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To: [Scolari Michele](#); [Delarosbil Donald](#); [Bader Georges](#)
Cc: MichaelHarris@lowerchurchillproject.ca; ScottOBrien@lowerchurchillproject.ca
Subject: Copy of signed Settlement Agreement.
Date: Tuesday, February 20, 2018 4:07:39 PM
Attachments: [2017 Settlement Agreement.pdf](#)

I will issue through Aconex. But here is a copy.

Mel Melhem

Senior Contract Administrator

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?

CH0007

2017 SETTLEMENT AGREEMENT

MUSKRAT FALLS CORPORATION

and

ASTALDI CANADA INC.

14 December 2017

Handwritten initials or signature in the bottom right corner, possibly reading 'JL' and 'JMC'.

CH0007

2017 SETTLEMENT AGREEMENT

Effective as of December 14, 2017

("2017 Settlement")

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 780 ave Brewster, Suite 03-300, Montreal Quebec H4C 2K1, (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**");

AND WHEREAS the Parties entered into an agreement dated 27 July 2016 respecting additional compensation for concrete installation and steel erection for the months of July to October 2016, inclusive, which work formed part of the Work under the Agreement ("**Bridge Agreement**")

AND WHEREAS Company and Contractor entered into Completion Contract regarding the intake and powerhouse, spillway and transition dams dated 1 December 2016 ("**Completion Contract**");

AND WHEREAS the Parties have agreed to resolve claims and certain matters that arose within the period from December 1, 2016 up to and including December 14, 2017:

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

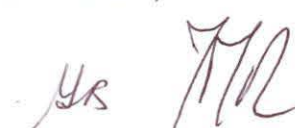
1. The Contract Price is hereby increased by twenty million dollars (\$20,000,000.00) as compensation for certain matters, including potential Changes and settlement of various Contractor claims, to give a total Contract Price as of December 14, 2017, of one billion eight hundred fifty six million eighty nine thousand four hundred fifty one dollars and sixty six cents (\$1,856,089,451.66). Travel costs for craft labour are excluded and shall continue to be paid in accordance with the Agreement and the Completion Contract.
2. The Contract Price in paragraph 1 includes all Change Orders issued by Company, up to and including Change Order #060, following execution of the Completion Contract and, except for items listed in Appendix A, all direct and indirect costs of performing the Work.
3. For greater certainty:
 - (a) Except for those items listed in Appendix A to this 2017 Settlement, the total Contract Price set out in paragraph 1 is inclusive of all Changes, whether known or unknown, which are or could be the subject of Change Requests and Change Orders from December 1, 2016, up to and including December 14, 2017.
 - (b) the increase in the Contract Price set out in paragraph 1 is apportioned as follows:
 - (i) ten million dollars (\$10,000,000.00) is for Changes, and Company shall issue a Change Order in that amount;
 - (ii) ten million dollars (\$10,000,000.00) is a settlement of Contractor claims and disputed items and shall not be deemed to be a Change or as a result of a Change Order for the purposes of Section 9.3 of Exhibit 2 of the Agreement;
 - (c) all dollar amounts are exclusive of HST and in Canadian dollars.

Invoicing and Payment

4. Invoicing and payment under this 2017 Settlement shall be in accordance with the provisions of Article 12 of the Agreement except that Contractor shall be entitled to submit to Company a Payment Certificate attaching this 2017 Settlement along with its invoice for twenty million dollars (\$20,000,000.00).
5. Contractor covenants that payments by Company to Contractor under this Completion Contract will only be used to fund costs to perform the Work.

Confidentiality

6. Neither Party shall disclose this 2017 Settlement, the subject matter of related negotiations without prior written approval of the other Party. If disclosure is required by Applicable Laws,



the rules and regulations of any regulatory body or stock exchange, so far as it is lawful and practical to do so prior to such disclosure, the Party who is required to make the disclosure shall promptly liaise with the other Party to obtain that other Party's advice regarding such disclosure.

Mutual Release

7. Subject to paragraph 8 and except for those items listed in Appendix A to this 2017 Settlement, Contractor and Company mutually and irrevocably and unconditionally release, waive and forever discharges each other, their respective affiliates and related companies and their respective directors, officers, shareholders, agents, representatives, employees, successors and assigns, both present and former, from any and all claims, demands, actions, causes of actions, complaints, losses, interests, costs (direct and indirect) and/or damages of any kind or nature, whether known or unknown or ought to have been known, that arise out of or relate to the Agreement and Contractor's performance of the Work from November 30, 2016, up to and including December 14, 2017.
8. Nothing herein shall be interpreted to release Contractor from its quality (including any Defect caused prior up to and including December 14, 2017), safety and Warranty obligations under the Agreement.

Agreement Affirmed

9. Except as expressly modified by this 2017 Settlement, the Parties affirm all of their rights and obligations under the Completion Contract and the Agreement and that both the Completion Contract and the Agreement remain in full force and effect.
10. This 2017 Settlement, and the payment 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.
11. For greater certainty, the governing law and attornment provisions of Article 1.19 of the Agreement shall apply to this 2017 Settlement.

General

12. Unless otherwise defined, all capitalised terms and expressions used herein shall have the meaning respectively ascribed thereto in the Agreement. Unless otherwise stated, references to a paragraph number are references to that numbered paragraph in this 2017 Settlement.
13. Notwithstanding execution of this 2017 Settlement by the Parties, this 2017 Settlement shall be subject to and conditional upon:
 - (a) all written consents from parties to the LCP financing agreements that are required by the terms of those agreements;



(b) written consent to the terms and conditions of this 2017 Settlement by Astaldi S.p.A., the guarantor under the Parent Company Guarantee dated November 29, 2013, acknowledging that the Parent Company Guarantee retains its full and unimpaired validity, force and effect.

14. Each Party confirms that it has read this 2017 Settlement and fully understands its terms and that each Party voluntarily accepts its rights and obligations under this 2017 Settlement as it is in the best interests of each Party to do so. Each Party further confirms that they each have received the benefit of independent legal advice regarding the terms of this 2017 Settlement.

EXECUTED AS AN AGREEMENT on 9th FEBRUARY, 2018, and effective as of December 14, 2017:

For and on behalf of Muskrat Falls Corporation

Gilbert Bennett, P. Eng
Signature of Authorized Representative

GILBERT BENNETT, P. ENG
Name of Authorized Representative

2018 FEB 15
[Signature]
Signature of Authorized Representative

Stan Marshall
Name of Authorized Representative

For and on behalf of Astaldi Canada Inc.

[Signature]
Signature of Authorized Representative

FRANCESCA THORNTON ROYAL
Name of Authorized Representative

APPENDIX A

Exclusions from the Provisions of Paragraphs 3(a) and 7

1. Rollways Sequencing and Timing and related cost impact
2. Extension of Time / Acceleration (T&G Installation) and related cost impact
3. Escalation
4. The following CHR/ CHOs in process:
 - | | |
|--|---|
| <p><i>JK</i></p> <p>CHR 1165</p> <p>CHR 1076</p> <p>CHR 1077</p> <p>CHR 1143</p> <p>CHR 1161</p> <p>CHO #061</p> <p>CHO #062</p> <p>CHO #063</p> <p>CHO #064</p> <p>CHO #065</p> <p>CHO #066</p> <p>CHO #067</p> | <p><i>13</i></p> <p>Night Shift for Provision of Secondary Concrete for Others</p> <p>Contractor to Install Piezometer Piping and Related Assembly</p> <p>Contractor to Install Ten (10) Embedded Steel Conduits</p> <p>STD Access Walkway</p> <p>Repair Intumescent Paint on Mezzanine at Elevation 15.5</p> <p>Various Field Work Orders</p> <p>Trailer Transfer (CHR 2200)</p> <p><i>not used</i></p> <p>ICS Foundation Removal</p> <p>Emergency Site Services</p> <p>Snow Clearing</p> <p>Temporary Dewatering System</p> |
|--|---|
5. All outstanding Field Work Orders (to be paid in the ordinary course pursuant to the terms of the Agreement)

JK - MR