

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

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

	June 30	December 31
<i>As at (thousands of Canadian dollars)</i>	2021	2020
ASSETS		
Current assets		
Cash	5,869	6,054
Other receivables	34	29
Prepayments	-	1
Total assets	5,903	6,084
LIABILITIES AND EQUITY		
Current liabilities		
Other payables	16	135
Environmental liabilities	23	23
Total liabilities	39	158
Shareholders' equity		
Share capital	2,513	2,513
Retained earnings	3,351	3,413
Total equity	5,864	5,926
Total liabilities and equity	5,903	6,084

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	
		2021	2020	2021	2020
Finance income		6	7	13	36
Revenue		6	7	13	36
Operating costs	3	29	20	75	52
Expenses		29	20	75	52
Loss before income taxes		(23)	(13)	(62)	(16)
Income tax recovery		-	(5)	-	(6)
Loss and comprehensive loss for the period		(23)	(8)	(62)	(10)

See accompanying notes

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

<i>(thousands of Canadian dollars)</i>	Share Capital	Retained Earnings	Total
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
Balance at January 1, 2020	2,513	3,554	6,067
Total loss and comprehensive loss for the period	-	(10)	(10)
Balance at June 30, 2020	2,513	3,544	6,057

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	
		2021	2020	2021	2020
Operating activities					
Loss for the period		(23)	(8)	(62)	(10)
Adjustments to reconcile loss to cash used in operating activities:					
Income tax recovery		-	(5)	-	(6)
Finance income		(6)	(7)	(13)	(36)
		(29)	(20)	(75)	(52)
Changes in non-cash working capital balances	4	(95)	(15)	(123)	(6)
Interest received		6	7	13	36
Net cash used in operating activities		(118)	(28)	(185)	(22)
Net decrease in cash		(118)	(28)	(185)	(22)
Cash, beginning of the period		5,987	6,109	6,054	6,103
Cash, end of the period		5,869	6,081	5,869	6,081

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. The parties attempted to settle matters before the Wabush case proceeded to Court but were not successful. The parties are due to appear in Québec Superior Court in August to continue to advance the Wabush motion.

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 condensed interim financial statements on August 12, 2021.

3. OPERATING COSTS

<i>For the period ended June 30 (thousands of Canadian dollars)</i>	Three months ended		Six months ended	
	2021	2020	2021	2020
Professional fees	16	4	39	23
Salaries and benefits	7	9	22	16
Audit fees	5	5	10	10
Insurance	-	-	1	1
Other operating costs	1	2	3	2
	29	20	75	52

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

4. SUPPLEMENTARY CASH FLOW INFORMATION

<i>For the period ended June 30 (thousands of Canadian dollars)</i>	Three months ended		Six months ended	
	2021	2020	2021	2020
Other receivables	(4)	1	(5)	(2)
Prepayments	-	-	1	1
Other payables	(91)	(16)	(119)	(5)
Changes in non-cash working capital balances	(95)	(15)	(123)	(6)