

**TWIN FALLS POWER CORPORATION LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**September 30, 2021**  
**(Unaudited)**

**TWIN FALLS POWER CORPORATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**(Unaudited)**

	<b>September 30</b>	December 31
<i>As at (thousands of Canadian dollars)</i>	<b>2021</b>	2020
<b>ASSETS</b>		
Current assets		
Cash	<b>5,816</b>	6,054
Other receivables	<b>33</b>	29
Prepayments	-	1
<b>Total assets</b>	<b>5,849</b>	6,084
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Other payables	<b>33</b>	135
Environmental liabilities	<b>23</b>	23
<b>Total liabilities</b>	<b>56</b>	158
Shareholders' equity		
Share capital	<b>2,513</b>	2,513
Retained earnings	<b>3,280</b>	3,413
<b>Total equity</b>	<b>5,793</b>	5,926
<b>Total liabilities and equity</b>	<b>5,849</b>	6,084

**TWIN FALLS POWER CORPORATION LIMITED**  
**STATEMENT OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited)

<i>For the period ended September 30 (thousands of Canadian dollars)</i>	Note	<b>Three months ended</b>		<b>Nine months ended</b>	
		<b>2021</b>	2020	<b>2021</b>	2020
Finance income		<b>7</b>	7	<b>20</b>	43
Income		<b>7</b>	7	<b>20</b>	43
Operating costs	3	<b>78</b>	84	<b>153</b>	136
Expenses		<b>78</b>	84	<b>153</b>	136
Loss before income taxes		<b>(71)</b>	(77)	<b>(133)</b>	(93)
Income tax recovery		-	(24)	-	(30)
Loss and comprehensive loss for the period		<b>(71)</b>	(53)	<b>(133)</b>	(63)

*See accompanying notes*

**TWIN FALLS POWER CORPORATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**(Unaudited)**

<i>(thousands of Canadian dollars)</i>	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance at January 1, 2021</b>	<b>2,513</b>	<b>3,413</b>	<b>5,926</b>
<b>Total loss and comprehensive loss for the period</b>	<b>-</b>	<b>(133)</b>	<b>(133)</b>
<b>Balance at September 30, 2021</b>	<b>2,513</b>	<b>3,280</b>	<b>5,793</b>
Balance at January 1, 2020	2,513	3,554	6,067
Total loss and comprehensive loss for the period	-	(63)	(63)
Balance at September 30, 2020	2,513	3,491	6,004

**TWIN FALLS POWER CORPORATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**(Unaudited)**

<i>For the period ended September 30 (thousands of Canadian dollars)</i>	Note	<b>Three months ended</b>		<b>Nine months ended</b>	
		<b>2021</b>	2020	<b>2021</b>	2020
Operating activities					
Loss for the period		<b>(71)</b>	(53)	<b>(133)</b>	(63)
Adjustments to reconcile loss to cash used in operating activities:					
Income tax recovery		-	(24)	-	(30)
Finance income		<b>(7)</b>	(7)	<b>(20)</b>	(43)
		<b>(78)</b>	(84)	<b>(153)</b>	(136)
Changes in non-cash working capital balances	4	<b>18</b>	67	<b>(105)</b>	61
Interest received		<b>7</b>	7	<b>20</b>	43
Income taxes received		-	6	-	6
Net cash used in operating activities		<b>(53)</b>	(4)	<b>(238)</b>	(26)
Net decrease in cash		<b>(53)</b>	(4)	<b>(238)</b>	(26)
Cash, beginning of the period		<b>5,869</b>	6,081	<b>6,054</b>	6,103
Cash, end of the period		<b>5,816</b>	6,077	<b>5,816</b>	6,077

*See accompanying notes*

**TWIN FALLS POWER CORPORATION LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**

**1. DESCRIPTION OF BUSINESS AND GOING CONCERN**

Twin Falls Power Corporation Limited (Twin Falls) is incorporated under the laws of Canada and has developed a 225 megawatt hydroelectric generating plant on the Unknown River in Labrador. On December 31, 2014, the Sub-lease dated November 15, 1961 with Churchill Falls (Labrador) Corporation Limited (Churchill Falls) for the right to develop hydroelectric power on the Unknown River (the Sub-lease) expired. Twin Falls is 33.3% owned by Churchill Falls, of which Newfoundland and Labrador Hydro (Hydro) owns 65.8% and whose parent company is Nalcor Energy (Nalcor). The remaining portion is owned 49.6% by Iron Ore Company of Canada (IOC), 12.5% by Wabush Resources Inc. (Wabush Mines) and 4.6% by Wabush Iron Co. Limited (Wabush Mines). Twin Falls' head office is located at 500 Columbus Drive, St. John's, Newfoundland and Labrador, A1B 3T5, Canada.

These condensed interim financial statements have been prepared by Management on a going concern basis, which assumes Twin Falls will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

On November 16, 2020, Wabush Mines filed a Motion for the Winding Up and Dissolution, Distribution of Assets, Reimbursement of Monies and Additional Relief with the Quebec Superior Court, Commercial Division under its CCAA dissolution proceedings. In addition, on January 15, 2021, Churchill Falls, in its capacity as shareholder of Twin Falls, filed an application in the Supreme Court of Newfoundland and Labrador seeking the issuance of a liquidation order. If the order is granted to Churchill Falls, they will be able to proceed, through a Liquidator, with the distribution of Twin Falls' assets, the discharge of its liabilities (if any) and its dissolution thereafter, for the benefit of all shareholders. Settlement discussions remain underway amongst the shareholders in an attempt to minimize continued litigation.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance and Basis of Measurement**

These condensed interim financial statements have been prepared in accordance with *International Accounting Standard 34 – Interim Financial Reporting* and have been prepared using accounting policies consistent with those used in the preparation of the annual audited financial statements for the year ended December 31, 2020.

These condensed interim financial statements do not include all of the disclosures normally found in Twin Falls' annual audited financial statements and should be read in conjunction with the annual audited financial statements.

These condensed interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars and all values rounded to the nearest thousand, except when otherwise noted. The Board of Directors has delegated the authority to approve the condensed interim financial statements to the Audit Committee of the Board of Directors of Nalcor, which approved the financial statements on November 12, 2021.

**3. OPERATING COSTS**

<i>For the period ended September 30 (thousands of Canadian dollars)</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Professional fees	<b>49</b>	62	<b>88</b>	85
Salaries and benefits	<b>21</b>	13	<b>43</b>	29
Audit fees	<b>6</b>	6	<b>16</b>	16
Insurance	-	-	<b>1</b>	1
Other operating costs	<b>2</b>	3	<b>5</b>	5
	<b>78</b>	84	<b>153</b>	136

**TWIN FALLS POWER CORPORATION LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**

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**4. SUPPLEMENTARY CASH FLOW INFORMATION**

<i>For the period ended September 30 (thousands of Canadian dollars)</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
Other receivables	<b>1</b>	6	<b>(4)</b>	4
Prepayments	-	(1)	<b>1</b>	-
Other payables	<b>17</b>	62	<b>(102)</b>	57
Changes in non-cash working capital balances	<b>18</b>	67	<b>(105)</b>	61