

Muskrat Falls Corporation

350 Torbay Road Suite 2

St. John's, NL Canada A1A 4E1

t. 709.737.1440 or 709.752.3460

23-JAN-2014

ASTALDI Canada Inc.
358 Hamilton River Road
Happy Valley-Goose Bay, NL
AOP 1C0
Canada

Attention: Ken Chryssolor, Project Manager

Subject: Health & Safety and Quality Personnel and Key Personnel
Agreement No.: CH0007-001
Agreement Title: Construction of Intake and Powerhouse, Spillway and Transition Dams

Dear Sir,

In accordance with the above noted Agreement, Agreement Articles, Article 5.7, "Key Personnel are critical for the management, supervision and performance of the Work and Company has relied on the Contractor's representations that Contractor will use and make the Key Personnel available as provided in the Agreement." As such, the Company is hereby advising the Contractor of concerns related to candidate selection and the timely appointment of Personnel.

Health and Safety Personnel

Although Astaldi have presented a number of Health and Safety Manager candidates for the above noted Agreement, the Company has found that either the candidates that were accepted by the Company for the Contractor to pursue have not accepted Astaldi's offer of employment as it was not considered competitive with similar positions in the region, or, the candidates did not have the depth, related experience and skill set to provide the level of support required for a work scope of this magnitude, potential risks and associated challenges.

The Company has also determined that a number of Health and Safety Advisor candidates presented by Astaldi for Advisor positions have had minimal experience on projects of this nature and would likely be ineffective at executing their job scope over the short and long term.

Quality Personnel

The calibre of the "Quality Management" candidates either engaged, or proposed by Astaldi to date are less than mediocre. Based on the most recent candidate proposed for the position of Astaldi

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Quality Manager, it appears that the recruitment effort is lacking "depth" in identifying qualified and competent candidates.

To ensure successful Health & Safety Management and Quality Management Breakout Sessions it is imperative that key Astaldi Personnel are secured and available for attendance, prior to the breakout sessions.

Astaldi should have had a better idea of the job marketplace (salaries, benefits, etc.) in Eastern Canada in order to ensure that the key positions are filled expeditiously, as opposed to a more prolonged effort. Until these key positions can be put in place, a successful breakout session and commencement of site work activity will not be possible.

This concern extends across all disciplines where the selection and appointment of Personnel has been inadequate.

Sincerely,
Muskrat Falls Corporation



Desmond Tranquilla
Deputy Company Representative
Site Manager – Muskrat Falls Generation