

**Muskrat Falls Corporation**

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1-Sep-2015

LTR-CH0007001-0752

**ASTALDI Canada Inc.**

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

**Attention:** Francesco Rotundi

**Agreement No.:** CH0007- 001

**Title:** Construction of Intake and Powerhouse, Spillway and Transition Dams

**Re:** Collaborative resolution of critical issues

Dear Mr. Rotundi,

Thank you for the recently received letter ACI-MFC-0411. We look forward to meeting both yourself and Duncan in Halifax 2<sup>nd</sup> September at 11.00 AM at the McInnes Cooper office. I will be accompanied by Aidan Meade.

I believe we are all aligned with the intent of the Road Map of July 31<sup>st</sup> 2015 and in the spirit of that agreed Road Map this first meeting will be primarily focused on discussing and agreeing on a process for ongoing without prejudice discussions through the coming months. Our expectation is that this first meeting will establish the agreed process for the discussions and meetings that will follow as well as guidelines and timelines for how we shall conduct the discussions. The intention is not to engage at this time on the details of the parties concerns.

With that expectation in mind, we would like to address each of the points in your letter, as we would not wish to leave the impression that this one meeting will be able to encompass all the aspirations as you have listed.

1. Our intentions through this fall are to discuss the issues of concern of both Parties
2. Again, successful completion of CH0007 is paramount and quite naturally we wish to have it done in the most commercially reasonable manner possible. How the parties interpret this is the topic of our future discussions.
3. We believe any agreed process will identify the participants and dates. The Road Map called for the process discussions to be finalized in September and that agreed process will then dictate the steps to be taken and timeline for the follow on discussions.

Regarding your items 4, 5 and 6, whilst we fully understand the requirement to pursue these matters to conclusion these are detailed execution items, were never meant to be the subject of Wednesdays meeting and is not the appropriate forum to do so. It is our understanding that additional meetings are being planned with the appropriate parties in order to advance these matters. However, for clarity, Muskrat Falls Corporation has not accepted Astaldi's May 2015 baseline schedule or the revised schedule developed during the Schedule Development initiative at site. In addition, Muskrat Falls Corporation is awaiting the details of Astaldi's plans for demolition of the ICS and the work Astaldi believe is reasonably achievable this winter, which have been the topic of discussion this past week.

We are pleased that Astaldi wishes to achieve successful completion of the CH0007 contract and we can assure you that we understand Astaldi's concerns. This is a serious matter to Muskrat Falls Corporation and we too require an acceptable outcome. Arriving at that outcome must follow process and we are obliged to remind you of that, such important matters should not be expedited for expediency sake. Muskrat Falls Corporation has showed considerable goodwill, patience and desire to work with Astaldi over the last two years and consequently we respectfully require Astaldi to reciprocate that goodwill and patience in the months that follow as we work through this process.

We look forward to the meeting in Halifax and to work within the Agenda riverbanks we have outlined in points 1, 2 and 3 above.

Regards,

**Muskrat Falls Corporation**



**Lance Clarke**

Deputy Project Director  
Muskrat Falls Generation