

CH0007

2018 RE- ADVANCE AGREEMENT

MUSKRAT FALLS CORPORATION

and

ASTALDI CANADA INC.

29 May 2018

Amended 11 June 2018



CH0007**2018 RE-ADVANCE AGREEMENT**

Effective as of 29 May 2018

("2018 Re- Advance")

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 Company and Contractor entered into an agreement dated 14 December 2017 regarding claims and certain matters in relation to the Work under the Agreement ("**2017 Settlement Agreement**");

AND WHEREAS Contractor's parent corporation, Astaldi SpA, is currently in the process of re-financing and cannot provide cash support Contractor in the short term, and Company is willing to advance funds, in addition to the funds previously advanced, to Contractor for the short term:

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:**

Re-Advance

1. In addition to the advances made by Company to Contractor under the Agreement and Completion Contract, a portion of which has been reimbursed, Company will provide an additional advance of seventeen million one hundred sixty-one thousand dollars (\$17,161,000.00) upon the terms set out below (the "Re-Advance Amount").
2. On or before July 16, 2018, Contractor shall provide at its cost an amendment to the advance payment letter of credit number 504-12-0013280 issued by the National Bank of Canada and currently held by Company as security pursuant to Article 7 of the Agreement ("Advance LC") whereby Exhibit A in the Advance LC is deleted in its entirety and replaced with a new Exhibit A in the form attached in Appendix 1 to this Re-Advance Agreement.
3. In order to reduce its payroll costs and to focus performance of critical work scopes as identified in Appendix 2 to this Re-Advance Agreement, Contractor shall
 - (a) on or before June 1, 2018, deliver to Company a plan for reductions to the number of Site staff;
 - (b) on or before June 1, 2018, deliver a plan to Company for reductions to non-Personnel indirect costs
 - (c) on or before June 4, 2018, deliver to Company a plan that describes measures to be undertaken by Contractor to focus Contractor work on critical work scopes.
4. Company shall advance to Contractor the amount referenced in paragraph 1 as follows:
 - (a) three million nine hundred thousand dollars (\$3,900,000.00) on Tuesday May 29, 2018;
 - (b) three million dollars (\$3,000,000.00) on Tuesday June 5, 2018, on the condition that the requirements of paragraph 3 have been carried out;
 - (c) ten million two hundred sixty one thousand dollars (\$10,261,000.00) on or before Tuesday June 12, 2018.



5. Subject to paragraph 6 herein, Contractor shall reimburse Company the Re-Advance Amount by deductions from Payment Certificates and invoices Approved by Company for the following work scope objectives described in Schedule A in the Completion Contract:
- (a) C1 in the amount of eight million six hundred sixty-four thousand dollars (\$8,664,000.00); and
 - (b) C4 in the amount of eight million four hundred ninety-seven thousand dollars (\$8,497,000.00).
6. At any time during the Term, Company may, in its sole and absolute discretion and for any reason, issue a notice (the "Repayment Notice") requiring Contractor to repay the Re-Advance Amount to Company within ten (10) days of the date of the Repayment Notice.
7. If Contractor:
- (a) is in default pursuant to Article 24.1 of the Agreement; or
 - (b) is in default pursuant to paragraph 39 of the Completion Contract; or
 - (c) has not repaid the Re-Advance Amount in full as required by any Repayment Notice; or
 - (d) has not fully repaid the Re-Advance Amount in full by December 15, 2018;

then Company shall be entitled to immediately recover the unpaid balance of the Re-Advance Amount from the Advance LC, and Contractor waives any right it may have to dispute Company's entitlement to recover the Re-Advance Amount.

8. Contractor shall use the Re-Advance Amount solely for payment of its payroll for its Personnel, Subcontractors and suppliers, and not for any other purpose. If Contractor uses any portion of the Re-Advance Amount for any purpose other than payment of its payroll for its Personnel, Subcontractors and suppliers for work at the Site, then Contractor shall be deemed to be in default for the purposes of paragraph 39 of the Completion Contract and Company shall be entitled to exercise the remedies described in paragraph 40 of the Completion Contract.
9. Except for the amendment to the Advance LC described in paragraph 2 above, the advance and re-payment provisions in the Completion Contract are not changed, modified or varied by anything in this Re-Advance Agreement.

Agreements Affirmed

10. Except as expressly modified by this Re-Advance Agreement, the Parties affirm all of their rights and obligations under the 2017 Settlement, Completion Contract and the Agreement and that the 2017 Settlement, Completion Contract and the Agreement remain in full force and effect.

11. This Re-Advance Agreement, 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 Company, which fault, wrongdoing or liability is expressly denied in respect of any cause, matter or thing arising from or in relation to the Agreement, the Completion Contract and 2017 Settlement Agreement.
12. For greater certainty, the governing law and attornment provisions of Article 1.19 of the Agreement shall apply to this Re-Advance Agreement.

Confidentiality

13. Neither Party shall disclose this Re-Advance Agreement, 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 or public inquiry, 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.

General

14. 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 Re-Advance Agreement.
15. Notwithstanding execution of this Re-Advance Agreement by the Parties, this Re-Advance Agreement 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 Re-Advance Agreement 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.
16. Each Party confirms that it has read this Re-Advance Agreement and fully understands its terms and that each Party voluntarily accepts its rights and obligations under this Re-Advance Agreement 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 legal advice regarding the terms of this Re-Advance Agreement.

EXECUTED AS AN AGREEMENT, amended June 11, 2018, and effective as of May 28, 2018:

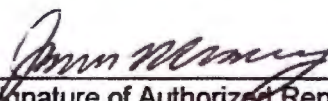
For and on behalf of Muskrat Falls Corporation



Signature of Authorized Representative

Gilbert Bennett

Name of Authorized Representative



Signature of Authorized Representative

James Meaney

Name of Authorized Representative

For and on behalf of Astaldi Canada Inc.



Signature of Authorized Representative

Donald Valmont Desrosiers

Name of Authorized Representative



APPENDIX 1

Exhibit A for Irrevocable Standby Letter of Credit / Advance Payment

EXHIBIT "A"

(date)

To: (full name & address of the issuing bank)

From: (full name & address of the beneficiary bank)

Subject: This is the form of demand specified in our Irrevocable Standby Letter of Credit - Performance number (number) issued on the (date) by (name of the issuing bank)

Dear Sirs,

We, the undersigned, being the Beneficiary under the above captioned Irrevocable Standby Letter of Credit – Performance (hereinafter referred to as the “Credit”) issued by (name and address of the issuing bank) on the instructions of (name of the applicant) the Applicant, hereby request you to pay to us on receipt by you of the present demand the amount of (currency and amount in figures and letters).

We state and declare:

that the Beneficiary advanced funds to the Applicant;

and

that the Applicant has failed to reimburse the Beneficiary (insert currency and amount in figures and letters) ;

and

that as a result thereof, we have become entitled to be paid the amount claimed above;

and

that said amount has not otherwise been paid to us, whether directly or indirectly, by or on behalf of the Applicant.

(name of beneficiary)

(address of beneficiary)

per: _____

Name: _____

Title: _____

per: _____

Name:

Title: _____ "



APPENDIX 2

List of Critical Work Activities

Unit #1 Pit Free

Unit #2 Pit Free

Unit #3 Pit Free

Unit #4 Pit Free

Completion of Intake #3

Completion of Intake #4

