

**From:** Delarosbil Donald  
**To:** [ScottOBrien@lowerchurchillproject.ca](mailto:ScottOBrien@lowerchurchillproject.ca)  
**Cc:** [Lance Clarke \(lanceclarke@lowerchurchillproject.ca\)](mailto:LanceClarke@lowerchurchillproject.ca); [Rotundi Francesco](#); [Bader Georges](#)  
**Subject:** 2017 Claims Agreement  
**Date:** Tuesday, February 6, 2018 10:38:08 AM  
**Attachments:** [2017 Claims and Risks Agreement Final Draft \(checked by team\).docx](#)  
[Appendix A and exclusion Rev. 1.doc](#)

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Good Day Scott,

Attached is my review and mark up of the 2017 claims agreement.

My comments and changes reflect our negotiation discussions held last year.

Once you have completed your review, please give me a call and we can discuss path forward.

Take care,

Don Delarosbil  
Project Manager

P.O. Box 177, Stn C  
Happy Valley-Goose Bay, NL A0P1C0  
Cell: (709) 899-4904  
Email: [d.delarosbil@astaldi.com](mailto:d.delarosbil@astaldi.com)  
Web: [astaldicanada.com](http://astaldicanada.com)

**CH0007**

**2017 CLAIMS AND ~~EXTRAORDINARY~~  
CHANGES RISKS AGREEMENT**

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**MUSKRAT FALLS CORPORATION**

**and**

**ASTALDI CANADA INC.**

**14 December 2017**

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CH0007

**2017 CLAIMS AND ~~CHANGES~~ EXTRAORDINARY RISKS  
SETTLEMENT AGREEMENT**  
Effective as of December 14, 2017

("2017 Settlement")

Between:

**MUSKRAT FALLS CORPORATION**

a body corporate constituted pursuant to the Corporations Act, RSNL 1990, c. C-36, as amended, and having its head office at the City of St. John's, Province of Newfoundland and Labrador (hereinafter referred to as the "**Company**")

- and -

**ASTALDI CANADA INC.**

a company duly registered at the Registraire des entreprises (NEQ) 1168070192, having its head office at 780 ave Brewster, Suite 03-300, Montreal Quebec H4C 2K1, (hereinafter referred to as the "**Contractor**")

**WHEREAS** Company and Contractor entered into the Civil Works Agreement for the construction of the intake and powerhouse, spillway and transition dams, Agreement No. CH0007, dated 29 November 2013 (the "**Agreement**");

**AND WHEREAS** the Parties entered into an agreement dated 27 July 2016 respecting additional compensation for concrete installation and steel erection for the months of July to October 2016, inclusive, which work formed part of the Work under the Agreement ("**Bridge Agreement**")

**AND WHEREAS** Company and Contractor entered into Completion Contract regarding the intake and powerhouse, spillway and transition dams dated 1 December 2016 ("**Completion Contract**");

**AND WHEREAS** the Parties have agreed to resolve claims and to address Changes ~~extraordinary risks~~ that arose within the period from December 1, 2016 up to and including December 14, 2017:

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**NOW THEREFORE IN CONSIDERATION OF THEIR MUTUAL PROMISES** and the exchange of valuable consideration, the receipt and sufficiency of which is hereby duly and irrevocably acknowledged, **THE PARTIES HERETO AGREE AS FOLLOWS:**

**Contract Price**

1. The Contract Price is hereby increased by twenty million dollars (\$20,000,000.00) as compensation for various Contractor claims and as additional compensation for Changes extraordinary risks to give a total Contract Price as of December 14, 2017, of one billion nine hundred sixteen million eighty nine thousand four hundred fifty one dollars and sixty six cents (\$1,916,089,451.66). Travel costs for craft labour shall continued to be paid in accordance with the Agreement and the Completion Contract.
2. The Contract Price in paragraph 1 includes all Change Orders issued by Company, up to and including Change Order #060, with the exclusion of those listed in Appendix A, following execution of the Completion Contract and all direct and indirect costs of performing the Work and is inclusive of reimbursable travel costs for craft labour pertaining to said Changes Orders. -under the Agreement.
3. For greater certainty:
  - (a) Except for those items listed in Appendix A to this 2017 Settlement, the total Contract Price set out in paragraph 1 is inclusive of all Changes, whether known or unknown, which are or could be the subject of Change Requests and Change Orders from December 1, 2016, up to and including December 14, 2017.
  - (b) the increase in the Contract Price set out in paragraph 1 is not a Change and or as a result of a Change Order for the purposes of Section 9.3 of Exhibit 2 of the Agreement;
  - (c) all dollar amounts are exclusive of HST and in Canadian dollars.

**~~Extraordinary Risks Not Currently Known~~**

~~4. The limit of additional compensation for extraordinary risks described in paragraph 18 of the Completion Contract is amended to thirty million dollars (\$30,000,000.00).~~

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**Invoicing and Payment**

- ~~5.4. Invoicing and payment for concrete installation and work scope objectives under this Completion Contract shall be in accordance with the provisions of Article 12 of the Agreement except that~~ Contractor shall be entitled to submit to Company a Payment Certificate attaching this 2017 Settlement along with its invoice for twenty million dollars (\$20,000,000.00) which will be paid in the following ...days.
- ~~6.5.~~ Contractor covenants that payments by Company to Contractor under this Completion Contract will only be used to fund costs to perform the Work.

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### Confidentiality

~~7-6.~~ Neither Party shall disclose this 2017 Settlement, the subject matter of related negotiations without prior written approval of the other Party. If disclosure is required by Applicable Laws, the rules and regulations of any regulatory body or stock exchange, so far as it is lawful and practical to do so prior to such disclosure, the Party who is required to make the disclosure shall promptly liaise with the other Party to obtain that other Party's advice regarding such disclosure.

### Mutual Release

~~8-7.~~ Subject to paragraph ~~8-9~~ and except for those items listed in Appendix A to this 2017 Settlement, Contractor and Company mutually and irrevocably and unconditionally release, waive and forever discharges each other, their respective affiliates and related companies and their respective directors, officers, shareholders, agents, representatives, employees, successors and assigns, both present and former, from any and all claims, demands, actions, causes of actions, complaints, losses, interests, costs (direct and indirect) and/or damages of any kind or nature, whether known or unknown or ought to have been known, that arise out of or relate to the Agreement and Contractor's performance of the Work from November 30, 2016, up to and including December 14, 2017.

~~9-8.~~ Nothing herein shall be interpreted to release Contractor from its quality (including any Defect caused prior up to and including December 14, 2017), safety and Warranty obligations under the Agreement.

### Agreement Affirmed

~~10-9.~~ Except as expressly modified by this 2017 Settlement, the Parties affirm all of their rights and obligations under the Completion Contract and the Agreement and that both the Completion Contract and the Agreement remain in full force and effect.

~~11-10.~~ This 2017 Settlement, and the payment by Company to Contractor and other matters contemplated by it, shall not be deemed to be an admission of fault, wrongdoing or liability on the part of either Party, which fault, wrongdoing or liability is expressly denied in respect of any cause, matter or thing arising from or in relation to the Agreement.

~~12-11.~~ For greater certainty, the governing law and attornment provisions of Article 1.19 of the Agreement shall apply to this ~~Completion Contract~~ 2017 Settlement.

### General

~~13-12.~~ Unless otherwise defined, all capitalised terms and expressions used herein shall have the meaning respectively ascribed thereto in the Agreement. Unless otherwise stated, references to a paragraph number are references to that numbered paragraph in this 2017 Settlement.

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14.13. Notwithstanding execution of this 2017 Settlement by the Parties, this 2017 Settlement shall be subject to and conditional upon:

- (a) all written consents from parties to the LCP financing agreements that are required by the terms of those agreements;
- (b) written consent to the terms and conditions of this 2017 Settlement by Astaldi S.p.A., the guarantor under the Parent Company Guarantee dated November 29, 2013, acknowledging that the Parent Company Guarantee retains its full and unimpaired validity, force and effect.

15.14. Each Party confirms that it has read this 2017 Settlement and fully understands its terms and that each Party voluntarily accepts its rights and obligations under this 2017 Settlement as it is in the best interests of each Party to do so. Each Party further confirms that they each have received the benefit of independent legal advice regarding the terms of this 2017 Settlement.

**EXECUTED AS AN AGREEMENT on \_\_\_\_\_, 2018, and effective as of December 14, 2017:**

**For and on behalf of Muskrat Falls Corporation**

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Name of Authorized Representative

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Name of Authorized Representative

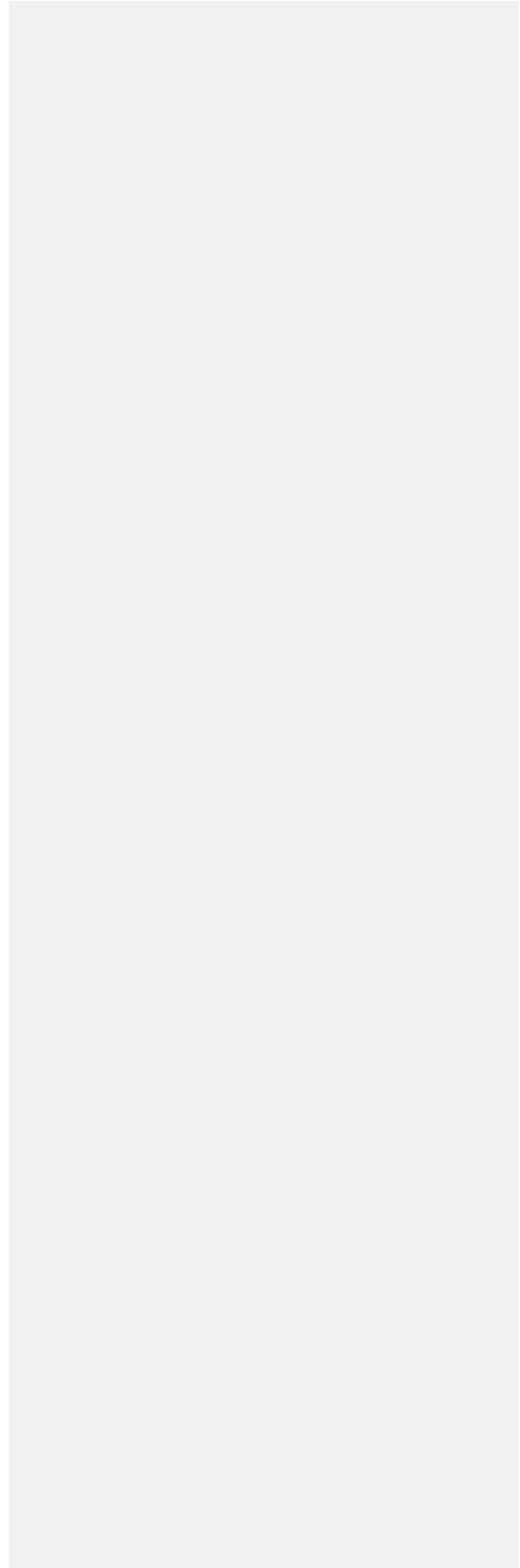
**For and on behalf of Astaldi Canada Inc.**

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_

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Name of Authorized Representative



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**APPENDIX A**

**Exclusions from the Provisions of Paragraphs 3(a) and 8**

**SEE SEPARATE LIST**

- ~~1. Future Item – Rollways Sequencing and Timing~~
- ~~2. Future Item – Extension of Time / Acceleration (T&G Installation)~~
- ~~3. Escalation as it pertains to the Agreement and Completion Contract~~
4. The following CHRs/ CHOs in process:

~~CHR 1165 – Night Shift for Provision of Secondary Concrete for Others  
CHOs #061 to, and including, CHO #067~~

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**APPENDIX A**

**Exclusions from the Provisions of Paragraphs 3(a) and 8**

1. Rollways Sequencing and Timing
2. Extension of Time / Acceleration (T&G Installation) and related change requests
3. Escalation as it pertains to the Agreement
4. The following CHR/ CHOs in process:
  - CHR 1165 - Night Shift for Provision of Secondary Concrete for Others
  - CHOs #061 to, and including, CHO #067 including
5. Saramac acceleration
6. ICS wall removal
7. Snow removal beyond February 2018

<b>Change Request No</b>	<b>Description</b>	<b>Linked by</b>
2058	Injection Grouting of Turbine Embedded Parts	LTR-1008,1050,1043,1130,1738,2299,2285,2320,2331,2340
2106	Updated Drug & Alcohol Standard	LTR-1578
2125	Late Payment on A1, A2, B1 and B2	LTR-ACI-MFC-1109, 1855,1856,1801,1739,1863,1951,2129,
2139	Estimate Preparation of Gate Guide Work Scope	
2148	SIN-059, Rev. 1 Survey Requirements	LTR-1954, SIN-59 Rev. 1, LTR-2015,2097,2125
2154	Line 5 and 7 Site Instruction Impact/Transfer of Possession of Area in SSB	Email 27.08.17 GB LTR-2004, 2006,2055,2068,2087,2100
2166	Powerhouse Temporary Heating & Ventilation (HV)	LTR-2101,1861,1802,1805,1812,SQy-705

2167	New Mechanical connections for Electrical Grounding	SQY-730 Rev. 1, Email RG 22.09.2017,LTR-2177,2187,2219,2221,2289,2308,2313,
2170	Installing monuments and control points	
2173	Shimming of Rails - Crane Girder Interface Design	LTR-2203,2218,2226
2177	Deferral of NTD Masonry Work	LTR-2123
2185	Nalcor instruction in SIMOPS to transfer BoP Material to Tailrace El: 6.5	SIMOPS - 20 Oct 2017, Email Erasmo to Tsekouras
2186	Powerhouse Crane Delays	LTR-2208,2349,2357
2189	HSS Problem with Precast Panels NSB	
2196	Unscheduled Power Outage November 9th, 2017	LTR-2256,2257
2197	Transfer of Possession Activities	LTR-2238
2205	Provision of Bussing to the Airport	LTR-2287,2273,2255,2254,2244
2207	Electrical shutdown 23rd December 2017	
2208	SQY 0802 - provide 9.25 inch long studs for 30" blind flanges	SQY-0802
1076	Contractor to install piezometer piping and related assembly.	LTR-1184, 1591,1624 Email #102941,CHO-043 (TBF)
1077	Contractor in install ten (10) embedded steel conduits	LTR-1185, 1591,1624,Email #102941,2133, CHO-043 (TBF)
1143	STD Access Walkway	SQY-765,ECN-93,LTR-2017, 2131,2166,2214
1148	Update of Concrete, Reinforcement & structural Steel drawings to Provide Temporary Access on tailrace Deck for CH0031 Between Gridlines 21.1 & 22.	ECN-091, LTR-2171

1153	Modifications of Valves termination Types and related Items for Pipe Lines	ECN-095,LTR-2182,2127,2215,2278
1154	Architectural Updates to Powerhosue as per SQY-0743 Rev.2	ECN-096
1158	Update of Longitudinal and transversal precast concrete panel joints	ECN-099
1159	New Openings on Powerhouse Mezzanines floors and roof	ECN-0100, LTR-2306 LCP Email-124851
1160	Piping updates per answers provided by Company to Site Queries SQY-783 & 791	ECN-101 & 101 rev. 1, SQY-783 & 791
1161	Repair Intumescent Paint on Mezzanine at Elev. 15.5	
FWO-0105	Reinstall guardrails along the retaining wall t	
FWO-0129	Electrical Work for repair of Street Lighting	
FWO-0130	Access to Powerhouse Crane Cab	
FWO-0133	Thyssenkrupp Elevator Needs High Angle rescue Support	
FWO-0136	Fans & Controls on PH 600V Substation Transformer	
FWO-0137	Surface Preparation for Installation of Waterstops to Draft tube Liners	
FWO-0139	Removal of the Raise face on the C Flanges as per SQY-0784	
FWO-0142	Install a wall collector at SSB,	
FWO-0146	Installation of the Office Signage and Emergency Services Display Board	
ECN 84	Modification of requirements for pressure testing	

