



03-May-2016

ACI-MFC-0660

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

Attention: Mr. Scott O'Brien

Agreement No.: LCP Muskrat Falls Contract No. CH0007-001
Title: Construction of Intake Powerhouse, Spillway and Transition Dams
Subject: RE: Lack of Resources - Ironworkers
Reference: LTR-CH0007001-1128

Dear Mr. O'Brien:

Contractor would like to bring to Company's attention that Contractor achieved the target production for the month of April 2016 and one of the main reasons for this achievement was that Contractor self-performed the rebar installation and took over the full planning and management of this operation.

Contractor would like to clarify that it was a very challenging process obtaining ironworkers for the month of April as Contractor had to source qualified personnel from outside of the province due to the unavailability of ironworkers in Newfoundland and Labrador, as confirmed by the local union. Contractor was proactive in taking all the necessary measures to provide training for out-of-province workers as their safety certifications were not valid in Newfoundland and Labrador.

Contractor's ramping up process, according to the schedule requirements, is still taking place, however the main challenge is in providing suitable accommodations to the forecasted resources from all trades in Company accommodation Complex. Contractor has recorded several incidents whereby ironworkers refused to work upon arrival due to substandard conditions in the overflow camp. As stated in Contractor's letter dated April 24th, 2016, utilization of the overflow camp is a non-compliance with the terms and conditions of the Contract by Company.

Contractor requests immediate response and directives from Company related to the accommodation complex matter, which was communicated to Company on several occasions; and which is currently the main challenge Contractor is facing in recruiting resources from all different trades. Contractor would like to record that the camp accommodations issue was brought to Company's attention on several occasions and clear directives from Company were requested by Contractor. To date, Contractor has yet received any clear directives from Company.

Contractor is unable to provide specific answers to Company's questions as Company will first need to provide clear directives on how Company plans to deal with the camp accommodations issue. The availability of rooms will severely affect Contractor's schedule and production for May 2016 and subsequently for the next several peak months if no immediate directives and solutions



are provided by Company.

Contractor reiterate to Company that this issue will hinder and impact Contractor's forecasted production and schedule, resulting in cost impacts.

Contractor embraces Company's core value of Teamwork and recommends Company work with Contractor to immediately resolve identified issues.

Sincerely,
Astaldi Canada Inc.

A handwritten signature in blue ink, appearing to read "Don Delarosbil", is written over a horizontal line.

Fu

Don Delarosbil
Project Manager
Lower Churchill Project – Muskrat Falls

cc: MFC – Mr. Mike Harris, Mr. Mel Melhem, Ms. Vivian Wang
Astaldi – Mr. Georges Bader, Mr. Riccardo Rocci, Mr. Robert Gregoire, Mr. James Walsh,
File *RIR* *JAW*