

From: ScottOBrien@lowerchurchillproject.ca
To: David.Koziel@AIG.com; John.Mcdevitt@LibertyMutual.com
Cc: Rotundi.Francesco; aidan.meade@mcinnescooper.com
Subject: Letter Concerning Contractor Misrepresentation
Date: Friday, September 14, 2018 3:43:49 PM
Attachments: [CH0007-001 Contractor Misrepresentation.pdf](#)

David / John

See attached.

Scott

Sent from my iPad

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

14-Sep-2018

ASTALDI Canada Inc.

114 Hamilton River Road
North Star Building,
Happy Valley-Goose Bay,
NL, Canada A0P 1C0

Attention: Don Delarosbil, Project Manager

Agreement No.: CH0007-001

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

Subject: Contractor Misrepresentation to Subcontractors, Suppliers & Vendors

Dear Mr. Delarosbil,

Company has been directly contacted by a number of Contractor Subcontractors, Suppliers and Vendors regarding outstanding Contractor payment of invoices. In each case the Subcontractor, Supplier or Vendor advised Company that they had been told by Contractor that any monies due to them would soon be paid by Company as part of a Company / Contractor finance package or that the finance package would facilitate payment of all Contractor arrears and that execution of such an agreement between Company and Contractor was imminent.

Contractor is fully aware that any funds provided under the 'Incentive Funding Contract' and the proposed 'Project Account Agreement' are intended to be utilized for the completion of the outstanding works and not for payment of any Contractor Accruals and / or Accounts Payable.

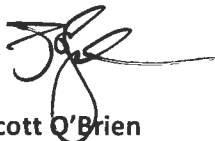
Accordingly Contractor's statements as noted above to its Subcontractors, Suppliers and Vendors are a deliberate misrepresentation of the facts and have misled these third parties regarding Contractor's ability to pay the arrears and has incorrectly and falsely placed the burden upon Company to facilitate such payments. Furthermore Contractor's actions have exposed Company to adverse impacts from these third parties and are an express breach of Contractor's obligations pursuant to 'inter alia' Agreement Articles 2.13 and 21.5 (f) as a minimum.

Contractor is instructed with immediate effect to cease and desist with all such misrepresentations, and to further take prompt and positive action to contact in writing (copy to Company) all such Subcontractors, Suppliers and Vendors to redress the misrepresentations and advise them of the correct status of Contractor's ability to make payment of any arrears and the true basis of the potential financial agreements between Company and Contractor.

Company reserves all of its rights under the contract and in law pursuant to Contractor's actions as noted hereto.

Regards,

Muskrat Falls Corporation

A handwritten signature in black ink, appearing to read 'Scott O'Brien', with a long horizontal flourish extending to the right.

Scott O'Brien

Company Representative, Muskrat Falls Generation