

LTR-CH0009001-0242

20-October-2016

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

Attention: Scott O'Brien, Project Manager

Subject: Agreement: CH0009-001 Construction of North and South Dams
Letter No.: BPLP-1418-L-093
Re: RE: Force Majeure Declaration by Company

Mr. O'Brien:

BPLP is in receipt of your letter LTR-CH0009001-0235 dated 16-Oct-2016 regarding Company's declaration of an occurrence of Force Majeure. BPLP disputes Company's claim that the current situation meets the requirements under Articles 28.1, 28.2 and 28.4.

Specifically, the Force Majeure provision does not apply to the situation described in your letter according to the definition of Applicable Law contained in the Contract Agreement and the language found in Article 28.1(d). As announced recently by the Environmental Minister and the Minister of Natural Resources for Newfoundland and Labrador, the Muskrat Falls Project MethylMercury concern raised by Dr. Elise Sunderland of Harvard University was published prior to September of 2015. Since the interpretation or change in Applicable Law could reasonable have been foreseen, the event cannot be considered a Force Majeure event.

The fact that a protest by members of the Inuit Nation has occurred and resulted in a blockade of the main gate is an event that should have been reasonably foreseen given the nature of past protests. The fact that Governmental officials have now changed their interpretation of environmental regulations and requirements was entirely foreseeable more than just four days ago. Under Article 28.1, the events of the past four days do not meet the definition of a Force Majeure Event.

In addition, the Company has failed to meet the terms and conditions under Article 28.3 by failing to take commercially reasonable steps to discontinue any alleged Force Majeure event, thus the provisions of 28.2 may not be relied upon. As such, BPLP is currently evaluating cost and schedule impacts associated with this issue and will provide them to you shortly.

Please contact me at (709) 702-0176 if you have any questions or need further information regarding this subject.

Regards,

Barnard Pennecon LP



Aaron Rietveld
Project Manager

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FC

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