

**TWIN FALLS POWER CORPORATION LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**March 31, 2023**  
**(Unaudited)**

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

<i>As at (thousands of Canadian dollars)</i>	Notes	<b>March 31</b> <b>2023</b>	December 31 2022
<b>ASSETS</b>			
Current assets			
Cash		<b>5,570</b>	5,547
Other receivables		<b>5</b>	5
<b>Total assets</b>		<b>5,575</b>	5,552
<b>LIABILITIES AND EQUITY</b>			
Current liabilities			
Other payables	3	<b>19</b>	34
Environmental liabilities	4	<b>3,385</b>	3,400
<b>Total liabilities</b>		<b>3,404</b>	3,434
Shareholder's equity			
Share capital		<b>2,513</b>	2,513
Deficit		<b>(342)</b>	(395)
<b>Total equity</b>		<b>2,171</b>	2,118
<b>Total liabilities and equity</b>		<b>5,575</b>	5,552

*See accompanying notes*

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

<i>For the period ended March 31 (thousands of Canadian dollars)</i>	Notes	<b>Three months ended</b>	
		<b>2023</b>	<b>2022</b>
Net finance income		<b>64</b>	<b>6</b>
Operating costs	5	<b>11</b>	<b>18</b>
Profit (loss) and comprehensive income (loss) for the period		<b>53</b>	<b>(12)</b>

*See accompanying notes*

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

	Share Capital	(Deficit) Retained Earnings	Total
<i>(thousands of Canadian dollars)</i>			
<b>Balance at January 1, 2023</b>	<b>2,513</b>	<b>(395)</b>	<b>2,118</b>
<b>Total profit and comprehensive income for the period</b>	<b>-</b>	<b>53</b>	<b>53</b>
<b>Balance at March 31, 2023</b>	<b>2,513</b>	<b>(342)</b>	<b>2,171</b>
Balance at January 1, 2022	2,513	994	3,507
Total loss and comprehensive loss for the period	-	(12)	(12)
Balance at March 31, 2022	2,513	982	3,495

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

<i>For the period ended March 31 (thousands of Canadian dollars)</i>	Notes	<b>Three months ended</b>	
		<b>2023</b>	2022
Operating activities			
Profit (loss) for the period		<b>53</b>	(12)
Adjustments to reconcile profit (loss) to cash provided from (used in) operating activities:			
Finance income		<b>(64)</b>	(6)
		<b>(11)</b>	(18)
Changes in non-cash working capital balances	7	<b>(15)</b>	(334)
Settlement of environmental liabilities	4	<b>(15)</b>	-
Interest received		<b>64</b>	6
<b>Net cash provided from (used in) operating activities</b>		<b>23</b>	<b>(346)</b>
Net increase (decrease) in cash		<b>23</b>	(346)
Cash, beginning of the period		<b>5,547</b>	5,841
<b>Cash, end of the period</b>		<b>5,570</b>	5,495

*See accompanying notes*

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

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

Twin Falls Power Corporation Limited (Twin Falls) is incorporated under the laws of Canada and 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 100% owned by Churchill Falls, of which Newfoundland and Labrador Hydro (Hydro) owns 65.8% and whose parent company is Nalcor Energy (Nalcor).

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.

**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, 2022.

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 May 15, 2023.

**3. OTHER PAYABLES**

<i>As at (thousands of Canadian dollars)</i>	<b>March 31 2023</b>	December 31 2022
Due to related parties	9	29
Professional fees payable	10	5
	<b>19</b>	34

**4. ENVIRONMENTAL LIABILITIES**

The reconciliation of the beginning and ending carrying amounts of environmental liabilities associated with the disposal of polychlorinated biphenyls (PCBs) for the period ended March 31, 2023 and the year ended December 31, 2022 are as follows:

<i>As at (thousands of Canadian dollars)</i>	<b>March 31 2023</b>	December 31 2022
Environmental liabilities, beginning of the year	3,400	2,000
Revisions	-	1,400
Settlements	(15)	-
Environmental liabilities, end of the year	<b>3,385</b>	3,400

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

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**5. OPERATING COSTS**

<i>For the period ended March 31 (thousands of Canadian dollars)</i>	<b>Three months ended</b>	
	<b>2023</b>	<b>2022</b>
Salaries and benefits	<b>5</b>	12
Audit fees	<b>5</b>	5
Other operating costs	<b>1</b>	1
	<b>11</b>	18

**6. 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 settlement within 30 days, unless otherwise stated. Related parties with which Twin Falls transacts are as follows:

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

**7. SUPPLEMENTARY CASH FLOW INFORMATION**

<i>For the period ended March 31 (thousands of Canadian dollars)</i>	<b>Three months ended</b>	
	<b>2023</b>	<b>2022</b>
Other receivables	-	(3)
Other payables	<b>(15)</b>	(331)
Changes in non-cash working capital balances	<b>(15)</b>	(334)