



Lower Churchill Management Corporation
 Lower Churchill Project Operations Office
 350 Torbay Road, Suite 2
 St. John's, NL Canada A1A 4E1

LTR-CD0502-LTCLILLP-AG-0291
 LTR-CD0502001-0519

29-Sep-2016

Mr. Scott Bianchi
 Executive Project Director
 GRID SOLUTIONS CANADA ULC
 1400 Industrielle, Suite 100
 La Prairie, Quebec
 J5R 2E5

Subject: Requirement by Contractor to Provide Compliant Monthly Progress Reports

Ref: LTR-CD0502-LTCLILLP-AG-0068 dated 11-Aug-2015
 LTR-CD0502-AG-LTCLILLP-0125 dated 29-Jan-2016
 LTR-CD0502-LTCLILLP-AG-0171 dated 16-Mar-2016
 LTR-CD0502-AG-LTCLILLP-0175 dated 5-Apr-2016
 AGrid-EMAIL-005693 dated 7-Apr-2016
 LTR-CD0502-LTCLILLP-AG-0254 dated 25-May-2016
 LTR-CD0502-AG-LTCLILLP-0219 dated 12-Jul-2016

Dear Mr. Bianchi,

Contractor's continued inability to provide compliant monthly progress reports in accordance with the Agreement is adversely affecting Company's ability to accurately report progress to its stakeholders and shareholders. The importance of timely, accurate, and compliant monthly reporting has been communicated to Contractor in numerous letters and meetings. To summarize, the current status of the monthly progress reports is as follows:

Monthly Report	Rev.	Date Report Submitted to Company	Date Report Returned to Contractor	Code
October 2015	A1	17-Nov-2015	19-Nov-2015	05 – Not Reviewed
November 2015	A1	14-Dec-2015	7-Jan-2016	02 – Revise & Resubmit
December 2015	A1	21-Jan-2016	28-Jan-2016	02 – Revise & Resubmit
January 2016	A1	19-Feb-2016	7-Mar-2016	02 – Revise & Resubmit
February 2016	A1	29-Mar-2016	1-Apr-2016	02 – Revise & Resubmit
March 2016	A1	15-Apr-2016	6-May-2016	02 – Revise & Resubmit
April 2016	A1	25-May-2016	31-May-2016	03 – Reviewed, Not Accepted

Monthly Report	Rev.	Date Report Submitted to Company	Date Report Returned to Contractor	Code
May 2016	A1	9-Jun-2016	20-Jun-2016	03 – Reviewed, Not Accepted
June 2016		Not Submitted		
July 2016		Not Submitted		
August 2016		Not Submitted		

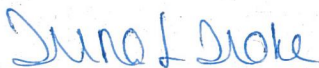
During the most recent mid-month coordination meeting held on 22-Sep-2016, Contractor advised Company that it would ignore comments made by Company on monthly progress reports, suggesting that Contractor feels it has no contractual obligation to address Company comments. Contractor also indicated that it does not have the resources to respond to Company comments, which is a default of Article 5.1. These recent statements made by Contractor are entirely contradictory to Contractor’s commitments made in its letter to Company dated 12-Jul-2016 (LTR-CD0502-AG-LTCLILLP-0219).


Company reminds Contractor that it has an obligation to submit monthly progress reports in accordance with section 3.2.3 of Exhibit 3 – Coordination Procedures. Company also reminds Contractor that monthly progress reports are revision controlled documents and are required in accordance with SDRL Code A06 of Exhibit 4 – Supplier Document Requirements List. Company has the right to review Contractor’s monthly progress reports and provide comments where Contractor had not complied with the Agreement. Subsequently, Contractor has an obligation to revise and resubmit the reports such that the reports are accurate and complete and meet the requirements of the Agreement.

Contractor’s continued refusal to submit timely, accurate, and compliant monthly progress reports is inconsistent with Contractor’s obligations under the Agreement. Company will consider all options to enforce its rights under the Agreement to ensure contractual compliance. To avoid further penalties (in addition to money already withheld for project management fees), Contractor shall promptly submit all outstanding monthly reports for Company’s review.

Please feel free to contact the undersigned should you wish to discuss this matter further.

Regards



 Darren DeBourke, P. Eng.
Project Manager, HVdc Specialties

c.c. Trina Troke (LCMC)
 Anthony Jackman (LCMC)
 Mark Ellis (LCMC)
 Steven Crane (LCMC)

Pierre Sasseville (LCMC)
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