

August 23, 2016

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Subject: Immediate Requirement for non-Canadian flagged Heavy Lift Ship

To whom it may concern,

OpenHydro's plans to deploy one of the world's first grid connected tidal turbines in the Bay of Fundy has recently been suspended due, in part, to a defective component identified within the assembly. To replace the component within sufficient time to meet a November deployment date for this first turbine, we must use a Heavy Lift Ship to conduct the work. In this connection, we have completed an exhaustive search of available Canadian vessels but have not identified a suitable vessel which can provide the necessary combination of lift capacity, draft, cargo capacity and availability.

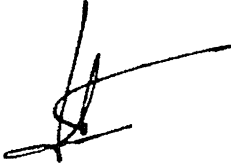
To that end, we are exploring an opportunity to charter the specialised heavy lift cargo vessel from the European company, BBC Chartering (as described in the CTA application from Hughes Offshore and Shipping Services Inc.) via Hughes Offshore and Shipping Services and cordially request that the application to use this vessel be granted as soon as reasonably practical. As one can appreciate, the defect located within the turbine has had a significant financial impact to the company and this vessel is required immediately to minimize additional losses which will be realized if we miss the necessary early November Tidal window for the deployment of the turbine.

If the November window is missed it could push deployment to the Spring of 2017 due to weather restrictions and, if so, would threaten the very existence of our company. OpenHydro is pleased to have utilized over 200,000 manhours of labour in Canada/Nova Scotia over the last three years, and hopes to continue developing a long term industry in Nova Scotia with associated economic and labour benefits.

One of OpenHydro's core mandates is to create and grow a successful Tidal industry in Nova Scotia, Canada. Over 70% of our contracts have been let within Canada and more specifically, in NS however in this instance, our team, including Hughes Offshore and Shipping Services have been unsuccessful in identifying a suitable resource to conduct the engineered lift within the very tight timeline. Again, we sincerely request

the prompt approval of our sub-contractors application for a Coasting License such that we can recover from this defect with a view to achieve our mandate this year.

Best Regards,



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