

# Muskrat Falls Corporation

350 Torbay Road Suite 2  
St. John's, NL Canada A1A 4E1  
t. 709.737.1440 or 709.752.3460

LTR-CH0007001-0121

7-April-2014

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

Attention: Guido Venturini, Project Director  
Vittorio Robiatti, Construction Manager

Subject: Agreement No.: CH0007-001  
Title: Construction of Intake and Powerhouse, Spillway and Transition Dams  
Re: Effect of Problems with Contractor's Subcontractor Labrador Ready Mix

Dear Sirs,

This letter is to express and document the Company's serious concerns over the situation with the Contractor's Subcontractor, Labrador Ready Mix (Béton Provincial) and its effect on the Contractor's work and the Project.

It is our understanding that Contractor has shut down the operation of the crusher and the concrete batching plant for a time and that the initial Project Manager and Safety Manager for Labrador Ready Mix were removed from Site by the Contractor. The following summarize some of the Company's concerns over the situation:

- Continued distraction to the Contractor's core team, including the Project, Construction, Safety and Quality managers to deal with multiple problems related to the performance of Labrador Ready Mix.
- Fundamental breakdowns in both safety, labour relation and environmental, as documented by Company in various correspondences and meetings, such as:
  - o Issue of the dust suppression that resulted in delays to the operation of the crusher,
  - o Labrador Ready Mix not willing to use NL Operating Engineers for the batching plant, as per requirement of the Project SPA, which might cause labour relation problems,
  - o Various safety infractions, including Safety Absolutes, that resulted in OH&S issuing Directives and some visitors to site being removed from site.
- Failure to deliver specified aggregate material for concrete mixes. In fact, not much aggregate has being produced so far to allow for any concrete mix design and testing.
- Failure to provide concrete mix designs.
- The continued lack of performance by Labrador Ready Mix has become a major risk to the Project completion schedule.

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Company, hereby, requests a specific session with Contractor this Wednesday, 9-April-2014, where the Contractor is to demonstrate to the Company the Contractor's plan to resolve the situation, including the dedicated resources that Contractor intends to use.

Sincerely,  
**Muskrat Falls Corporation**



**Desmond Tranquilla**  
Deputy Company Representative and Site Manager

cc: S. O'Brien, R. Woolgar, T. Vanwyk, B. Knox, P. Oblander, A. Kelly, C. Brown, K. Miller, M. Collins