

**TWIN FALLS POWER CORPORATION LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**September 30, 2020**  
**(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>2020</b>	2019
<b>ASSETS</b>		
Current assets		
Cash	<b>6,077</b>	6,103
Other receivables	<b>29</b>	9
Prepayments	<b>1</b>	1
<b>Total assets</b>	<b>6,107</b>	6,113
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Other payables	<b>80</b>	23
Environmental liabilities	<b>23</b>	23
<b>Total liabilities</b>	<b>103</b>	46
Shareholders' equity		
Share capital	<b>2,513</b>	2,513
Retained earnings	<b>3,491</b>	3,554
<b>Total equity</b>	<b>6,004</b>	6,067
<b>Total liabilities and equity</b>	<b>6,107</b>	6,113

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

<i>For the period ended September 30 (thousands of Canadian dollars)</i>	Note	Three months ended		Nine months ended	
		2020	2019	2020	2019
Finance income		<b>7</b>	31	<b>43</b>	92
Revenue		<b>7</b>	31	<b>43</b>	92
Operating costs	3	<b>84</b>	15	<b>136</b>	107
Gain on disposal of assets		-	-	-	(230)
Expenses (recovery)		<b>84</b>	15	<b>136</b>	(123)
(Loss) profit before income taxes		<b>(77)</b>	16	<b>(93)</b>	215
Income tax (recovery) expense		<b>(24)</b>	6	<b>(30)</b>	(6)
(Loss) profit and comprehensive (loss) income for the period		<b>(53)</b>	10	<b>(63)</b>	221

*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, 2020</b>	<b>2,513</b>	<b>3,554</b>	<b>6,067</b>
<b>Total loss and comprehensive loss for the period</b>	<b>-</b>	<b>(63)</b>	<b>(63)</b>
<b>Balance at September 30, 2020</b>	<b>2,513</b>	<b>3,491</b>	<b>6,004</b>
Balance at January 1, 2019	2,513	3,334	5,847
Total profit and comprehensive income for the period	-	221	221
Balance at September 30, 2019	2,513	3,555	6,068

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

<i>For the period ended September 30 (thousands of Canadian dollars)</i>	Note	Three months ended		Nine months ended	
		2020	2019	2020	2019
Operating activities					
(Loss) profit for the period		<b>(53)</b>	10	<b>(63)</b>	221
Adjustments to reconcile (loss) profit to cash (used in) provided from operating activities:					
Gain on disposal of assets		-	-	-	(230)
Income tax (recovery) expense		<b>(24)</b>	6	<b>(30)</b>	(6)
Finance income		<b>(7)</b>	(31)	<b>(43)</b>	(92)
		<b>(84)</b>	(15)	<b>(136)</b>	(107)
Changes in non-cash working capital balances	4	<b>67</b>	7	<b>61</b>	20
Interest received		<b>7</b>	31	<b>43</b>	114
Interest paid		-	-	-	(1)
Income taxes paid		<b>6</b>	-	<b>6</b>	(3)
<b>Net cash (used in) provided from operating activities</b>		<b>(4)</b>	23	<b>(26)</b>	23
Investing activities					
Decrease in short-term investments		-	-	-	5,465
Proceeds on disposal of assets		-	-	-	230
<b>Net cash provided from investing activities</b>		-	-	-	5,695
Net (decrease) increase in cash		<b>(4)</b>	23	<b>(26)</b>	5,718
Cash, beginning of the period		<b>6,081</b>	6,079	<b>6,103</b>	384
<b>Cash, end of the period</b>		<b>6,077</b>	6,102	<b>6,077</b>	6,102

*See accompanying notes*

**TWIN FALLS POWER CORPORATION LIMITED**  
**NOTES TO 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 (MW) 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.

**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, 2019.

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 13, 2020.

**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>2020</b>	2019	<b>2020</b>	2019
Professional fees	<b>62</b>	4	<b>85</b>	45
Salaries and benefits	<b>13</b>	5	<b>29</b>	20
Audit fees	<b>6</b>	5	<b>16</b>	15
Insurance	-	1	<b>1</b>	14
Other operating costs	<b>3</b>	-	<b>5</b>	13
	<b>84</b>	15	<b>136</b>	107

**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>2020</b>	2019	<b>2020</b>	2019
Other receivables	<b>6</b>	4	<b>4</b>	5
Prepayments	<b>(1)</b>	(1)	-	12
Other payables	<b>62</b>	4	<b>57</b>	3
Changes in non-cash working capital balances	<b>67</b>	7	<b>61</b>	20