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May 6, 2021

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VIA E-MAIL

Reference: 11573/374

Twin Falls Power Corporation Limited

c/o Doug Mitchell
IMK LLP
3500 De Maisonneuve Boulevard West
Suite 1400
Montréal, QC H3Z 3C1

- and -

Churchill Falls (Labrador) Corporation Limited

c/o Guy Martel and Nathalie Nouvet
Stikeman Elliott LLP
1155 René-Lévesque Blvd. West, 41st Floor
Montréal, QC H3B 3V2

RE: Twin Falls Power Corporation Limited (“Twinco”)

Dear Sirs and Madame:

I am writing you in furtherance of my letter to you dated February 1, 2021 (my “**February 1 Letter**”) and Doug Mitchell’s letters on behalf of Twinco in response dated February 4, 2021 (the “**Twinco February 4 Letter**”) and February 26, 2021 (the “**Twinco February 26 Letter**”, together with the Twinco February 4 Letter, the “**Twinco Response Letters**”) and Nathalie Nouvet’s letter in response dated February 5, 2021 (the “**CFLCo February 5 Letter**”).

In my February 1 Letter, I sought to confirm the terms by which the parties had agreed to seek an adjournment sine die of the following court proceedings:

1. The CCAA Parties’ Motion for Winding up and Dissolution, Distribution of Assets, Reimbursement of Monies and Additional Relief dated November 16, 2020, Court File No. 500-11-048114-157 in the Québec Superior Court (the “**CCAA Parties Winding Up Motion**”);

2. The Twinco Motion to dismiss the CCAA Parties Winding Up Motion for Lack of Jurisdiction and for Forum Non Conveniens dated January 15, 2020 (the “**Twinco Dismissal Motion**”);
3. Churchill Falls (Labrador) Corporation Limited (“**CFLCo**”) Contestation of the CCAA Parties Winding Up Motion dated January 15, 2020 (the “**CFLCo Contestation**”); and
4. Originating Application for the Issuance of a Court Supervised Liquidation and Dissolution Order by CFLCo issued on January 21, 2021, Court File No. 2021 O1G 0432 in the Supreme Court of Newfoundland and Labrador (the “**Newfoundland Liquidation Motion**”),

(collectively, the “**Adjourned Proceedings**”).

All initially capitalized terms in this letter shall have the meanings given to them in the February 1 Letter.

The intention behind the adjournments of the Adjourned Proceedings was to provide an opportunity to explore the possibility of a consensual resolution of the matters raised in the Adjourned Proceedings. An integral part of facilitating that possibility was the request by the CCAA Parties for certain documentation and information that went to the approximate value of the potential maintenance/indemnity reimbursement obligations owing by Twinco (the “**Twinco Requested Information**”). The Twinco Requested Information would facilitate the CCAA Parties and the Monitor’s understanding of the nature and quantum of the potential Reimbursable Environmental/Maintenance Costs and therefore the value of the CCAA Parties’ interest in Twinco. This in turn, would establish parameters for a potential consensual resolution of the matters in dispute.

In my February 1 Letter, I sought to confirm our understanding that Twinco would use its good faith efforts to provide the CCAA Parties and Monitor with the aforementioned Twinco Requested Information within 30 days of this letter. To the extent that any of the Twinco Requested Information is not available for delivery to the CCAA Parties and Monitor within such time period, Twinco was to provide a written explanation as to the reasons why such requested information is not available for delivery within such time period and the proposed date that Twinco reasonably anticipated that such information would be available for delivery to the CCAA Parties and Monitor.

Both of Twinco and CFLCo have denied any agreement to use good faith efforts to provide any of the Twinco Requested Information to the CCAA Parties

In the Twinco February 4 Letter, Doug Mitchell, counsel for Twinco, stated that Twinco made no such undertakings for the Twinco Requested Information, any request would be taken under consideration, “nothing more”, that Twinco would not, without specific direction from the Twinco directors, offer to provide any documents, and that it would seek instructions from Twinco’s directors in respect of the Twinco Requested Information and whether it was reasonable to “even consider” undertaking to provide the Twinco Requested Information. Likewise, in the CFLCo February 5 Letter, CFLCo’s counsel, denied any undertaking by CFLCo to provide any information requested by the CCAA Parties and stated that the “ultimate decision to provide the requested documentation lies with Twinco”. We note that CFLCo nominees control the Twinco Board, a fact that puts them in conflict.

Although the Twinco February 4 Letter suggests that the request for documents going to back to 1974 was unreasonable, there were no proposals in either the Twinco February 4 Letter, or the CFLCo February 5

Letter to limit the time period and/or scope of the Twinco Requested Information. I am informed by my partner, Bernard Boucher, and Sylvain Rigaud, counsel for the Monitor, that they had made requests to Mr. Mitchell (for Twinco) and Mr. Guy Martel/Ms. Nathalie Nouvet (for CFLCo) to deliver such a proposal. No such proposal has ever been received by either of them.

Instead, on February 26, 2021, we received a subsequent letter from Mr. Mitchell confirming that Twinco's Board, a majority of who are CFLCo's nominees, decided that Twinco would not provide any of the Twinco Requested Information to the CCAA Parties, as there was no "use" in such undertaking. Instead, Twinco's counsel informed the CCAA Parties that Twinco's directors have decided only to provide the CCAA Parties with Twinco's audited financial statements from 2013 – 2019. I note that copies of these financial statements had been expressly identified in my February 1 Letter as not being requested by the CCAA Parties (as the CCAA Parties already had copies of these financial statements). Subsequent to this letter, I understand from Mr. Boucher and Mr. Rigaud that they made additional attempts to bridge a compromise on the disclosure of some portion of the Twinco Requested Information, without success, having been informed by Mr. Mitchell by telephone on March 23, 2021 and then again on April 8, 2021, that no further documentation or information of any kind would be forthcoming from Twinco to the CCAA Parties or the Monitor.

This was very disappointing and frustrating: the CCAA Parties had agreed to adjourn the Adjourned Proceedings on the good faith understanding that the parties would engage in discussions to see if a consensual resolution was possible, and that information and documents would be made available to the CCAA Parties and Monitor by Twinco to facilitate achievement of that goal. Now more the 60 days later, no meaningful discussions have taken place, no requested information has been provided (that the CCAA Parties did not already possess) and zero progress has been made towards a possible consensual resolution.

Twinco and CFLCo actions since January 27, 2021 demonstrate Twinco's and CFLCo's continuous refusal to constructively engage with the CCAA Parties and the Monitor with respect to Twinco, thereby perpetuating the *status quo* and resulting in further delays to the CCAA Parties' creditors obtaining a Final Distribution and completing a winding-up and termination of the CCAA Proceeding.

Accordingly, the CCAA Parties, in consultation and with the support of the Monitor, have determined that in the best interests of the CCAA Parties' creditors, the CCAA Parties will be forthwith seeking a motion to expand the powers of the Monitor to permit the Monitor to compel production of documents related to the Twinco Interest and related powers, returnable on May 21, 2021 and to make the CBCA Motion returnable on a *pro forma* basis on the same date.

This letter constitutes the agreed upon minimum 14 days' written notice to Twinco and CFLCo.

Yours very truly



Milly Chow

MYC/sti
Enclosure

c: J. Graham, Wabush
B. Boucher, Blakes
N. Meakin, FTI
S. Rigaud, Norton Rose
M. McClure, IOC
D. Pope, Nalcor/CF(L)Co
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