

MUSKRAT FALLS CORPORATION
CONDENSED INTERIM FINANCIAL STATEMENTS
June 30, 2022
(Unaudited)

MUSKRAT FALLS CORPORATION
STATEMENT OF FINANCIAL POSITION
(Unaudited)

<i>As at (thousands of Canadian dollars)</i>	Notes	June 30 2022	December 31 2021
ASSETS			
Current assets			
Restricted cash		855,431	420,674
Trade and other receivables	3	19,704	3,993
Related party loan receivable	13	-	9,843
Short-term investments	5	34,106	-
Contract asset	6	90,786	17,573
Other current assets		482	2,600
Total current assets		1,000,509	454,683
Non-current assets			
Property, plant and equipment	4	6,420,403	6,398,742
Investments	5	217,876	-
Other long-term asset	13	7,247	3,014
Total assets		7,646,035	6,856,439
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		164,941	169,609
Current portion of long-term debt	7	34,106	33,872
Current portion of long-term payables	8	47,229	44,309
Related party loan payable	13	-	53,220
Total current liabilities		246,276	301,010
Non-current liabilities			
Long-term debt	7	4,447,385	3,630,194
Long-term payables	8	122,586	88,795
Total liabilities		4,816,247	4,019,999
Shareholder's equity			
Share capital	9	1,801,807	1
Shareholder contributions		1,168,649	3,011,317
Reserves		(46,629)	(48,143)
Deficit		(94,039)	(126,735)
Total equity		2,829,788	2,836,440
Total liabilities and equity		7,646,035	6,856,439

Commitments and contingencies (Note 14)

See accompanying notes

MUSKRAT FALLS CORPORATION
STATEMENT OF PROFIT (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)

<i>For the period ended June 30 (thousands of Canadian dollars)</i>	Notes	Three months ended		Six months ended	
		2022	2021	2022	2021
Revenue	13	116,986	643	238,024	1,093
Power purchased	13	2,055	-	5,056	-
Operating costs	10	9,224	2,015	16,605	3,382
Transmission expense	13	28,892	38,163	62,285	76,889
Depreciation		59	-	115	-
Net finance expense	11	31,824	-	61,046	-
Other expense		4,820	570	8,523	1,723
Total expenses		76,874	40,748	153,630	81,994
Profit (loss) for the period		40,112	(40,105)	84,394	(80,901)
Other comprehensive income					
Total items that may or have been reclassified to profit or loss:					
Reclassification adjustment related to:					
Cash flow hedges recognized in profit or loss		756	762	1,514	1,526
Other comprehensive income for the period		756	762	1,514	1,526
Total comprehensive income (loss) for the period		40,868	(39,343)	85,908	(79,375)

See accompanying notes

MUSKRAT FALLS CORPORATION
STATEMENT OF CHANGES IN EQUITY
(Unaudited)

<i>(thousands of Canadian dollars)</i>	Notes	Share Capital	Shareholder Contributions	Reserves	Deficit	Total
Balance at January 1, 2022		1	3,011,317	(48,143)	(126,735)	2,836,440
Profit for the period		-	-	-	84,394	84,394
Other comprehensive income		-	-	1,514	-	1,514
Total comprehensive income for the period		-	-	1,514	84,394	85,908
Shareholder contributions	13	-	5,056	-	-	5,056
Capital restructuring	9	1,847,724	(1,847,724)	-	-	-
Share redemption	9	(45,918)	-	-	-	(45,918)
Dividends	9	-	-	-	(14,550)	(14,550)
Related party transaction	13	-	-	-	(37,148)	(37,148)
Balance at June 30, 2022		1,801,807	1,168,649	(46,629)	(94,039)	2,829,788
Balance at January 1, 2021		1	2,783,975	(51,189)	(14,852)	2,717,935
Loss for the period		-	-	-	(80,901)	(80,901)
Other comprehensive income		-	-	1,526	-	1,526
Total comprehensive loss for the period		-	-	1,526	(80,901)	(79,375)
Distribution of contributed capital		-	(3,201)	-	-	(3,201)
Related party transaction		-	-	-	(225)	(225)
Balance at June 30, 2021		1	2,780,774	(49,663)	(95,978)	2,635,134

See accompanying notes

MUSKRAT FALLS CORPORATION
STATEMENT OF CASH FLOWS
(Unaudited)

<i>For the period ended June 30 (thousands of Canadian dollars)</i>	Notes	Three months ended		Six months ended	
		2022	2021	2022	2021
Operating activities					
Profit (loss) for the period		40,112	(40,105)	84,394	(80,901)
Adjustments to reconcile profit (loss) to cash (used in) provided from operating activities:					
Depreciation and amortization		815	-	1,629	-
Revenue	13	(20,166)	(225)	(37,148)	(225)
Power purchased	13	2,055	-	5,056	-
Finance income	11	(5,480)	(504)	(6,179)	(1,057)
Finance expense	11	37,304	504	67,225	1,057
		54,640	(40,330)	114,977	(81,126)
Changes in non-cash working capital balances	15	(4,775)	(1,149)	(8,709)	(133)
Increase in long-term payables		20,534	38,163	36,711	76,889
Increase in contract asset		(59,261)	-	(73,213)	-
Increase in other long-term asset		(2,058)	-	(4,233)	-
Interest received		3,655	478	4,277	1,013
Interest paid		(65,323)	(68,406)	(65,979)	(68,408)
Net cash (used in) provided from operating activities		(52,588)	(71,244)	3,831	(71,765)
Investing activities					
Change in investments		16,818	-	(251,982)	-
Decrease in advances		19	27	839	37
Additions to property, plant and equipment		(5,357)	(52,241)	(25,364)	(101,838)
Changes in non-cash working capital balances	15	(15,210)	10,162	(6,429)	(2,766)
Net cash used in investing activities		(3,730)	(42,052)	(282,936)	(104,567)
Financing activities					
Repayment of long-term debt		(16,819)	(16,611)	(16,819)	(16,611)
Change in restricted cash		133,605	133,108	(434,757)	196,144
Repayment of related party loan payable		(2,392)	-	(52,931)	-
Decrease in related party loan receivable		2,392	-	9,792	-
Proceeds from long-term debt		-	-	834,288	-
Share redemption	9	(45,918)	-	(45,918)	-
Dividends	9	(14,550)	-	(14,550)	-
Distribution of contributed capital		-	(3,201)	-	(3,201)
Net cash provided from financing activities		56,318	113,296	279,105	176,332
Net increase (decrease) in cash		-	-	-	-
Cash, beginning of the period		-	-	-	-
Cash, end of the period		-	-	-	-

See accompanying notes

MUSKRAT FALLS CORPORATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

1. DESCRIPTION OF BUSINESS

Muskrat Falls Corporation (Muskrat Falls or the Company) was incorporated on November 13, 2013 under the laws of the Province of Newfoundland and Labrador (the Province). Muskrat Falls is a 100% owned subsidiary of Nalcor Energy (Nalcor). Muskrat Falls' head office is located at 500 Columbus Drive, St. John's, Newfoundland and Labrador, A1B 0M4, Canada.

Muskrat Falls was formed to design, develop, construct, finance and operate the Muskrat Falls hydroelectric generating facility (MF Plant) rated at 824 megawatts.

Muskrat Falls has entered into a power purchase agreement (PPA) with Newfoundland and Labrador Hydro (Hydro) for the sale of energy and capacity from the MF Plant. Muskrat Falls has also entered into the Generator Interconnection Agreement (GIA) with Hydro and Labrador Transmission Corporation (Labrador Transco) which governs the development and operation of the Labrador Transmission Assets connecting the MF Plant with the Labrador Island Link, Churchill Falls hydroelectric facility and Hydro's Labrador transmission assets. Under the terms of the GIA, Muskrat Falls is required to pay for all costs associated with the Labrador Transmission Assets. Under the terms of the PPA, Muskrat Falls will recover all costs associated with the MF Plant as well as the costs incurred by Muskrat Falls under the GIA. Hydro's obligation to pay for the costs under the PPA is absolute, non-conditional and irrevocable.

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, 2021.

These condensed interim financial statements do not include all of the disclosures normally found in Muskrat 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 with all values rounded to the nearest thousand, except when otherwise noted. The Board of Directors of Muskrat Falls 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 condensed interim financial statements on August 15, 2022.

3. TRADE AND OTHER RECEIVABLES

	June 30	December 31
<i>As at (thousands of Canadian dollars)</i>	2022	2021
Due from related parties	9,232	2,699
HST receivable	4,961	1,138
Trade receivables	3,445	-
Interest receivable	2,066	156
	19,704	3,993

MUSKRAT FALLS CORPORATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

4. PROPERTY, PLANT AND EQUIPMENT

<i>(thousands of Canadian dollars)</i>	Project Support Assets	Construction in Progress	Other	Total
Cost				
Balance at January 1, 2021	193,666	6,090,275	918	6,284,859
Additions	-	307,014	705	307,719
Balance at December 31, 2021	193,666	6,397,289	1,623	6,592,578
Additions	-	24,061	1,651	25,712
Other adjustments	-	(3,936)	-	(3,936)
Balance at June 30, 2022	193,666	6,417,414	3,274	6,614,354
Depreciation				
Balance at January 1, 2021	193,666	-	29	193,695
Depreciation	-	-	141	141
Balance at December 31, 2021	193,666	-	170	193,836
Depreciation	-	-	115	115
Balance at June 30, 2022	193,666	-	285	193,951
Carrying value				
Balance at January 1, 2021	-	6,090,275	889	6,091,164
Balance at December 31, 2021	-	6,397,289	1,453	6,398,742
Balance at June 30, 2022	-	6,417,414	2,989	6,420,403

Capitalized Borrowing Costs

The construction of the MF Plant is being financed through the issuance of long-term debt and contributed capital. For the period ended June 30, 2022, \$(3.6) million (December 31, 2021 - \$113.4 million) of borrowing costs were capitalized.

5. INVESTMENTS

The following table represents the value of the investments measured at amortized cost:

<i>As at (thousands of Canadian dollars)</i>	Year of Maturity	June 30 2022	December 31 2021
Amortizing Fixed Rate Deposit Note with interest paid at a rate of 3.745% per annum.	2022- 2029	251,982	-
Less: redemptions to be received within one year		(34,106)	-
		217,876	-

On March 31, 2022, the Company, jointly with Labrador Transco, purchased a structured deposit note using the proceeds from issued long-term debt. The investments are restricted in nature and subject to the provisions contained within the MF/LTA Project Finance Agreement (MF/LTA PFA). Muskrat Falls recognizes its ratable share of these investments which is based on its cumulative portion of actual debt drawn for the construction of the MF Plant. As of June 30, 2022, Muskrat Falls' portion was 83.43% (December 31, 2021 - 83.43%).

MUSKRAT FALLS CORPORATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

6. CONTRACT ASSET

	June 30	December 31
<i>As at (thousands of Canadian dollars)</i>	2022	2021
Contract asset, beginning of the period	17,573	-
Additions	192,962	57,450
Less: Receipts	(119,749)	(39,877)
Contract asset, end of the period	90,786	17,573

The contract asset represents the timing difference between the satisfaction of performance obligations to Hydro under the PPA and the timing of commercial payments.

7. LONG-TERM DEBT

The following table represents the value of long-term debt measured at amortized cost:

	Face	Coupon	Year of	Year of	June 30	December 31
<i>As at (thousands of Canadian dollars)</i>	Value	Rate %	Issue	Maturity	2022	2021
Tranche A	542,287	3.63	2013	2029	542,375	542,381
Tranche B	563,144	3.83	2013	2037	563,202	563,204
Tranche C	1,063,717	3.86	2013	2048	1,063,878	1,063,881
Tranche 5-10	103,971	1.46-1.75	2017	2022-2025	103,978	120,799
Tranche 11-20	187,117	1.84-2.37	2017	2025-2030	187,146	187,149
Tranche 21-30	210,737	2.41-2.64	2017	2030-2035	210,815	210,819
Tranche 31-40	240,429	2.66-2.80	2017	2035-2040	240,631	240,638
Tranche 41-50	276,180	2.81-2.86	2017	2040-2045	276,428	276,434
Tranche 51-60	317,934	2.84-2.86	2017	2045-2050	318,311	318,318
Tranche 61-64	140,206	2.85	2017	2050-2052	140,439	140,443
Tranche A-T	417,144	3.35-3.38	2022	2037-2047	417,144	-
Tranche U	417,144	3.38	2022	2057	417,144	-
Total	4,480,010				4,481,491	3,664,066
Less: maturities of debt within one year					(34,106)	(33,872)
					4,447,385	3,630,194

On March 31, 2022 an additional credit facility was jointly issued to Muskrat Falls and Labrador Transco in the amount of \$1.0 billion available in 21 tranches (Tranches A through U). All tranches of the credit facility were drawn down by way of a single advance to an account administered by a Collateral Agent. The facility benefits from a direct, absolute, unconditional and irrevocable guarantee from the Government of Canada, and thereby carries its full faith and credit (AAA rating or equivalent). Muskrat Falls' portion of the ratable share is based on its cumulative portion of actual debt drawn for the construction of the MF Plant. As of June 30, 2022, Muskrat Falls' portion was 83.43% (December 31, 2021 – 83.43%).

As part of an amendment to the MF/LTA PFA in March 2022, the sinking fund payment for Tranche A and the guarantee fee under the previous debt arrangements are no longer required.

MUSKRAT FALLS CORPORATION**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)****8. LONG-TERM PAYABLES**

	June 30	December 31
<i>As at (thousands of Canadian dollars)</i>	2022	2021
Long-term payables, beginning of the period	133,104	3,747
Additions	56,263	134,948
Less: Settlements	(19,552)	(5,591)
Long-term payables, end of the period	169,815	133,104
Less: current portion	(47,229)	(44,309)
	122,586	88,795

The long-term payable represents the difference between receipt of services from Labrador Transco under the GIA and the timing of commercial payments.

9. SHAREHOLDER'S EQUITY**9.1 Share Capital**

	June 30	December 31
<i>As at (thousands of Canadian dollars)</i>	2022	2021
Preferred shares without nominal or par value		
Authorized – unlimited		
Issued - fully paid and outstanding - 1,801,806,139	1,801,806	-
Common shares without nominal or par value		
Authorized – unlimited		
Issued - fully paid and outstanding - 1,000	1	-
Common shares without nominal or par value		
Authorized – unlimited		
Issued - fully paid and outstanding - 100	-	1
	1,801,807	1

On March 25, 2022, the Company amended its Articles of Incorporation to create a new capital structure. Included in the new capital structure, previously held common shares were designated Class A common shares and Class A preferred shares increased by \$1,847.7 million. On May 13, 2022, the Company redeemed Class A preferred shares of \$45.9 million (December 31, 2021 - \$nil).

9.2 Dividends

	Three months ended		Six months ended	
<i>For the period ended June 30 (thousands of Canadian dollars)</i>	2022	2021	2022	2021
Declared and paid during the period				
Preferred dividend for current period (3% coupon rate)	14,550	-	14,550	-

10. OPERATING COSTS

	Three months ended		Six months ended	
<i>For the period ended June 30 (thousands of Canadian dollars)</i>	2022	2021	2022	2021
Professional services	3,909	224	7,104	463
Salaries and benefits	1,925	849	3,398	1,456
Maintenance and materials	1,839	643	2,985	880
Insurance	815	-	1,660	-
Other operating costs	736	299	1,458	583
	9,224	2,015	16,605	3,382

MUSKRAT FALLS CORPORATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

11. NET FINANCE EXPENSE

<i>For the period ended June 30 (thousands of Canadian dollars)</i>	Three months ended		Six months ended	
	2022	2021	2022	2021
Finance income				
Interest on investments	2,445	-	2,473	-
Other interest	3,035	504	3,706	1,057
	5,480	504	6,179	1,057
Finance expense				
Interest and fees on long-term debt	37,298	32,246	63,253	64,518
Other interest	6	2	384	4
	37,304	32,248	63,637	64,522
Interest capitalized during construction	-	(31,744)	3,588	(63,465)
	37,304	504	67,225	1,057
Net finance expense	31,824	-	61,046	-

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

12.1 Fair Value

The estimated fair values of financial instruments as at June 30, 2022 and December 31, 2021 are based on relevant market prices and information available at the time. Fair value estimates are based on valuation techniques which are significantly affected by the assumptions used including the amount and timing of future cash flows and discount rates reflecting various degrees of risk. As such, the fair value estimates disclosed are not necessarily indicative of the amounts that Muskrat Falls might receive or incur in actual market transactions.

As a significant number of Muskrat Falls' assets and liabilities do not meet the definition of a financial instrument, the fair value estimates disclosed do not reflect the fair value of Muskrat Falls as a whole.

Establishing Fair Value

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the nature of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. For assets and liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1, 2 and 3 fair value measurements during the period ended June 30, 2022 and the year ended December 31, 2021.

As at June 30, 2022 and December 31, 2021, the Company did not have any Level 3 instruments.

MUSKRAT FALLS CORPORATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
			June 30, 2022	December 31, 2021	
<i>(thousands of Canadian dollars)</i>					
Financial assets					
Investments, including short-term	2	251,982	236,591	-	-
Financial liabilities					
Long-term debt including amount due within one year	2	4,481,491	4,084,964	3,664,066	4,252,086

The fair values of restricted cash, trade and other receivables, related party loan receivable, trade and other payables and related party loan payable approximate their carrying values due to their short-term maturity. The fair value of the long-term payables approximates its carrying value due to the underlying nature of the balance with its intercompany counterparty.

The fair values of Level 2 financial instruments are determined using quoted prices in active markets, which in some cases are adjusted for factors specific to the asset or liability. Level 2 fair values of other risk management assets and liabilities and long-term debt are determined using observable inputs other than unadjusted quoted prices, such as interest rate yield curves.

12.2 Risk Management

Credit Risk

The Company's expected future cash flows are exposed to credit risk through financing activities, based on the risk of non-performance by counterparties to its financial instruments. Credit risk on restricted cash and investments is minimal, as the Company's deposits are held by a Canadian Schedule 1 Chartered Bank with a rating of A+ and AA- (Standard and Poor's). The degree of exposure to credit risk on trade and other receivables is determined by the financial capacity and stability of the counterparties whereby the maximum risk is represented by their carrying value on the Statement of Financial Position at the reporting date.

Liquidity Risk

The following are the contractual maturities of the Company's financial liabilities, including principal and interest as at June 30, 2022:

<i>(thousands of Canadian dollars)</i>	< 1 Year	1-3 Years	3-5 Years	> 5 Years	Total
Trade and other payables	164,941	-	-	-	164,941
Long-term payables	47,229	89,130	33,456	-	169,815
Long-term debt	182,920	365,872	365,939	6,582,899	7,497,630
	395,090	455,002	399,395	6,582,899	7,832,386

13. RELATED PARTY TRANSACTIONS

Muskrat Falls enters into various transactions with its parent and other related parties. Unless otherwise noted, these transactions occur within the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties. Outstanding balances due to or from related parties are non-interest bearing with settlement within 30 days, unless otherwise stated.

MUSKRAT FALLS CORPORATION

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Related parties with which Muskrat Falls transacts are as follows:

Related Party	Relationship
Nalcor	100% shareholder of Muskrat Falls
Hydro	Wholly-owned subsidiary of Nalcor
Labrador Transco	Wholly-owned subsidiary of Nalcor
Lower Churchill Management Corporation	Wholly-owned subsidiary of Nalcor
Labrador-Island Link Limited Partnership	Limited partnership between Labrador-Island Link Holding Corporation and Emera Newfoundland and Labrador Island Link Inc.
Nalcor Energy Marketing Corporation	Wholly-owned subsidiary of Nalcor
Churchill Falls (Labrador) Corporation	Joint arrangement of Hydro
The Province	100% shareholder of Nalcor

Significant related party transactions, which are not otherwise disclosed separately in the condensed interim financial statements, are summarized below:

<i>As at (thousands of Canadian dollars)</i>		June 30 2022	December 31 2021
Trade and other receivables:			
Other related parties		9,232	2,699
Related party loan receivable:			
Other related parties	(a)	-	9,843
Contract asset:			
Other related parties	Note 6	90,786	17,573
Other long-term asset:			
Other related parties	Note 14(d)	7,247	3,014
Trade and other payables:			
Parent		6,425	7,487
The Province		7,174	5,663
Other related parties		5,741	877
Related party loan payable:			
Other related parties	(b)	-	53,220
Long-term payables:			
Other related parties	Note 8	169,815	133,104
		Three months ended	Six months ended
<i>For the period ended June 30 (thousands of Canadian</i>		2022	2021
Revenues:			
Parent	(c)	20,166	225
Other related parties		96,820	418
Power purchased:			
Other related parties	(d)	2,055	-
Operating costs:			
Parent		1,637	1,646
Transmission expense:			
Other related parties		28,892	38,163
Other expense:			
The Province		1,425	584
		2,945	1,738

(a) Muskrat Falls had a related party loan receivable with Labrador Transco which includes interest charged at 5.43% and is payable from Labrador Transco as cash becomes available while still meeting its debt servicing costs.

MUSKRAT FALLS CORPORATION

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- (b) Muskrat Falls had a related party loan payable with Hydro which includes interest charged at 5.43% and is payable from Muskrat Falls as cash becomes available while still meeting its debt servicing costs.
- (c) Muskrat Falls has contributed energy to Nalcor related to delivery of the Nova Scotia Block.
- (d) Muskrat Falls has a contribution of power purchases from Nalcor related to delivery of the Nova Scotia Block.

14. COMMITMENTS AND CONTINGENCIES

- (a) Muskrat Falls has entered into the GIA and PPA with Labrador Transco and Hydro, for an expected term of 57 years, whereby Muskrat Falls has committed to design, construct, operate and maintain the MF Plant, and provide such other services as agreed to ensure safe and reliable transmission of electricity. Revenue allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) related to energy and capacity sales under the PPA as at June 30, 2022 total \$511.3 million within one year and \$37,204.3 million in more than one year.
- (b) As part of the MF/LTA PFA, Muskrat Falls has pledged its present and future assets as security to the Collateral Agent.
- (c) In July 2012 Nalcor entered into the Energy and Capacity Agreement with Emera Inc. (Emera) providing for the sale and delivery of the Nova Scotia Block, being 0.986 TWh of energy annually for a term of 35 years. In October 2015 Nalcor assigned this agreement to Muskrat Falls. As a result of this assignment, Nalcor and Muskrat Falls are jointly liable for the delivery of the Nova Scotia Block to Emera.
- (d) The WMA between Churchill Falls and Muskrat Falls provides for coordinated production for the efficient use of water on the Churchill River system by ensuring that water is available to meet delivery requirements and contractual commitments for both Churchill Falls and Muskrat Falls, while maximizing the energy produced from the water resource. As at June 30, 2022 Muskrat Falls has stored the equivalent of approximately 2.4 Twh (December 31, 2021 – 1.3 Twh) of energy in the Churchill Falls reservoir.
- (e) Muskrat Falls is subject to legal claims with respect to construction and other various matters. For some legal claims, it is not possible at this time to predict with any certainty the outcome of such litigation. Should these claims result in an unfavourable outcome for the Company, they may have a significant adverse effect on the Company's financial position.
- (f) Outstanding commitments for capital projects total approximately \$14.0 million as at June 30, 2022 (December 31, 2021 - \$23.6 million).

15. SUPPLEMENTARY CASH FLOW INFORMATION

<i>For the period ended June 30 (thousands of Canadian dollars)</i>	Three months ended		Six months ended	
	2022	2021	2022	2021
Trade and other receivables	(9,729)	57	(13,801)	(295)
Prepayments	713	-	1,582	-
Inventories	(102)	-	(303)	-
Trade and other payables	(10,867)	8,956	(2,616)	(2,604)
Changes in non-cash working capital balances	(19,985)	9,013	(15,138)	(2,899)
Related to:				
Operating activities	(4,775)	(1,149)	(8,709)	(133)
Investing activities	(15,210)	10,162	(6,429)	(2,766)
	(19,985)	9,013	(15,138)	(2,899)