

TWIN FALLS POWER CORPORATION LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
June 30, 2022
(Unaudited)

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

<i>As at (thousands of Canadian dollars)</i>	Note	June 30	December 31
		2022	2021
ASSETS			
Current assets			
Cash		5,489	5,841
Other receivables		9	3
Total assets		5,498	5,844
LIABILITIES AND EQUITY			
Current liabilities			
Other payables	3	10	337
Environmental liabilities		2,000	2,000
Total liabilities		2,010	2,337
Shareholders' equity			
Share capital		2,513	2,513
Retained earnings		975	994
Total equity		3,488	3,507
Total liabilities and equity		5,498	5,844

See accompanying note

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

<i>For the period ended June 30 (thousands of Canadian dollars)</i>	Note	Three months ended		Six months ended	
		2022	2021	2022	2021
Finance income		14	6	20	13
Income		14	6	20	13
Operating costs	4	21	29	39	75
Expenses		21	29	39	75
Loss and comprehensive loss for the period		(7)	(23)	(19)	(62)

See accompanying note

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

	Share Capital	Retained Earnings	Total
<i>(thousands of Canadian dollars)</i>			
Balance at January 1, 2022	2,513	994	3,507
Total loss and comprehensive loss for the period	-	(19)	(19)
Balance at June 30, 2022	2,513	975	3,488
Balance at January 1, 2021	2,513	3,413	5,926
Total loss and comprehensive loss for the period	-	(62)	(62)
Balance at June 30, 2021	2,513	3,351	5,864

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

<i>For the period ended June 30 (thousands of Canadian dollars)</i>	Note	Three months ended		Six months ended	
		2022	2021	2022	2021
Operating activities					
Loss for the period		(7)	(23)	(19)	(62)
Adjustments to reconcile loss to cash used in operating activities:					
Finance income		(14)	(6)	(20)	(13)
		(21)	(29)	(39)	(75)
Changes in non-cash working capital balances	6	1	(95)	(333)	(123)
Interest received		14	6	20	13
Net cash used in operating activities		(6)	(118)	(352)	(185)
Net decrease in cash		(6)	(118)	(352)	(185)
Cash, beginning of the period		5,495	5,987	5,841	6,054
Cash, end of the period		5,489	5,869	5,489	5,869

See accompanying note

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 50.4% 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). On January 25, 2022, Churchill Falls purchased Wabush Resources Inc.'s 12.5% interest and Wabush Iron Co. Limited's 4.6% interest in Twin Falls Power Corporation Limited, increasing the ownership share from 33.3% to 50.4%. 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 entities 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 sitting as a court designated pursuant to the CCAA. 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. A settlement agreement has been reached between Churchill Falls and Wabush Mines entities and the motion as against Churchill Falls and Twin Falls has been discontinued. In addition, the liquidation proceedings as against the Wabush Mines entities has been discontinued. Discussions remain underway amongst the remaining shareholders.

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 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 condensed interim financial statements on August 15, 2022.

3. OTHER PAYABLES

	June 30	December 31
	2022	2021
<i>As at (thousands of Canadian dollars)</i>		
Professional fees payable	7	47
Due to related parties	3	290
	10	337

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

4. OPERATING COSTS

<i>For the period ended June 30 (thousands of Canadian dollars)</i>	Three months ended		Six months ended	
	2022	2021	2022	2021
Salaries and benefits	14	7	26	22
Professional services	5	21	10	49
Insurance	-	-	-	1
Other operating costs	2	1	3	3
	21	29	39	75

5. RELATED PARTY TRANSACTIONS

Twin 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 no set terms of repayment, unless otherwise stated.

Related parties with which Twin Falls transacts are as follows:

<u>Related Party</u>	<u>Relationship</u>
Churchill Falls	50.4% shareholder of Twin Falls
IOC	49.6% shareholder of Twin Falls
Hydro	65.8% shareholder of Churchill Falls
Nalcor	100% shareholder of Hydro

6. 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
Other receivables	(3)	(4)	(6)	(5)
Prepayments	-	-	-	1
Other payables	4	(91)	(327)	(119)
Changes in non-cash working capital balances	1	(95)	(333)	(123)