 2016, inclusive, Contractor shall achieve the volume of concrete in each area specified in Table 1 below:

| Area | July | Aug | Sept | Oct | Total |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|
| | m ³ | m ³ | m ³ | m ³ | |
| South Service Bay | Included in total | 1074 | 1457 | 1400 | |
| Unit 1 - Intake | Included in total | 2227 | 2418 | 2228 | |
| Unit 1 - Powerhouse | Included in total | 1377 | 2009 | 1406 | |
| Unit 1 - Tailrace/Draft T Outlet | Included in total | 550 | 784 | 581 | |
| Unit 2 - Intake | Included in total | 2000 | 1850 | 1950 | |
| Unit 2 - Powerhouse | Included in total | 0 | 825 | 1364 | |
| Unit 2 - Tailrace/Draft T Outlet | Included in total | 1669 | 1685 | 900 | |
| Unit 3 - Intake | Included in total | 2200 | 1831 | 1350 | |
| Unit 3 - Powerhouse | Included in total | 750 | 880 | 780 | |
| Unit 3 - Tailrace/Draft T Outlet | Included in total | 941 | 1499 | 1500 | |
| Unit 4 - Intake | Included in total | 2810 | 2027 | 2050 | |
| Unit 4 - Powerhouse | Included in total | 500 | 800 | 1000 | |
| Unit 4 - Tailrace/Draft T Outlet | Included in total | 950 | 1038 | 850 | |
| North Service Bay | Included in total | 24 | 0 | 0 | |
| Centre Transition Dam | Included in total | 122 | 262 | 0 | |
| South Transition Dam | Included in total | 0 | 167 | 700 | |
| Total Volume | 13500 | 17191 | 19531 | 18058 | 68280 |
| I | | | | | |
| Concrete Production Payment Value | \$32,400,000 | \$35,000,000 | \$37,600,000 | \$35,000,000 | \$140,000,000 |

Table 1. Concrete Volumes by Area and Month

4. For the month of July, Contractor shall be entitled to include in its Production Payment Certificate and invoice on the last day of the month a pro rata amount for the actual volume of concrete installed (as determined by the actual concrete volume installed in July divided by the Total Volume specified for July in Table 1 multiplied by the Concrete Production Payment Value).

5. As of the 15th of each month for August to October, inclusive, Contractor shall be entitled to issue a Production Payment Certificate and invoice the pro rata amount of the Concrete Production Payment Value for concrete installed in the areas listed in Table 1 from the 1st day of the month to the 15th day of the month.
6. As of the last day of each month for August to October, provided Contractor is within +/- 30% of the concrete volume in a month for each line item area in Table 1 and achieves the Total Volume of concrete for the month in Table 1, Contractor may include the Concrete Production Payment Value less the amount invoiced on the 15th day of the month in its Production Payment Certificate and invoice.
7. In the event that Contractor fails to achieve the Total Volume of concrete specified in Table 1 for a given month for August to October, inclusive:
 - (a) provided Contractor has achieved 70% of the concrete volume for the month in each of the areas for Units 1 and 2, Contractor shall be entitled to include a pro rata amount for the actual volume of concrete installed in its Production Payment Certificate and invoice on the last day of the month (as determined by the actual concrete volume installed in the month in the areas in Table 1 divided by the specified Total Volume for the month multiplied by the Concrete Production Payment Value);
 - (b) if Contractor has not achieved 70% of the concrete volume for the month in each of the areas for Units 1 and 2, Contractor shall not be entitled to issue a Production Payment Certificate and invoice for the last day of the month until such time as the 70% concrete volume requirement has been achieved.
8. If Contractor has not achieved the Total Volume of concrete specified in Table 1 for a month, Contractor shall be entitled to include in a Production Payment Certificate and invoice an amount applicable to the unearned volume in the subsequent period of 15 days in which the full volume is achieved, including months after October 2016.
9. For greater certainty, the maximum payment for concrete installation under this Bridge Agreement (the Total Volume of concrete in Table 1) is one hundred forty million dollars (\$140,000,000.00).

Steel Erection Payments

10. Contractor may include an amount for steel erection in a Production Payment Certificate and invoice for that month in which the steel erection as noted below has been achieved:
 - (a) Completion of South Service Bay structural erection including roof structure, up to line 4 and between gridlines A - D. Excludes the mezzanine structure in between lines 1-2.
Steel Erection Payment Value \$5,000,000.00
 - (b) Completion of scope as per Sequence No. 1 on MFA-SN-CD-3320-ST-DD-0031-01 rev C1.
Steel Erection Payment Value \$5,000,000.00

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For greater certainty, the above payments in sub paragraphs (a) and (b) shall not be withheld due to steel reasonably impacted by ECNs, including ECN No. CH0007001-0056.

Invoice Payment

11. As it relates to Production Payment Certificates, Company will approve within 2 days from receipt and the related Production Payment invoices issued by Contractor will be paid no later than 15 days following receipt of Contractor's invoice at Company's St. John's project office. For clarity, all other invoices issued by the Contractor will be paid no later than 30 days following receipt in accordance with the Agreement.

Payment for Materials on Site

12. Contractor may include an amount for material supplied and on site as a separate line item in its Payment Certificate and invoice for July 2016, as follows:
- (a) Contractor shall confirm current inventory on Site by July 29, 2016;
 - (b) Contractor shall confirm by July 29, 2016, that Company has assignment rights for supply subcontracts;
 - (c) Contractor shall provide its inventory value to Company for the period from July 29, 2016, to October 31, 2016;
 - (d) Company shall advance to Contractor that inventory value in the payment of the July, 2016, invoice;
 - (e) Company will deduct the advance for the inventory value from the Payment Certificate and invoice for October 2016 or upon any earlier termination of the Agreement.

Travel Allowances

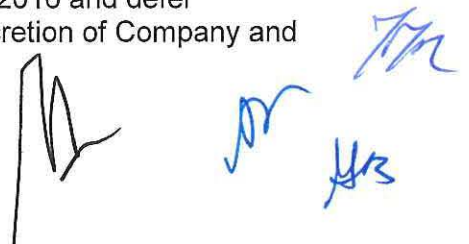
13. For avoidance of doubt, the travel allowance for all Contractor's Work Force covered by the Collective Agreement and working at the Site will be continued to be reimbursed on the basis of cost incurred in accordance with the terms of the Agreement.

Funding Availability

14. Company has available additional funds for Contractor that it is willing to include in an overall resolution for the years following 2016 subject to the Parties reaching a commercially reasonable overall resolution.

Advance Payment

15. Company will suspend reimbursement of the current outstanding balance of the advance payment from the date of this Bridge Agreement through December 2016 and defer reimbursement into 2017. This suspension is made solely at the discretion of Company and can be terminated by Company at any time and for any reason.



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16. Unless otherwise agreed, reimbursement of the outstanding balance of the advance payment by Contractor to Company will recommence in January 2017.
17. Subject to an extension of the duration of the advance payment letter of credit as agreed by Company, the advance payment will be reimbursed from Payment Certificates and invoices commencing in January 2017 at the percentages stipulated in the Agreement. In the absence of an acceptable extension of the advance payment letter of credit, the outstanding balance of the advance payment will be reimbursed in three equal increments by deductions from Company payments in January, February and March, 2017.

Schedule and Cost

18. Company acknowledges Contractor is working and will continue to work to perform the balance of the Work in accordance with the activities, logic and durations shown on the May 2016 Control Schedule Baseline Document (CSBD) which can be used for the purposes of discussions for a commercially reasonable resolution as may be agreed by the Parties. Each Party affirms the position it has taken in previous correspondence on this issue, including Contractor's justification document, Company's response, and Contractor's reply.
19. Contractor has advised that its estimated cost at completion is \$1.975B (including 7% gross profit), which exceeds the Contract Price. The Parties do not agree as to the reason(s) and liability for the additional cost or as to the value of the Work at completion. Contractor's estimate cost at completion is the amount which can be used for the purposes of discussions for a commercially reasonable resolution for a comprehensive settlement agreement as may be agreed by the Parties. Each Party affirms the position it has taken in previous correspondence on this issue including, Contractor's justification document, Company's response, and Contractor's reply.

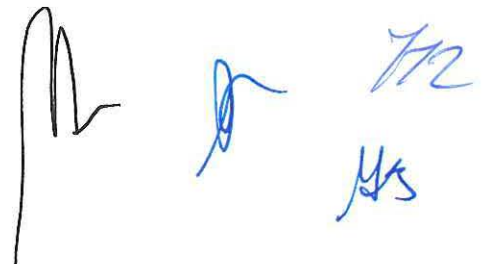
Liquidated damages

20. In any commercially reasonable resolution for a comprehensive settlement agreement as may be agreed by the Parties, Company is willing to waive liquidated damages accrued to date.
21. Company will suspend, through October 2016, its right to payment of liquidated damages for any Milestones which have not been achieved by the dates specified in the Agreement.

Camp Accommodations

22. The Parties will continue to work together to promote alternative arrangements to solve issue regarding availability of camp accommodation, including but not limited to the use of bunk beds in the camp and finding other accommodations outside of the camp. If alternative solutions are agreed by the Parties that are not contemplated in the Agreement and which entail additional costs to Contractor then the additional costs shall be covered by a Change Order.

Further Commercial Discussions



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23. The Parties will negotiate in good faith to try to achieve a commercially reasonable resolution for a comprehensive settlement agreement, acceptable to both Parties, by October 28, 2016, of contractual/commercial issues.
24. If by October 28, 2016, the Parties have not agreed to a commercially reasonable overall settlement:
- a. The Parties may continue to negotiate to achieve a commercially reasonable resolution and Contractor shall continue to perform the Work and continue to be paid for this Work in the manner contemplated by this Agreement.

or

- b. Contractor, at any time thereafter, may state its intention to terminate the Agreement in accordance with its terms or cease performance of the Work. If Contractor gives 90 days' prior written notice of such decision to Company and Contractor during the 90 day period:
 - i. continues performance of work, including reasonable transitional activities, as directed by Company; and
 - ii. takes appropriate actions to mitigate Company's losses,

then Company will

- i. waive the liquidated damages under Article 26 of the Agreement that have accrued to the end of the 90 day period; and
- ii. pay Contractor for work performed during the 90 day period in accordance with the pricing in Exhibit 2 of the Agreement for material, labour, and reasonable overheads.

For greater certainty, nothing in paragraph b above shall prevent the Parties from exercising all rights and remedies under the Agreement or at law, including those arising from termination of the Agreement or cessation of performance of the Work, and other than the waiver of liquidated damages described in paragraph b above, the Parties reserve all rights and remedies under the Agreement and at law. Without prejudice to those rights and remedies, the Parties will seek in good faith a mutually beneficial mitigation of potential outcomes.

25. The Parties shall each be available for meetings in August, September and October to discuss resolution of commercial issues.
26. The Parties are free to propose any item for inclusion in an agenda.
27. Proposed agendas to be provided two Business Days prior to a meeting.

Revocation of Contractor's Notices of Default

28. Contractor hereby revokes its Advance Payment Notice of Default and its Camp Accommodation Notice of Default.

General

- 29. Unless otherwise defined, all capitalised terms and expressions used herein shall have the meaning respectively ascribed thereto in the Agreement.
- 30. This Bridge Agreement, and the payments by Company to Contractor and other matters contemplated by it, shall not be deemed to be an admission of fault, wrongdoing or liability on the part of either Party, which fault, wrongdoing or liability is expressly denied in respect of any cause, matter or thing arising from or in relation to the Agreement.
- 31. By signing this Bridge Agreement neither Party waives, compromises or releases any right or remedy available under the Agreement or at law.
- 32. The temporary suspension of the reimbursement of the advance payment and, except for a change to the Contract Price, the Production Payments do not constitute any amendment or change to the terms and conditions of the Agreement. Subject to the reservations above, the Agreement remains in full force and effect.
- 33. Notwithstanding execution of this Bridge Agreement by the Parties, this Bridge Agreement shall be subject to any necessary consents required under the LCP financing agreements.

EXECUTED AS AN AGREEMENT:

For and on behalf of Muskrat Falls Corporation



 Signature of Authorized Representative

STAN MARSHALL

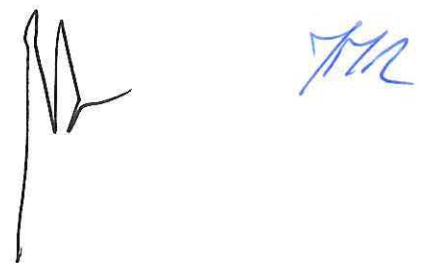
 Name of Authorized Representative



 Signature of Authorized Representative

GILBERT BENNETT

 Name of Authorized Representative



For and on behalf of Astaldi Canada Inc.



Signature of Authorized Representative

FRANCESCO MARIA ROTONDI
Name of Authorized Representative


(FILIPPO STINELLIS)

