

LTR-CH0007001-0382

Muskrat Falls Corporation**Corporate Office**

500 Columbus Drive
P. O. Box 15000, Stn. A
St. John's, NL Canada A1B 0M4

Lower Churchill Project Operations Office

350 Torbay Road, Suite 2
St. John's, NL Canada A1A 4E1

23 December 2014

Astaldi Canada Inc.
358 Hamilton River Road
Happy Valley-Goose Bay, NL A0P 1C0

Attention: Jose Alves, Project Manager**Subject:** **Agreement No.:** CH0007-001**Title:** Construction of Intake and Powerhouse, Spillway and Transition Dams**RE:** EMCO Corporation Claim for Lien No. 17552 – 5 December 2014

Dear Sirs:

We have been advised that Contractor's Subcontractor, Emco Corporation, has filed a lien on the Work and the Company's property in the amount of \$CDN 750,096.79, inclusive of HST. In accordance with the "Release of Holdback Bond", Contractor is obligated to promptly, and in any event within five (5) Working Days of confirmation that a lien has been filed, remove said lien from title to the Company's property. If Contractor fails to comply with this requirement, it is in default of the "Release of Holdback Bond" and the Surety is required to remedy that default.

This matter is further aggravated by the fact that you have received value for invoice 26-14-PRJ-026 which has been assigned to UniCredit Factoring Spa, yet your local management team has expressed concern with Contractor's ability to pay its Subcontractors in a timely fashion; thus risking the possibility for additional liens being filed by your Subcontractors.

In light of this situation, we are deducting an amount of \$CDN 750,096.79 from your invoice 26-14-PRJ-026. Furthermore, we will not release that withheld amount or process any other of Contractor's invoices for payment until such time as the Emco Corporation lien (and any other liens that may be filed) have been vacated and you have provided confirmation that your Subcontractor payment obligations are current.

Your immediate attention and resolution of these matters is imperative. We look forward to your full cooperation in resolving these matters without any further delay.

Regards,

Muskrat Falls Corporation**Scott O'Brien**

Company Representative

cc: Liberty Mutual Insurance Company
AIG Insurance Company