

2019 ANNUAL REPORT



Nunatsiavut Government Department of Lands and Natural Resources

Data: Nunatsiavut Government Department of Lands and Natural Resources (2020)

Projection: EPSG 26920 July 2020



NUNATSIAVUT

Nunaliginikmik amma Nunamiutani Ujaganik Imaniklu
Lands and Natural Resources

Nunatsiavut

- Town
- Labrador Inuit Lands
- Labrador Inuit Settlement Area
- Schedule 12E
- The Zone
- Labrador

This is not an authoritative map of Nunatsiavut and has been prepared for illustrative purpose only. The authoritative maps of Nunatsiavut are contained in the Land Claims Agreement.

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PHOTOS

Cover: Kyle Ingram

2019 ANNUAL REPORT

Labrador Inuit Capital Strategy Trust



WHO WE ARE....

The Nunatsiavut Group of Companies (NGC) is a for-profit business enterprise operating in diverse fields as wholly-owned and joint venture partnerships throughout Labrador and the North. Our shareholders are the people of Nunatsiavut through the Labrador Inuit Capital Strategy Trust.

NGC'S 11 companies employ nearly 500 people, of whom 45% are Nunatsiavut Beneficiaries.

NGC's goal is to create wealth for the Beneficiaries of Nunatsiavut and to grow a generation of business leaders who will sustain themselves and their communities through sound business investment.

We are built on a foundation that respects and practices the culture and heritage of Nunatsiavut.

Nunasiavut

Group of Companies



Vale Partnerships



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STATEMENT ON COVID-19 AND THE POTENTIAL IMPACT ON 2020 OPERATIONS

As 2019 came to a close, the world learned of an outbreak of the coronavirus in China. COVID-19 spread rapidly in the early months of 2020 and became a global pandemic. Countries, including Canada, closed their borders to international travel and most businesses were closed or impacted.

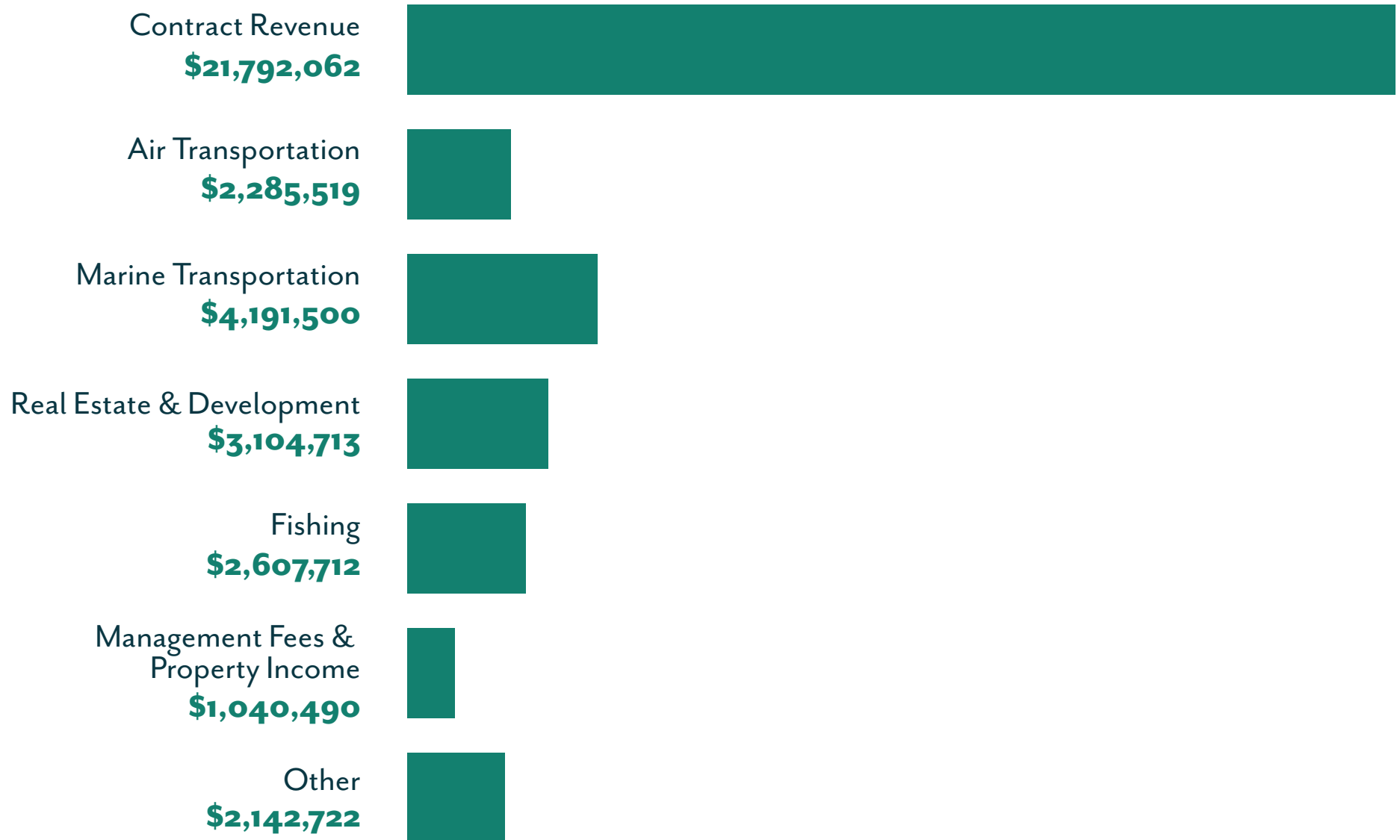
It is impossible to tell precisely how the operations of the Nunatsiavut Group of Companies will be impacted by COVID-19 in 2020. As a result, any forecasted or forward-looking statements for 2020 should be read with caution.

2019 FINANCIAL HIGHLIGHTS - EXPENSES



LICST Consol \$41,156,130

2019 FINANCIAL HIGHLIGHTS - REVENUE



LICST Consol \$37,164,718





MESSAGE FROM THE CHAIR

The Nunatsiavut Group of Companies is in business to create economic and social value for Nunatsiavut and its Beneficiaries. More and more Beneficiaries are taking on leadership positions at NGC. We are promoting career opportunities to Nunatsiavut youth. We are forming partnerships, not merely to have our name on the company, but to be real partners so that Beneficiaries can learn the skills they will need to run our companies in the future. When we make a profit, we invest for the benefit of all of Nunatsiavut.

Our focus will always be on Nunatsiavut. But we are also a modern company that is mandated to pursue opportunities throughout Inuit Nunangat and across Canada. That is why NGC recently became a founding member of the Inuit Development Corporation Association, a group that will lobby the federal government and corporate interests to have a meaningful role in future northern development. Comprised of the Inuit economic development corporations, IDCA will ensure that Ottawa recognizes and involves our development corporations in the pursuit of responsible development in the north. As Canada turns its eyes toward the north, other countries, including Russia, China, and the United States are already planning to utilize the vast natural assets of the Arctic and its emerging transportation routes.

NGC's success here in Nunatsiavut provides us with the leadership, experience, and vision to become part of the bigger northern experience. NGC's senior leadership is Inuit from Nunatsiavut, as is the entire board. We will use the considerable skillsets that we have built here at home to create new opportunities for our Beneficiaries.

Even as we look for new opportunities outside our region, the core of who we are and what we do will continue to be anchored right here in Nunatsiavut. Our investment in north coast aviation. Our involvement in marine transportation to our communities. Our construction company that is building new capacity in Nunatsiavut. Our partnership in TSI that continues to grow and provide unprecedented opportunity for Beneficiaries to be employed at Vale and to continually develop their skills. Our Vale partnerships that were ready to roll when the mine expansion project got underway in 2018. And our collaboration with Air Borealis to tell Nunatsiavut's amazing cultural, historical, and tourism story at Torngat Mountains Base Camp.

As we scale new heights, we remain humble. Business cycles can be unforgiving. We continue to have challenges in some parts of our operations. But we have the right leadership and vision to see us through. We are well positioned for the challenges and the opportunities that lie ahead.

On March 31, 2020, Clint Davis resigned as Chair of the LICST to take on a position as President and CEO of Nunasi Corporation in Iqaluit. NGC thanks him for his substantial contribution to the group of companies over the past 11 years. We wish Clint well in his new position.



MESSAGE PRESIDENT AND CEO

2019 brought many accomplishments to the Nunatsiavut Group of Companies, several of them associated with the Vale underground mine expansion. NGC's decision several years ago to partner with nationally and internationally reputable companies in construction, mine development, and mine construction has made companies like Torngait Services Limited and Timmiak Construction Limited major players in the Vale project. Those investments have provided Nunatsiavut

Beneficiaries the opportunity to develop careers. Nuluak Fisheries made a substantial contribution again in 2019, we continued to build local capacity in construction, and we worked with new partners in marine transportation and in the operation of Base Camp.

There were also setbacks in 2019. Our investment seven years ago in Universal Helicopters took place just before the mineral exploration industry collapsed. In the time since, Universal has worked hard to retain market share in an increasingly competitive helicopter services industry, including making investments in operations in British Columbia and the United States. Our investment in Universal has not created the financial returns that we had all hoped. After much discussion, the decision was made in 2019 to write off LICST's investment in Universal Helicopters.

Despite this setback, we are seeing the benefit of our strategy to focus on building operations through a mix of sound investments. Investing smarter means keeping our eye on emerging opportunities. We remained committed to our Vale partnerships even as the underground expansion was put on hold in 2017 while Vale assessed its options in the midst of collapsing commodity prices. Our companies and their partners were ready when the mine expansion got back on track in 2018.

As 2019 ended, we began to hear about the COVID-19 virus in China and the concern that it would spread to other parts of the world. Our business world is interconnected and events in one place can have major impacts half a world away. So, while there will be more opportunities to bid for work on the Vale underground project in 2020, we must remain cautious because of the impact that COVID-19 could have on business activity across our entire group. At the same time, we remain committed to our goal of creating wealth for Nunatsiavut and providing careers for Nunatsiavut Beneficiaries.

NGC is committed to being Inuit-led and a business leader in the north. Four members of our senior leadership team are Beneficiaries. We have recruited and hired outstanding Beneficiaries for senior management and support positions. We have made strong progress toward becoming Inuit-led. But we know there is more work to be done. In 2020, we will focus our efforts on Nunatsiavut youth.

We will tell our youth about the opportunities that exist in their companies. We will encourage them to pursue post-secondary education. We want them to know that our companies support their effort at further education through our scholarship

programs. We will encourage them to become the next generation of Inuit business leaders.

As we encourage more Inuit youth to pursue their career dreams, we will work hard to enhance the skills of the people that we already employ. TSI has hired equipment trainers to train employees at the Vale site so they can learn new skills and improve their employment opportunities. Nunatsiavut Construction Inc. has identified skills gaps in its workforce and will offer training so that employees can improve their skills and take on more complex jobs. We are building strength into our companies and at the same time, building capacity in Nunatsiavut.

2019 was the first year of a 5-year contract to operate Torngat Mountains Base Camp. Air Borealis and NGC Solutions Inc. are collaborating to run this world-class facility. They have exciting plans for 2020 and beyond.

None of the work that we do would be possible without the pivotal role played by our 500-plus workforce, nearly half of whom are Beneficiaries. We appreciate the skill and determination that they bring to their job every day. NGC wants every worker to return safely to their families and loved ones at the end of their shift. We invest heavily to make sure that they have top-notch safety training and support. We are proud to say that in 2019, we did not have any lost time because of on-the-job injury.

NGC has been made stronger with its evolution to a for-profit business in 2011. We are focused on making the right decisions. It provides real careers for Nunatsiavut Beneficiaries. It allows NGC to give back to our communities. You will see in the Corporate Social Responsibility section of this report that we contributed in excess of \$300,000 worth of direct and indirect support to Nunatsiavut communities and organizations in 2019. We are proud of that and we will continue to work with our communities and local organizations in 2020.

As NGC moves into 2020, we are developing a strategy that will guide our organization for the next decade. We are recommitting ourselves to being Inuit-led and a business leader in the north.

NGC is a founding member of the Inuit Development Corporation Association. In July, the IDCA travelled to Greenland to investigate how Greenland Inuit carry out business. Pictured left to right, LICST Chair Clint Davis; Shelon Numchuk, Qikiqtaaluk Business Development Corporation; and Chris Webb, President and CEO of NGC.





NUNATSIAVUT CONSTRUCTION INC. (NCI)

2019 represented significant progress toward profitability for NCI. The company increased its production efficiency and further completed its transition to undertaking smaller projects. Balanced against this improvement in its financial position, NCI again incurred costs associated with the cleanup of the former PostMill Lumber site. This multi-year project to remove debris and infrastructure from the site was completed in 2019. The cleanup was undertaken as part of NGC's commitment to Corporate Social Responsibility.

NCI's stone crushing operation was of particular importance in 2019. As well as providing crushed stone for its own projects and operations, NCI sold stone to private contractors, as well as to Nalcor, and the Torngat Regional Housing Authority. In late 2019, the company made additional investments in its crushing equipment to meet the projected significant demand for stone in Nain in 2020.

HOME REPAIR PROGRAM

For the third consecutive year, NCI completed repairs for the Nunatsiavut Government under the government's Home Repair Program. NCI takes pride in being part of this vital program for Beneficiaries. In 2019, 22 homes were repaired. All but two of the projects were completed by year's end. The remaining two homes will be completed as soon as weather conditions permit in early 2020.

In 2019, NCI again completed home repairs for the Nunatsiavut Government (top) under its Home Repair Program. NCI's crews also completed work for private individuals. A duplex in Hopedale (bottom) was one such project.

PREVIOUS PAGE: Nunatsiavut Construction's stone crushing operation was a significant part of its business in 2019. Stone was crushed at its quarries in Nain (pictured) and Hopedale.



BENEFICIARY EMPLOYMENT AND SKILLS DEVELOPMENT

NCI's vision is to have Beneficiaries leading, managing, and working in all parts of the organization. A key element in reaching that goal is to enhance productivity and efficiency. In 2019, NCI made major strides in that direction. Through strong oversight of its operations and effective supervision and mentorship on the ground, the company completed its projects with fewer employees than in 2018. However, the percentage of Beneficiary employees remained the same at 61% and Beneficiary wages increased as a percentage of all NCI wages. Investments in productivity and efficiency have positioned NCI as a strong competitor as it bids for new work. NCI will continue its efforts in this regard in 2020 with the hiring of a dedicated project manager.

Along with building and supporting physical infrastructure in Nunatsiavut, NCI also invests in skills development for its staff. Employees have added to their skill sets and that has allowed NCI to take on more complex jobs. The company now has the capacity to engage in more technical work, as employees become experienced in reading shop drawings, completing the required paperwork for clients, and working with change orders.

NCI will further advance its skill set by acting on a skills matrix assessment that it carried out in 2019. The assessment sought to identify gaps in NCI's skill set and to plan programming and training to fill those gaps.

SAFETY AND THE ENVIRONMENT

Working safely and being environmentally responsible are key goals of the Nunatsiavut Group of Companies.

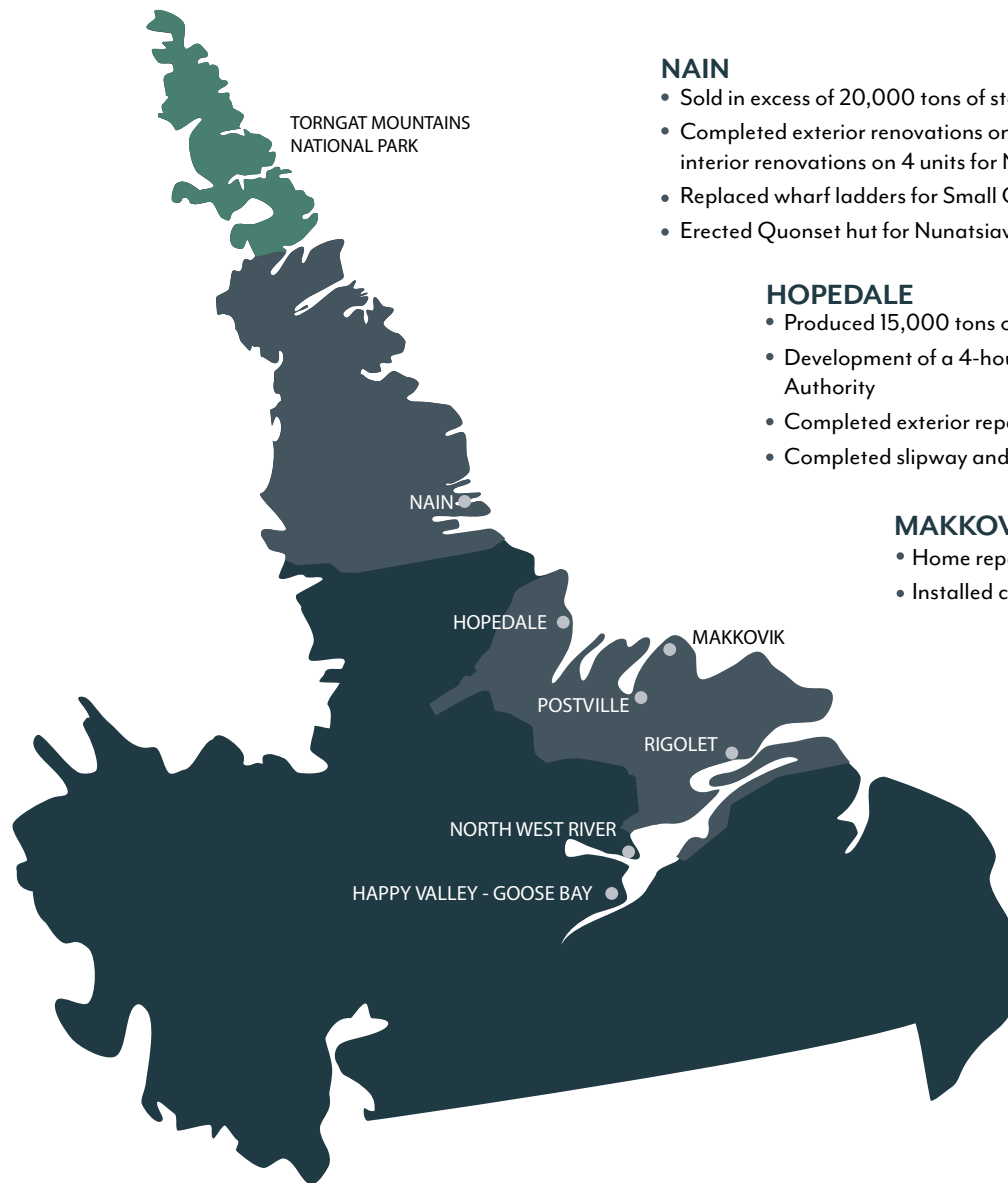
Safety is NCI's top priority. The company will carry out a health and safety recertification program for all employees prior to the 2020 season. In addition, NCI is proactively engaging in other safety-related initiatives. In 2019, the company's Health and Safety Officer completed the requirement to become an inspector for the company's fall protection equipment, such as harnesses that secure employees who work on heights. This allows NCI to certify its own fall protection equipment and avoid the cost and delays associated with having the equipment certified by an outside agency. At the project level, NCI carries out toolbox safety talks at the start of each workday, it holds safety presentations for staff, and puts off in-house safety courses.

In all its operations, the Nunatsiavut Group of Companies is dedicated to protecting the environment. NCI is committed to ensuring that derelict equipment and materials are removed from Nunatsiavut communities for proper disposal. In 2019, the company removed an excavator from Nain. It will continue this work in 2020 when it transports another scrap piece of heavy equipment from the north coast.

NCI constructed a stone slipway for local boat owners and harvesters in Hopedale. Tenders will be called later to install concrete pads for the facility.



PROJECTS UNDERTAKEN IN 2019



NAIN

- Sold in excess of 20,000 tons of stone
- Completed exterior renovations on 7 housing units and interior renovations on 4 units for NLHC
- Replaced wharf ladders for Small Craft Harbours
- Erected Quonset hut for Nunatsiavut Government

HOPEDALE

- Produced 15,000 tons of stone for a customer
- Development of a 4-housing lot site for Torngat Regional Housing Authority
- Completed exterior repairs on 7 housing units for NLHC
- Completed slipway and launch for Inuit Community Government

MAKKOVIK

- Home repairs (5 homes)
- Installed communications pole for NL English School District

POSTVILLE

- Completed cleanup to remove debris and infrastructure from the former PostMill Lumber site
- Home repairs (1 home)
- Substantially completed construction of the Interpretation Centre

RIGOLET

- Completed renovation of Kirkina House
- Home repairs (10 homes)



NUNATSIAVUT MARINE INC. (NMI)

Nunatsiavut Marine Inc. provided shoreside support for the north coast passenger and freight service in 2019. This included handling reservations and ticketing, and accepting, loading, and unloading freight at the Port of Goose Bay, the five Nunatsiavut communities, and Natuashish.

NMI and its partner, Labrador Marine Inc., worked through several challenges during the year to successfully deliver all freight and cargo by the end of the shipping season. Based on the experience in 2019, NMI plans to make some changes and improvements to improve shore-based efficiency for 2020.

INTEGRATED NUNATSIAVUT LOGISTICS (INL)

Integrated Nunatsiavut Logistics is a 50-50 partnership between Nunatsiavut Marine Inc. and Integrated Logistics. The partnership was formally established in 2016 to provide port-based services in support of the Muskrat Falls project.

Since 2018, INL has provided barge lifts of equipment and supplies into Edwards Cove for the Vale underground mine expansion. 12 barge lifts were completed in 2019, an increase from four in 2018. The cargo included equipment, prefabricated materials, supplies, and vehicles.

INL also supported the Vale project by contracting the *MV Bluefort* to provide temporary accommodations for staff involved in the mine expansion. The vessel was onsite at Edwards Cove from early July to late October. INL partnered with Labrador Catering through Innu Development Limited Partnership to provide catering and staff.

INL looks forward to its continued support of the underground mine expansion project in 2020.

The *MV Bluefort* pulls away from the dock at Edwards Cove, Voisey's Bay, on October 24. The vessel served as a floating hotel, with accommodations for 200 workers involved in the Vale Mine Expansion. The vessel was leased for four months in a partnership between Integrated Nunatsiavut Logistics and Innu Development Limited Partnership.

PREVIOUS PAGE: A Nunatsiavut Marine Inc. crew loads containers filled with food and other supplies for north coast ports. In 2019, NMI provided shoreside support for the north and south Labrador passenger and freight service. (Photo: Dwayne Canning)



NULUAK FISHERIES

Fish quotas, which include shrimp, Greenland halibut (turbot), and Atlantic halibut, are owned by the Labrador Inuit Capital Strategy Trust, and fished through partnerships with Nuluak Fisheries. Those quotas contributed close to \$2 million in royalties to the organization in 2019.

The northern shrimp quota is harvested by PiKalujak Fisheries, a partnership formed in March 1992 with Labrador Sea (2004) Inc. (LAB), and Ocean Prawns Canada Limited (OPC). The partnership, in which Nuluak Fisheries has a 50 percent ownership share, has shared nearly \$30 million in net profits since it was established more than 25 years ago. For the past several years, shrimp has contributed close to \$1 million annually to Nuluak Fisheries.

The fish quotas include 70-metric tons of Atlantic halibut which is placed for competitive bids on the open market in order to optimize price and financial return to Nuluak Fisheries. In 2019, the quota was harvested by PiKalujak Fisheries.

Nuluak Fisheries also has a one-third share in a turbot, Atlantic halibut, and cod quota through a one-third partnership in Dominion Trading Limited. The turbot quota (88.77 metric tons) and the Atlantic halibut quota (44.09 metric tons) were both harvested in 2019. However, due to the moratorium, the 1500 metric ton cod quota was not harvested.

LICST also has an 81,000-pound annual snow crab quota. This fishery is managed by the Nunatsiavut Government, which engages independent Nunatsiavut harvesters to carry out the fishery. Nuluak Fisheries does not receive any financial benefit from this quota.

In the wake of the spread of the Coronavirus (COVID-19) in late 2019, Nuluak Fisheries remains attentive to market world conditions, particularly China. China is the destination for much of Canada's turbot and halibut. Chinese market conditions and demand will have a significant impact on prices in 2020.

The MV Ocean Prawns lands its catch of shrimp at Harbour Grace. Nuluak Fisheries has a 50-percent share in a partnership with Labrador Sea (2004) and Ocean Prawns Canada Limited to harvest its shrimp quota.





134752



FOOD





Advancing the Nunatsiavut Fishery

Nuluak Fisheries, along with the Nunatsiavut Government and the Torngat Fish Producers Co-operative, took a major step toward enhancing the Nunatsiavut fishery in 2019. The group was successful in securing \$100,000 in 2019 through the Atlantic Fisheries Fund (DFO) to begin an experimental fishery for scallops and whelk. The Co-operative funded the construction of the purpose-built 33-foot vessel *Torngat I*.

From the early 1990's to 2006, the waters around Nain sustained a flourishing scallop fishery. More than a dozen 30 to 45-foot vessels fished in this area during those years. The scallop fishery ceased when the vessels, which had been leased from harvesters in southern Labrador and Newfoundland, were lured away by lucrative southern shellfish quotas.

The goal of the experimental fishery in 2019 was to determine if the scallop beds remained commercially viable. Based on the catch results, the Co-operative has concluded that the resource is healthy and that it can support a viable commercial scallop fishery.

The 2019 experimental fishery was also directed at the whelk resource. It is well-known that whelk is abundant in waters adjacent to all Nunatsiavut communities. The challenge is to determine if the fishery can be developed commercially.

The 2019 experimental fishery proved two things. First, the purpose-built *Torngat I* is suitable for harvesting scallop and, second, that the scallop resource can support a commercially viable fishery. The experimental fishery will continue in 2020. The *Torngat I* will fish in the Rigolet/Double Mer area in early summer and then return to the waters around Nain.

MOVING FORWARD

The next step is two-fold. First, the Co-operative will encourage experienced southern Labrador and Newfoundland harvesters to come north and fish in partnership with Nunatsiavut license holders. Second, the north coast partnership will assist Nunatsiavut harvesters with acquiring suitable, affordable vessels to fish scallop, char, whelk, and other species in the region.



GOOSE BAY CAPITAL CORPORATION (GBCC)

Goose Bay Capital Corporation is a 310-acre residential and commercial development adjacent to Hamilton River Road in Happy Valley-Goose Bay. Phase I is a fully-serviced 26-acre development with two current occupants, Gear's Gain's fitness facility and the Wellness Centre.

The outlook for completing the development of Phase I is promising. During the last months of 2019, GBCC held positive discussions with several potential clients.

GBCC was established in 2012 by the Nunatsiavut Group of Companies to achieve its vision for the Town Centre development – a new, expansive, mixed-use community. Nunak Land Corporation owns 100% of GBCC and has taken a prudent approach to the development. The master plan for the Town Centre incorporates a phased approach, which will ensure that development advances at the pace dictated by economic growth in the area. As each phase is taken up by clients, work will proceed on the next phase. When fully developed, access to the subdivision will be provided by five intersections connected to major town roads.

The early stages of construction of the Labrador Wellness Centre in Happy Valley-Goose Bay. The Centre is being built at Town Centre, a 310-acre residential and commercial development owned by NGC. The Wellness Centre will be owned by the town and operated by the YMCA. (Photo: YMCA NL)

PREVIOUS PAGE TOP: The *Torngat* was purpose-built for the experimental fishery.

PREVIOUS PAGE MIDDLE: The experimental fishery proved that the waters around Nain can again support a commercial scallop fishery.

PREVIOUS PAGE BOTTOM: Restarting the scallop fishery will also provide employment at the local fish plant.

NGC SOLUTIONS INC.

NGC Solutions Inc. works with all of NGC's divisions to deliver logistical and procurement support to its customers and clients. 2019 was an active year for the operation.

NGC Solutions and Air Borealis completed the first year of a five-year contract to operate Base Camp at Torngat Mountains National Park. The two companies developed a strong working relationship and are focused on making Base Camp a sustainable operation by focusing on Inuit cultural content and experience. The operators have undertaken extensive consultations with the Nunatsiavut Government and Parks Canada to plan future programming for Base Camp.

In 2019, NGC Solutions was chosen as services provider for the Illusuak Centre Café. Some hiring was completed in late fall, kitchen supplies were delivered, and appliances installed. The café will open with a limited menu in early 2020 and hopes to ramp up to full operations by summer. NGC Solutions will also operate the Illusuak Centre gift shop, which will sell locally made crafts and souvenir items.

In July of 2019, the company began operation of the Rigolet gas station, after the previous contractor ceased operations. This is a vital community service and NGC will continue to operate the station while the Rigolet Inuit Community Government seeks a permanent operator.

In 2019, NGC Solutions Inc. and Air Borealis began a 5-year partnership to operate the Base Camp at Torngat Mountains National Park. the park.





NUNAK LAND CORPORATION (NUNAK)

Nunak Land Corporation is a land-holding and commercial real estate company that offers commercial office and warehouse leasing in the Upper Lake Melville area, Nain, Hopedale, and Makkovik.

In 2019, Nunak successfully leased space in the Sandbanks Building in Nain to the Nunatsiavut Government's Department of Lands and Natural Resources. The space became vacant after Parks Canada moved its offices to the newly-opened Illusuak Centre.

Nunak Land Corporation is landlord to a variety of clients, with the Nunatsiavut Government leasing nearly half of the total space. Other tenants include the provincial and federal governments, public and private business services, such as banking, legal, dental care, environmental, construction services, and learning and research institutions.

Nunak also controls Goose Bay Capital Realty (GBCR) through its ownership in GBCC. GBCC owns eight housing units in two quadplexes in Happy Valley-Goose Bay. The two-and-three-bedroom units are rented to the Labrador Friendship Centre for supported and assisted living.

Nunak Land Corporation's Sandbanks Building in Nain, the new home of the Nunatsiavut Government's Department of Lands and Natural Resources. The building is part of Nunak's portfolio of commercial real estate.

NUNAK LAND CORPORATION PROPERTIES

NAIN

- Morhart Building (*Academy Canada, Department of Justice, SmartIce*)
- Sandbanks Building (*NGC office and NG Department of Land and Natural Resources, BMO ATM services*)
- Service Road (*warehouse leased to NCI*)

MAKKOVIK

- Willow Creek Building (*space leased to NG Department of Health and Community Services, Sikimuit, NGC*)
- Markland Building (*Property to be demolished and removed from site.*)

HOPEDALE

- Stone Plant (*leased to NCI as warehouse space*)

HAPPY VALLEY-GOOSE BAY

- Royal Street (*NGC administration building*)
- Corte Real (*leased to NCI as warehouse space*)
- 10 Toronto (*Property to be demolished in 2020 and removed from site*)



TORNGAIT SERVICES INC. (TSI)

2019 was again a year of considerable growth for Torngait Services Inc., a partnership between NGC (51%) and ATCO Structures and Logistics (49%). Site services provider at the Voisey's Bay mine since 2005, TSI's employment numbers more than doubled from 71 at the end of September 2018 to 157 in the same period in 2019. By the end of 2019, TSI had approximately 180 employees on site, 90 on each two-week shift.

TSI supports the existing open pit mine at Voisey's Bay as well as the underground mine expansion, which began in 2018. The expansion created a demand for additional temporary site services staff, including crusher operators, maintenance staff, and truck drivers. The mine expansion also required the creation of positions in new areas, including human resources, senior management, supervisory, occupational health and safety, equipment training, and planning.

ADDITIONAL OPPORTUNITIES FOR BENEFICIARIES

The overall growth in employment at the Vale site has produced increased job opportunities for Nunatsiavut Beneficiaries. From September 2018 to the same period in 2019, the number of Beneficiaries employed at the site increased from 44 to 73, and within the Nunatsiavut region, from 21 employees to 34.

It is anticipated that there will be additional employment opportunity in two areas, existing site services and in the underground mine. Within the existing site services area, slightly more than one-quarter of TSI's employees will be eligible for retirement in the next 5 to 7 years. In the underground mine, it is expected that Vale will require additional staff to assume long-term, full-time positions. In order to prepare Beneficiaries for these anticipated positions, TSI hired two equipment trainers in 2019. Their role during the mine expansion is to train and sign off TSI employees on various pieces of equipment, so that they will be qualified to assume positions once the underground mine goes into production.

2020 FORECAST

With the additional demand for employees, it is forecast that TSI will have in excess of 230 employees at the Vale site by the end of April 2020. TSI is also looking forward to extending its site services contract at Voisey's Bay until 2022. On the labour relations front, it is anticipated that TSI will be able to successfully conclude a collective bargaining agreement with its site services staff in early 2020.

TSI's strength is its employees. In early 2020, the company will hire a new operations manager to work closely with the staff at Vale. As part of its effort to advance the interests of Nunatsiavut, TSI will actively encourage Beneficiaries to offer themselves for further training at the site in order to advance their career prospects.

TSI is also looking toward the future to ensure that young Beneficiaries are given the opportunity to build a career at Voisey's Bay. In 2020, the company will implement a Job Readiness Training Program (J RTP). This program has already been implemented by Vale and gives Beneficiaries the opportunity to be employed at mine site for approximately nine months. During that period, J RTP candidates get a full sense of the many roles that TSI employees perform at Voisey's Bay. TSI's goal is to have those individuals attend a post-secondary institution and return to work at the Voisey's Bay mine site. TSI also offers scholarships to encourage youth to pursue a post-secondary education.

The Vale project is a vital part of TSI's operations. In order to grow and create even more opportunity for Beneficiaries and wealth for Nunatsiavut, TSI continues to explore additional business opportunity outside the Voisey's Bay mine site.

2020 will mark 25 years in business for TSI. This is an important achievement for the company and during the year, TSI will hold events to celebrate this significant milestone.

NEXT PAGE: Torngait Services Inc. has been site services provider at the Voisey's Bay site since 2005. By the end of 2019, TSI employed about 180 people on site. (PHOTO: ATCO)

SITE SERVICES POSITIONS AT VOISEY'S BAY

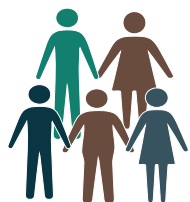
- Road maintenance, including grading, snow clearing, and dust control
- Loading and offloading aircraft and vessels
- Ore and fuel haulage
- Freight delivery
- Managing water and sewer services
- Transporting staff
- General labour



TSI EMPLOYMENT AT VOISEY'S BAY (SITE SERVICES)



September 2018 71



September 2019 157



December 2019 180



April 2020 232
(anticipated)

TIMMIAK CONSTRUCTION LIMITED

Timmiak Construction Limited is a joint venture company owned 51% by NGC and 49% by Bird Heavy Civil Ltd. Timmiak (formerly Nillik Construction Limited) has been involved in the Vale underground expansion project since work commenced in 2018. Prior to 2018, Nillik held numerous contracts with Vale as part of ongoing operations in Voisey's Bay.

During 2019, Timmiak worked on three contracts at the Vale site, including a subcontract to place concrete, formwork, and rebar that will become raise bore collars for the tops of five shafts. Two of the shafts, known as Fresh Air Raises, will pump air into the mine, and two others, Return Air Raises, will remove air from the mine. A fifth shaft will provide an escape route to the surface for underground miners. Timmiak worked with an outside subcontractor to manage the fabrication of precast concrete.

The third contract involved completing site work that began in 2018. That contract was expanded into 2019 to include the rental of approximately 25 pieces of construction equipment to Vale for construction and operations. The equipment includes pickups, haulage trucks, loaders, excavators, and trailers.

EMPLOYMENT NUMBERS

Timmiak has been a leader in following the hiring provisions set out by Vale under the Impact Benefits Agreement, with the first right of employment being offered to qualified Inuit and Innu, other Labrador Indigenous, local Labrador, and then employees from Newfoundland.

At peak operation in 2019, the company employed about 60 people, with approximately 60 percent being Indigenous and Labradorian. Timmiak's work has been regarded as meeting and exceeding the company's requirements.

Timmiak is hopeful that it will obtain additional work at the Vale site in 2020.



Timmiak Construction Limited employees construct a raise bore collar for the Vale underground mine. The collars will lead to shafts that allow fresh air to be pumped in and stale air to be pumped out. A fifth shaft will provide an escape route for underground miners. Photo: Timmiak Construction Limited



UNIVERSAL HELICOPTERS

Universal Helicopters, 40% owned by Labrador Inuit Capital Strategy Trust, 40% by Nunatsiavut's Tasiujatsoak Trust, and 20% by CAPE Fund, again faced a challenging operating environment in 2019. The company acquired significant additional capacity in 2018 with the purchase of Lakelse Air of British Columbia and a 49% investment in South Coast Helicopters of Fullerton, California. However, a still-recovering mineral exploration industry and reduced demand for its forest fire fighting capability in British Columbia and the western United States, were negative factors for the company in 2019.

Universal Helicopters continued to serve the needs of longstanding clients, including the Government of Newfoundland and Labrador and the Polar Continental Shelf Program, which supports academic and government research in Canada's Arctic. As Canada's largest Indigenous-owned helicopter services company, Universal was proud to again partner with Indigenous-owned Capital Helicopters of the Yukon for the lease of two aircraft. Universal also successfully completed a winter heliskiing program in British Columbia and supported oil and gas seismic work in Oklahoma, Mississippi, Pennsylvania, and Louisiana.

On May 26, 2020, Universal Helicopters ceased operations. The company cited a poor financial performance in 2019 and the impact of the COVID-19 pandemic.

AIR BOREALIS

Air Borealis LP made significant progress in 2019, its second full year in operation since being formed as a joint undertaking in 2017 by NGC Nunatsiavut LP, Innu Development Limited Partnership, and PAL Airlines. Each partner has a one-third interest in the company and two seats on the board of directors.

Air Borealis continued to service north coast communities with daily passenger and cargo service in 2019. In addition to regularly scheduled service, the airline has contracts with Canada Post to deliver mail to the region and with Labrador-Grenfell Health to provide medevac flights and scheduled travel for coastal residents to attend medical appointments.

VALE CONTRACT

In 2019, Air Borealis renewed its contract with Vale for an additional two-and-a-half years. The airline transports staff and cargo to and from the mine at Voisey's Bay. Under the contract renewal, service frequency has been increased from three to five days a week. With the underground mine expansion underway, Air Borealis has more flights and is carrying more passengers and cargo to the mine than previously.

OTTER CREEK FACILITY

Otter Creek near Goose Bay is the airline's terminal facility for transporting guests to Labrador fishing lodges. Air Borealis operates a Twin Otter in float configuration at the facility during the outfitting season, which runs from June 1 to October 1. In 2019, the airline made significant capital improvements to the Otter Creek facility to more closely match the style and comfort that guests are accustomed to receiving at the region's fishing lodges.

MEDEVAC SERVICES


On May 1, 2019, Air Borealis inaugurated a dedicated medevac aircraft to serve air ambulance needs for Labrador Grenfell-Health. This initiative vastly improved medical air transport for coastal residents. Prior to the establishment of a dedicated medevac, a single aircraft provided both air ambulance and scheduled medical transport. Medevacs had priority call on the aircraft and diverting the plane for

this purpose caused delays and inconvenience for coastal residents with medical appointments to attend. The dedicated medevac aircraft is exclusively available for air ambulance 24 hours a day, 7 days a week, 365 days of the year.

BASE CAMP

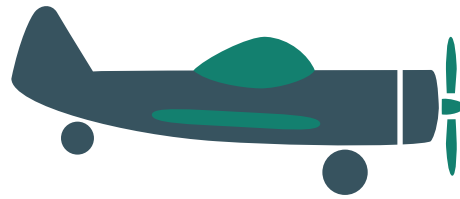
In 2019, Air Borealis and NGC Solutions Inc. collaborated on the first year of a five-year contract to operate the Torngat Mountains Base Camp. Despite a short 4-week season and a significant stretch of poor weather which impacted flights, the season was a success. Base Camp employed Nunatsiavut Beneficiaries in several positions, including as bear guards, cooks, cleaners, and hosts. The five-year contract with the Nunatsiavut Government and Parks Canada allows Air Borealis and NGC to do long-term planning, including the implementation of a year-round reservations system.

Base Camp also continues to receive international media acclaim. *Trips to Discover*, a web-based travel platform, recently profiled Torngat Mountains National Park as one of the world's top nine locations for polar bear viewing. This website reaches 1.6 million viewers monthly and over 20 million website visitors annually.

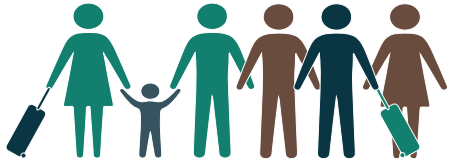


Air Borealis Twin Otters at the airport in Goose Bay, ready to begin delivering passengers, food, and supplies to the north coast. The airline is the only transportation link to north coast communities from the time the marine season ends in December and resumes again in mid-June. (Photo: Philip Earle)





Fleet: 9 Twin Otter aircraft
Flew more than 10,000 hours in 2019



Carried
26,000 passengers

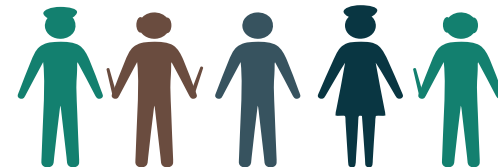
2019 AIR BOREALIS OPERATIONS



Transported
4.25 million
pounds of cargo



Flew in excess of
150 medevac flights



140 employees

PAN ARCTIC INUIT LOGISTICS (PAIL)

Pan Arctic Inuit Logistics (PAIL) is a partnership that is 100 percent owned by Inuit economic business corporations in the four Inuit land claims settlement regions of Canada. In 2019, PAIL's ownership structure was adjusted from seven shareholders with varying shares, to six shareholders, with equal shares. As a result of this adjustment, NGC's ownership share has changed from 18 percent to 16.66 percent.

In association with ATCO Structures and Logistics Limited, PAIL is a partner in the joint venture Nasittuq Corporation. Nasittuq provides site support services, program management, and administrative support to the Canadian military at CFS Alert. CFS Alert is a military station located in Nunavut on the northeastern tip of Ellesmere Island, approximately 817 km from the North Pole. The nearest settlement is the Inuit community of Grise Fiord, about 725 km to the south.

PAIL is committed to initiating and developing economic opportunities in order to promote financial self-sufficiency of Inuit and their communities. One of PAIL's major objectives at CFS Alert is to encourage the training and hiring of Inuit.

PAIL's partners have discussed new business opportunities for delivering services across the north, including utilizing environmentally friendly solar and wind power to replace diesel generation. Other opportunities arise from the federal government's commitment to achieve high-speed internet access for all Canadians by 2030 and through enhanced economic development that would arise from the opening up of the Canadian Northwest Passage to regular commercial vessel traffic.



Canadian Armed Forces personnel upload equipment at Canadian Forces Base Alert, Nunavut during Operation BOXTOP on September 28, 2016. Photo: Cpl Ryan Moulton, 8 Wing Imaging. Pan Arctic Inuit Logistics, of which NGC is part owner, partners with ATCO Structures and Logistics Limited to provide site services at CFS Alert. © All rights reserved. (Title of Crown copyright protected work) reproduced with the permission of DND/CAF (2020)

NGC FOUNDING MEMBER OF NATIONAL INUIT BUSINESS GROUP

The Nunatsiavut Group of Companies is a founding member of a national organization whose goal is to promote business development in Inuit regions of Canada. The Inuit Development Corporation Association (IDCA) is made up of six development corporations in Nunatsiavut and across the Arctic.

Business interest in the Arctic is increasing as leaders focus on new and emerging opportunities linked to the region's resources and its strategic location. It is anticipated that over the next several years, the federal government will implement significant policy decisions and make strategic investments in the region. Between them, the founding members of the IDCA carry out approximately \$500 million in business each year. Their leaders want to ensure that the voice of Inuit business is part of future federal policy discussions and that Inuit business avail of future opportunities in the Inuit homeland, Inuit Nunangat.

NEW MEANING FOR NORTHERN PARTNERSHIPS

IDCA chair Patrick Gruben has spelled out the type of partnerships that Inuit development corporations desire. He has stated that Inuit are past the point of being silent partners with Ottawa, and that Inuit have the experience, business capacity, and expertise to take the lead and control projects that are being undertaken in the Arctic.

LEARNING FROM GREENLAND INUIT

In September 2019, an IDCA delegation traveled to Greenland to learn how Greenland Inuit conduct their business operations. The visit was arranged by the Danish Consulate in Canada and included LICST Chair Clint Davis and NGC President and CEO Chris Webb. Over several days, the group met with representatives of fishing companies, aviation groups, and others who play key roles in the Greenland economy.

GOALS FOR IDCA

At its founding meeting in November 2018, the IDCA committed itself to three goals:

- To identify national issues of policy and procedure that impact or could impact the member Inuit Development Corporations
- To inform and influence federal government policy and programs (e.g. procurement) in partnership with other Inuit organizations
- To advocate for business opportunities for the Inuit Development Corporation Association members

In early 2020, IDCA's members will meet to discuss future strategy. The group will decide matters such as the organization's mission and vision and how to effectively interact with federal policy makers.

MEMBERS OF IDCA

Nunatsiavut Group of Companies
Inuvialuit Development Corporation
Makivik Corporation
Kitikmeot Corporation
Sakku Investments Corporation
Qikiqtaaluk Corporation

CORPORATE SOCIAL RESPONSIBILITY

The Nunatsiavut Group of Companies is committed to fulfilling important social responsibilities inside its companies and to Nunatsiavut Beneficiaries. These commitments are outlined in NGC's Corporate Social Responsibility (CSR) program.

In 2019, NGC and its affiliated companies again donated in excess of \$300,000 in cash and in-kind contributions to Nunatsiavut Beneficiaries, groups, and communities through the CSR program. NGC also invested substantial resources to promote the health and safety of its employees, to enhance protection of the environment, to reflect Inuit culture, and to practice transparency and ethical behaviour in all its operations.

STEWARDING A SENSITIVE ENVIRONMENT

NCI:

- Completed cleanup of infrastructure and debris at Postmill Lumber site
- Committed to removing and properly disposing of all derelict equipment arising out of historic and current operations in Nunatsiavut communities

PROTECTING HEALTH AND SAFETY

NCI:

- Completed training programs, including working safely, following industry standards, and meeting and surpassing regulatory guidelines
- Hired health and safety officer
- Gained certification to inspect NCI's fall protection equipment
- Maintained industry-certified COR status in health and safety

TSI:

- Hired two full-time safety advisors at Voisey's Bay to assist with TSI operations and TSI portion of Voisey's Bay mine

NGC:

- Updated Human Resources policies on harassment, drug and alcohol use, and environmental protection
- Produced posters on these policies and displayed them in workplaces wholly owned by NGC
- Developing plan to collaborate with appropriate agencies to promote and enhance employee mental health

SUPPORTING EMPLOYMENT

TSI:

- Supported training opportunities to enhance career advancement for Beneficiaries at Vale
- Developing a Job Readiness Training Program to expose Beneficiaries to employment opportunities at Vale

NGC:

- Reviewed Beneficiary employment levels
- Worked to create awareness so that Beneficiaries will see NGC as an employer of choice
- Continued to promote the hiring of qualified Beneficiaries for executive and management positions

SUPPORTING LOCAL ECONOMIES THROUGH PROFITABLE OPERATIONS

NCI:

- Donated bulk fuel tanks to Postville Inuit Community Government

TSI:

- A sponsor of 2nd annual Gussie Bennett Ball Hockey Tournament (Nain)
- Introduced six \$1,000 scholarships for high school students (one for each Nunatsiavut community and one for Upper Lake Melville region)

NGC:

- Assumed operation of Rigolet gas station, including overseeing insurance and regulatory requirements to prepare for transfer to a private operator
- Introduced four \$1,250 scholarships to support Beneficiaries enrolled in post-secondary and professional development studies
- Donated seafood to Upper Lake Melville food bank – 20/5kg boxes of shrimp to Max Winters Community Freezer

Air Borealis:

- Assisted local groups to attend community, sports, and cultural events
- Awards a \$1,000 annual scholarship to a Nunatsiavut Beneficiary. The award is renewable for up to 3 additional years.

UH:

- Helped support Inuit communities through participation in annual Gros Morne moose hunt

PiKalujak Fisheries:

- Awards four \$1,250 scholarships annually to students of the Marine Institute, with first preference given to Nunatsiavut Beneficiaries

Bird Heavy Civil Construction:

- Awards a \$1,500 annual scholarship to encourage post-secondary education

REFLECTING OUR INUIT CULTURE

- Provided Inuit cultural experience to guests at Base Camp through storytelling, dance, music, and other means
- Founding partner of IDCA to promote Inuit business opportunities in Inuit Nunangat
- Provided financial support for the Arctic Inspiration Prize, which rewards multidisciplinary teams who make concrete contributions for the benefit of the Canadian Arctic, its Peoples, and Canada as a whole

ACTING ETHICALLY AND WITH TRANSPARENCY

NGC:

- NGC President and CEO and chair of LICST appeared before the Nunatsiavut Assembly to report on 2018 operations
- Attended quarterly meetings of LICST to report on operations and present plans and budgets
- Published annual report
- Published three newsletters detailing NGC operations, including profiles of Beneficiaries
- Participated in community meetings to discuss operations



NGC practices social responsibility within its business lines. This includes environmental stewardship, investments in health and safety, practicing accountability and transparency, investing in training to improve workers' skills, and using profits to benefit community organizations and to promote Inuit culture.

PHOTOS:

1. Nunatsiavut Construction completed the removal of debris and infrastructure from the former PostMill Lumber site in 2019. NCI invested substantial funds over several years to complete the work.

2. NCI's investments have helped develop critical construction skill sets in all north coast communities. Henry Boase and Richard Abel at work on an NLHC project for NCI in Hopedale, summer 2019.

3. Air Borealis assisted the Nain Huskies Volleyball team to attend the provincials in Gander.

4. NGC meets with the Labrador Inuit Capital Strategy Trust in December 2019. NGC is accountable to Nunatsiavut Beneficiaries through its annual report to the Assembly and quarterly meetings with the Trust.

5. NGC Solutions Inc. and Air Borealis have a 5-year contract to operate Torngat Mountains Base Camp. A key component of the visitor experience is the showcasing of Inuit cultural content and tradition.

6. NGC and its affiliated companies provide scholarships to Beneficiaries. Sarah Leo, NGC Chief Operating Officer presents the Bird Heavy Civil Scholarship of \$1500 to Matmatil Angnatok of Jens Haven Memorial School in Nain prior to Matmatil's departure for CNA's Industrial Mechanic-Millwright Program in Corner Brook.

Nunatsiavut Group of Companies/Affiliates

Employee Gross Wages (excluding benefits) - December 2019

		NG BENEFICIARY		NON-NG BENEFICIARY			% BY COMPANY	
Company	Total # of Employees	Employees	Wages	Employees	Wages	Total Wages	NG Beneficiary	Non-NG Beneficiary
NMI	50	16	296,337	34	1,034,326	1,330,663	22.3%	77.7%
NCI	57	42	800,274	15	557,662	1,357,936	58.9%	41.1%
NGC	11	6	626,370	5	446,928	1,073,298	58.4%	41.6%
NLC	7	7	67,594	0	0	67,594	100.0%	0.0%
NSI	3	3	9,157	0	0	9,157	100.0%	0.0%
Total	128	74	1,799,732	54	2,038,916	\$ 3,838,648	46.9%	53.1%
							100.0%	

Nunatsiavut Group of Companies/Affiliates NG Beneficiaries and Employee Gross Wages by Community, January - December 2019

	WAGES						
Company	Total Wages	Nain	Hopedale	Postville	Makkovik	Rigolet	Other Communities
NMI	296,337	-	18,543	17,911	23,710	19,519	216,654
NCI	880,274	316,759	56,769	43,186	83,970	156,536	143,054
NGC	626,370	165,175	-	-	-	-	461,195
NLC	67,594	48,465	-	-	19,129	-	-
NGC-NMI	-	-	-	-	-	-	-
NSI	9,157	1,659	-	-	-	7,498	-
Total	1,799,732	532,057	75,312	61,097	126,809	183,553	820,903



CHRIS WEBB

President and CEO, Nunatsiavut Group of Companies

Chris brings 20 years of business experience to his role, including more than 13 years at senior level positions. He has been a key leader developing numerous short and long-term business strategic plans, instrumental in several business mergers and acquisitions, and business reorganization, while maintaining quality and service excellence. He currently sits on 19 boards, of which he Chairs half. The boards cover a variety of business industries.

A Beneficiary of the Labrador Inuit Land Claims Agreement, Chris has a Bachelor of Commerce Degree with a major in Human Resources Management and Industrial Relations from Saint Mary's University in Halifax, Nova Scotia. In addition, he obtained an Executive Leadership Development Program Certificate that is offered jointly through Queens and Cornell Universities. Chris is also a full-time hockey dad and volunteer coach. He resides in Happy Valley-Goose Bay, Labrador, with his wife Robin and son Eric.



SARAH LEO

Chief Operating Officer, Nunatsiavut Group of Companies

As NGC's Chief Operating Officer, Sarah works with the heads of the fully-owned companies and partnerships and oversees the day-to-day operations of those entities. She cultivates and manages NGC's relationships with its key stakeholders, including Beneficiaries, all levels of government, and industry.

A Nunatsiavut Beneficiary, Sarah served as AnggajukKuk (Mayor) of Nain Inuit Community Government from 2006-2010. From 2012 to 2016, she was President of Nunatsiavut. Prior to coming to NGC, Sarah was Aboriginal Affairs Superintendent at Vale for the Voisey's Bay mine. She joined NGC in August 2017 as Vice President of Corporate Development.

Sarah's knowledge of Nunatsiavut and its people, and her close familiarity with the role that NGC and its companies play in the region, are tremendous assets as NGC continues on its path to be Inuit-led business leaders in the North. Sarah is intimately familiar with the Labrador Inuit Land Claims Agreement, and as COO, she works with the Executive Team to ensure that all NGC businesses are aligned to leverage the opportunities presented through the Land Claims Agreement.



WYMAN JACQUE

General Manager, Torngait Services Inc.

Wyman has more than 25 years' experience in financial accounting and senior management positions in the public and private sector. He is a graduate of the Business Management Accounting Program at the Cabot Institute of Applied Arts and Technology (now known as CNA).

Most recently, Wyman was Town Manager of Happy Valley-Goose Bay. Prior to that role, he was deputy minister of Finance, Human Resources, and Technology in the Nunatsiavut Government. A Nunatsiavut Beneficiary, Wyman was also part of the group of Nunatsiavut Government officials who established the Labrador Inuit Capital Strategy Trust.

In his role as general manager of Torngait Services Inc., Wyman oversees NGC's partnership with ATCO and the operation of the site services agreement with Vale at Voisey's Bay. He also leads TSI's business opportunities initiatives, including oversight of the company's extensive recruitment and training programs.



TOM LYALL

General Manager, Nunatsiavut Construction

Tom Lyall is a Nunatsiavut Beneficiary who joined NCI after a distinguished career in private business. As a consultant, Tom had more than 18 years' experience in Industrial, Commercial and Residential Construction Projects.

He has extensive Business Management experience and credentials in Construction Administration, Project Management, and Program Development for a diverse group of Labrador-based projects. In his role of General Manager of NCI, Tom oversees all of the organization's activities.



GARY LATIMER

General Manager, Nunatsiavut Marine Incorporated

As General Manager of NMI, Gary oversees the day-to-day operation of the company, and as a member of the NGC executive team, the long-term strategy, goals and direction for NMI. Gary also sits on the board of Integrated Nunatsiavut Logistics, a partnership with Integrated Logistics to primarily provide barge lifting services to the Vale project at Voisey's Bay.

Gary is a graduate of the Canadian Coast Guard College in Sydney, Nova Scotia. He joined NMI in June 2014 as Fleet Manager, and previously worked with Irving Shipbuilding and Marine Atlantic Inc.



SHANE CYR

President and CEO, Universal Helicopters

Shane has worked in helicopter aviation since 1996 and joined Universal Helicopters in 2015. He has worked throughout Canada, Taiwan, Peru, Brazil, and Australia with clients in both onshore and the offshore helicopter services markets. He currently serves on the Board of Directors of Universal Helicopters and HAC (Helicopter Association of Canada). Starting out as a ground operations worker in the helicopter logging industry of British Columbia, Shane has worked through the ranks and held positions of increasing responsibility throughout his career. He has more than 17 years of management experience. Shane holds a Bachelor's degree from Vancouver Island University and a Masters of Business Administration from The University of Sydney in Australia.



CLINT DAVIS

Chair of Labrador Inuit Capital Strategy Trust

Clint grew up in Happy Valley - Goose Bay. A Nunatsiavut Beneficiary, Clint has a Bachelor of Business Administration from Acadia University, a Bachelor of Laws from Dalhousie University, and a Master's degree in Public Administration from Harvard University.

Clint is the CEO of North35 Capital Partners, an Inuit-owned advisory firm that provides services to Indigenous Governments and development corporations.

Clint has a diverse professional background in Indigenous business development, including past President and CEO of the Canadian Association of Aboriginal Business, National Director of Banking for BMO, and most recently, VP, Indigenous Banking at TD.



ISABELLA PAIN

Isabella is a Nunatsiavut Beneficiary who was born and raised in Nain, Nunatsiavut. She graduated from Memorial University with a Bachelor of Arts degree (Political Science), and a minor in Business.

In 2000, she was appointed as the co-chief negotiator of the Nunatsiavut land claims negotiation team. A year later, she became the chief negotiator of the Impact and Benefits Agreement (IBA) with Voisey's Bay Nickel Company (VBNC). Isabella became Aboriginal Affairs Superintendent for VBNC in 2004 and was part of the team responsible for ensuring that the Inuit and Innu IBAs were properly implemented.

In that same year, Isabella was honoured as one of Canada's "Top 40 Under 40." The awards program identifies young achievers in Canadian business who are visionaries and innovators, and who are already giving back to their communities.

Isabella began working for the Nunatsiavut Government in 2009. Her current roles are Deputy Minister of the Nunatsiavut Secretariat, Secretary of Executive Council, and senior negotiator.



NATAN OBED

Natan Obed is the President of Inuit Tapiriit Kanatami, the national organization representing Inuit in Canada. A Nunatsiavut Beneficiary, he is originally from Nain, Nunatsiavut, and currently lives in Ottawa. He has a degree in English and American Studies from Tufts University.

For 10 years, he lived in Iqaluit, Nunavut and worked as the director of social and cultural development for Nunavut Tunngavik Inc., which represents the rights of Nunavut Inuit. He has devoted his entire professional career to working with Inuit representational organizations to improve the wellbeing of Inuit in Canada.



KRISTY SHEPPARD

Kristy is a Nunatsiavut Beneficiary who resides in Rigolet. She has a Bachelor of Arts in Sociology from Acadia University, and a Master of Arts in Tourism Management from Royal Roads University.

Kristy is a senior manager with the Nunatsiavut Government. Her career spans more than a decade and has been focused on community development. As Nunatsiavut's first Director of Tourism, she helped establish the region as a tourism destination. Kristy has recently transitioned into the role of Director of Economic Development. At the Governor General's Canadian Leadership Conference in June 2017, she was recognized as one of 250 up-and-coming leaders in Canada.

Kristy is an active member with industry organizations, including SmartICE and the Atlantic Aboriginal Economic Development Integrated Research Program.



GARRY BEST

Garry Best is a Nunatsiavut Beneficiary who grew up and was educated in Happy Valley-Goose Bay. Garry is a graduate of Memorial University's Engineering program, served for 23 years as an officer in the Royal Canadian Navy, and is currently Regional Executive Officer, Ontario, First Nations and Inuit Health Branch, Indigenous Services Canada.

Garry has had leadership roles in Canada's military, and since 2006, he has held various roles in the federal government. His successful involvement in several First Nations programs, including the rebuilding and relocation of Manitoba First Nations impacted by the 2011 flood and the First Nations Infrastructure and Housing Programs, testify to his strong leadership and management skills.

AUDITED FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Trustees of Labrador Inuit Capital Strategy Trust

Qualified Opinion

We have audited the consolidated financial statements of Labrador Inuit Capital Strategy Trust (the "Trust"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2019, and the results of its financial performance and cash flows for the year then ended in accordance with the financial reporting provisions set forth by the Nunatsiavut Government.

Basis for Qualified Opinion

As outlined in Note 2, the Trust's interests in controlled subsidiaries have been consolidated throughout these financial statements. As management has not accounted for these investments using the equity method, this constitutes a departure from Canadian public sector accounting standards. The Trust's total net financial assets, accumulated surplus and annual surplus would be recorded at the same amounts using either equity accounting or a consolidation of the results of the controlled investments.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Trust meet the requirements set forth by the Nunatsiavut Government. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions set forth by the Nunatsiavut Government, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

July 9, 2020

Labrador Inuit Capital Strategy Trust

Consolidated statement of operations and accumulated surplus
year ended December 31, 2019

	2019	2018
	\$	\$
Revenue		
Sales	21,792,062	7,318,616
Marine operations	4,191,500	5,636,905
Construction (Schedule 2)	2,567,109	4,822,070
Partnership income	2,285,519	2,097,602
Royalties from Northern Coalition	1,473,459	988,223
Crushed stone	1,471,289	466,140
Fish harvesting	1,011,753	1,337,577
Rental (Schedule 2)	537,604	551,274
Lease finance	432,306	520,973
Interest and investment income	356,684	323,718
Other (Schedule 2)	309,864	509,281
Management fees (Schedule 2)	251,500	265,200
Grants (Schedule 2)	182,503	30,392
Fuel (Schedule 2)	179,066	—
Royalties from turbot	122,500	124,691

Labrador Inuit Capital Strategy Trust

Consolidated statement of operations and accumulated surplus
year ended December 31, 2019

	2019	2018
	\$	\$
	37,164,718	24,992,662
Expenditures (schedule 1)	31,771,473	22,731,067
Annual surplus before undernoted items	5,393,245	2,261,595
Impairment of equity investments (2 and 6)	(8,852,794)	—
Amortization	(543,185)	(485,188)
Loss on disposal of tangible capital assets	(84,970)	(20,609)
Impairment of tangible capital assets held for resale	(25,000)	(194,025)
Loss on disposal of tangible capital assets held for resale	—	(251,465)
Impairment of tangible capital assets	—	(18,500)
Share of equity earnings	1,265,374	787,779
Income tax expense	(1,144,082)	(325,427)
Annual (deficit) surplus	(3,991,412)	1,754,160
Accumulated surplus, beginning of year	13,899,760	16,653,180
Change in accumulated surplus as a result of purchase of remaining shares of Goose Bay Capital Corporation Inc.	—	(2,782,363)
Trust income allocation	(1,911,571)	(1,725,217)
Accumulated surplus, end of year	7,996,777	13,899,760

The accompanying notes are an integral part of the consolidated financial statements.

Labrador Inuit Capital Strategy Trust

Consolidated statement of financial position
as at December 31, 2019

	2019	2018
	\$	\$
Financial Assets		
Cash	9,241,784	5,441,262
Receivables	8,962,392	6,007,825
Due from Government of Newfoundland and Labrador (note 3)	—	2,152,987
Net investment in finance lease (note 4)	4,466,240	5,497,033
Loan receivable (note 5)	2,500,000	2,500,000
Investments, at equity (note 6)	14,056,945	20,775,768
Portfolio investments (note 6)	75,615	75,615
Inventory held for resale	4,505,573	4,794,657
Work-in-progress	43,602	514,988
Receivables from related parties, net (note 6)	252,928	625,751
Tangible capital assets held for resale (note 7)	400,000	425,000
Due from Philip Earle, non-interest bearing with no set terms of repayment, maturing June 2022	750,000	750,000
	45,255,079	49,560,886
Liabilities		
Payables and accruals	6,909,369	3,578,188
Demand loan	—	7,808
Payable to Tasiujatsoak Trust (note 11)	18,500,000	21,500,000

On behalf of the Trust:

Trustee

The accompanying notes are an integral part of the consolidated financial statements.

Labrador Inuit Capital Strategy Trust

Consolidated statement of financial position
as at December 31, 2019

	2019	2018
	\$	\$
Deferred revenue	44,960	116,480
Income tax payable	778,852	144,166
Due to Nunatsiavut Government, non-interest bearing, no set terms of repayment	8,321,204	6,409,633
Obligations under capital lease (note 10)	78,440	7,967
Promissory note payable	—	198,755
Long-term debt (note 9)	8,444,390	9,851,653
	43,077,215	41,814,650
Net financial assets	2,177,864	7,746,236
Contingency (note 16)		
Subsequent event (note 17)		
Non-financial assets		
Tangible capital assets (note 7)	5,019,035	5,178,922
Goodwill	667,702	725,575
Prepays	132,176	249,027
	5,818,913	6,153,524
Accumulated surplus (note 12)	7,996,777	13,899,760

Trustee

Labrador Inuit Capital Strategy Trust
Consolidated statement of changes in net financial assets
year ended December 31, 2019

	2019	2018
	\$	\$
Annual (deficit) surplus	(3,991,412)	1,754,160
Trust income allocation	(1,911,571)	(1,725,217)
	(5,902,983)	28,943
Change in tangible capital assets		
Amortization of tangible capital assets	485,312	427,315
Impairment of tangible capital assets	—	18,500
Loss on disposal of tangible capital assets	84,970	20,609
Purchase of tangible capital assets	(513,739)	(265,787)
Proceeds from disposal of tangible capital assets	103,344	101,340
	159,887	301,977
Change in other non-financial assets		
Net change in goodwill	57,873	57,873
Net change in prepaid expenses	116,851	(41,182)
	174,724	16,691
(Decrease) increase in net financial assets	(5,568,372)	347,611
Net financial assets, beginning of year	7,746,236	10,647,233
Change in net financial assets as a result of purchase of remaining shares of Goose Bay Capital Corporation Inc. (note 15)	—	(3,248,608)
Net financial assets, end of year	2,177,864	7,746,236

The accompanying notes are an integral part of the consolidated financial statements.

Labrador Inuit Capital Strategy Trust

Consolidated Statement of Cash Flow
year ended December 31, 2019

	2019	2018
	\$	\$
Operating transactions		
Annual surplus	(3,991,412)	1,754,160
Adjustments for:		
Impairment of equity investments	8,852,794	—
Amortization of tangible capital assets	485,312	427,315
Amortization of goodwill	57,873	57,873
Loss on disposal of tangible capital assets	84,970	20,609
Impairment of tangible capital assets held for resale	25,000	194,025
Impairment of tangible capital assets	—	18,500
Loss on disposal of tangible capital assets held for resale	—	251,465
Share of equity earnings	(1,265,374)	(787,779)
Trust income allocation	(1,911,571)	(1,725,217)
Change in other	1,817,101	(1,628,816)
	4,154,693	(1,417,865)
Capital transactions		
Purchase of tangible capital assets	(353,795)	(265,787)
Proceeds from disposal of tangible capital assets	103,344	101,340
Proceeds from disposal of tangible capital assets held for resale	—	325,000
	(250,451)	160,553
Financing transactions		
Repayment of bank indebtedness	—	(1,403,701)
Decrease in payable to Tasiujatsoak Trust	(3,000,000)	—
Repayment of demand loans	(7,808)	(30,424)
(Repayment of) proceeds from promissory note payable	(198,755)	198,755

Labrador Inuit Capital Strategy Trust

Consolidated Statement of Cash Flow
year ended December 31, 2019

	2019	2018
	\$	\$
Increase in due to Nunatsiavut Government	1,911,571	1,725,217
Repayment of long-term debt	(1,407,263)	(698,508)
Repayment of obligations under capital lease	(89,471)	(15,376)
Decrease in preferred shares	—	(510,000)
	(2,791,726)	(734,037)
Investing transactions		
Change in net investment in finance lease	1,030,793	992,060
Change in equity investments	(868,597)	(1,239,174)
Decrease in receivables from related parties, net	372,823	4,747,605
Decrease (increase) in receivable from Government of Newfoundland and Labrador	2,152,987	(20,000)
	2,688,006	4,480,491
Net change in cash	3,800,522	2,489,142
Cash, beginning of year	5,441,262	4,900,126
Change in cash flows as a result of purchase of remaining shares of Goose Bay Capital Corp. (note 15)	—	(1,948,006)
Cash, end of year	9,241,784	5,441,262

The accompanying notes are an integral part of the consolidated financial statements.

Notes To The Consolidated Financial Statements

December 31, 2018

1. Nature of operations

The Labrador Inuit Capital Strategy Trust (the “Trust”) was established on March 19, 2006 under the laws and regulations of the province of Newfoundland and Labrador and is controlled by the Nunatsiavut Government. The purpose of the Trust is to provide financial, management, economic and other assistance for the pursuit of economic and socio-economic strategies that establish, promote, assist, or otherwise foster employment, business and other relationships and undertakings which enable or are intended to enable Eligible Beneficiaries to gain or acquire experience, knowledge, skills, assets and property of any kind having economic value.

2. Summary of significant accounting policies

Basis of accounting

The consolidated financial statements have been prepared for the purposes of meeting the financial reporting provisions set forth by the Nunatsiavut Government (the “Government”). The Government has mandated that the Trust follow Canadian public sector accounting standards. These consolidated financial statements reflect the following significant accounting policies:

Reporting entity and principles of financial reporting

The consolidated Labrador Inuit Capital Strategy Trust reporting entity includes the Trust and all related entities which are accountable to and are either wholly-owned or controlled by the Trust. With the exception of the Trust’s investments measured using the equity or cost method, transactions and balances with related parties are eliminated in these financial statements.

Consolidation method

These consolidated financial statements consolidate the assets, liabilities and results of operations of the following government organizations:

- Labrador Inuit Capital Strategy Trust;
- Labrador Inuit Development Corporation;
- Capital Strategy Limited Partnership;
- Nunatsiavut Pharmacy Limited Partnership;
- 6494986 Canada Inc.;
- NGC Nunatsiavut Inc.;
- NGC Limited Partnership; and
- 10254550 Canada Inc.

All inter-organizational balances have been eliminated on consolidation.

Investments

The following investments have been accounted for using the equity method:

- 70703 Newfoundland and Labrador Inc. – 40% owned
- Air Borealis Limited Partnership – 33 1/3% owned
- Innu-Inuit PDI Limited Partnership – 33% owned
- Innu-Inuit Toromont Limited Partnership – 33% owned
- Innu-Inuit Redpath Limited Partnership – 33% owned
- Innu-Inuit MacLean Limited Partnership – 33% owned
- ACI Labrador Limited Partnership – 33% owned

The Trust also has an investment in Universal Helicopters Newfoundland and Labrador LP. The Trust’s ownership in this investment is 40%. Subsequent to year end, Universal Helicopters Newfoundland and Labrador LP filed for receivership. As such, the investment was written-off as at December 31, 2019.

Under the equity method the Trust recognizes its pro-rata share of investee’s net earnings (loss) in its investment account as well as its pro-rata share of capital transactions.

The following investments are valued at the lower of cost and net realizable value:

- Dominion Trading Limited – 33 1/3% owned
- Pan Arctic Inuit Logistics Corporation – 18% owned
- Timmiak Construction Inc. – 51% owned

Revenue recognition

The Trust recognizes revenue on sales of goods and delivery of services, including crushed stone, fuel, land, marine operations, Torngait National Park operations and other, when persuasive evidence of an arrangement exists, services have been rendered, the price to the buyer is fixed or determined and collection is reasonably assured.

Construction revenue is accounted for under the percentage of completion method. Accordingly, revenue is recognized pro rata based on the degree of completion of the work. The Trust uses the efforts expended method whereby the degree of completion is calculated on the basis of actual cost of work performed as of the statement of financial position date compared with the total estimated cost of each project. Losses are accounted for as soon as they can be determined.

Rental revenue from leases is recognized on a straight-line basis over the term of the lease and when collection is reasonably assured.

Fish harvesting and royalties are recognized as earned upon the landing of the related fish, when the price to the buyer is fixed or determinable, and when collection is reasonably assured.

Government grants and transfers are recognized in the period in which events give rise to the transfer occurring, provided the transfers are authorized, any eligibility criteria has been met, including performance and return requirements, and reasonable estimates of the amount can be determined.

Management fee revenue is recognized on a monthly basis as earned and invoiced, and when collection is reasonably assured.

Interest and investment income and other income is recognized as earned provided persuasive evidence of an arrangement exists, the price to the buyer is fixed or determinable and collection is reasonably assured.

Lease finance revenue represents interest income on the lease. The Trust recognizes interest income as earned, provided collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

Inventories

Inventory consists of inventory held for resale and inventory of supplies. Inventory held for resale consists of crushed stone, fuel, core boxes, blocks of anorthosite and land. Inventory of supplies consists of items to be used within the operations of the Trust. All inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is based on their useful lives using the declining balance method at the following rates:

Buildings and improvements	4 - 30%
Containers and other equipment	20 - 30%
Fuel tanks	30%
Equipment	20 - 30%
Furniture and fixtures	20 - 30%
Motor vehicles	20 - 30%
Vessels	5 - 30%
Computers	30 - 45%

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets of acquired businesses Nunatsiavut Marine Inc. and Goose Bay Capital Corporation Inc., entities acquired through the Trust's subsidiary NGC Nunatsiavut Inc. Goodwill is tested for impairment whenever an event or circumstance occurs that indicates that goodwill might be impaired. When the carrying amount of a reporting unit, including goodwill, exceeds its fair value, a goodwill impairment loss is recognized in net earnings in an amount equal to the excess. Goodwill has been amortized over a period of 20 years.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds its fair value.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance vests with employees with five or more years of service and accordingly no provision has been made in the accounts for employees with less than five years of continual service. The amount is payable when the employee ceases employment with the Trust. Due to a change in policy at the end of 2010, no new full-time employees are entitled to this benefit.

Income taxes

The Trust follows the taxes payable method of accounting for income taxes. Under this method, only income taxes payable or recoverable for the period, determined in accordance with the rules established by taxation authorities, are recognized as an expense or recovery.

Financial instruments

The carrying amount of the financial assets and liabilities of the Trust by measurement basis are summarized as follows:

- Cash, receivables, due from Government of Newfoundland and Labrador, loan

receivable, net investment in finance lease, receivables from related parties, portfolio investments, and due from Philip Earle are measured at amortized cost.

- Payables and accruals, demand loan, payable to Tasiujatsoak Trust, due to the Nunatsiavut Government, promissory note payable and long-term debt are measured at amortized cost.

The Trust has determined that it does not have derivatives or embedded derivatives.

Use of estimates

In preparing financial statements in conformity with Canadian public sector accounting standards, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Key areas where management has made complex or subjective judgments include collectability of all receivable balances, valuation of inventory, residual value of tangible capital assets, useful lives of tangible capital assets, valuation of goodwill, valuation of portfolio and equity investments, accrued severance, accruals and income taxes. Actual results could materially differ from these estimates.

3. Due from Government of Newfoundland and Labrador

As per the terms of the charter agreement between Nunatsiavut Marine Inc., a 100% owned subsidiary of the Trust through its ownership in NGC Nunatsiavut Inc., and the Department of Transportation and Works, on behalf of the Government of Newfoundland and Labrador, Nunatsiavut Marine Inc. was required to provide performance deposits of \$1,000,000 for each of the two charter contracts. As the contracts were completed during the current year, the Corporation received these deposits including any interest owed.

4. Net investment in finance lease

The Trust, through its subsidiary Capital Strategy Limited Partnership, has entered into a direct finance lease with Vale Inco for the lease of assets. The lease is over a 13 year period with monthly lease payments of principal and interest of \$205,786 maturing September, 2023. Finance income associated with the lease is recognized at a rate of 4.5% and is compounded semi-annually. Finance income on the lease

not yet recognized as income is recorded as deferred revenue and is netted against the net investment in finance lease receivable.

As part of the above transaction, the Trust entered into a \$12 million note payable with the lessee. This note payable has been offset against the net investment in finance lease receivable based on the terms and conditions of the note payable. The note payable bears interest at 5.15% and is repayable in blended monthly instalments of \$103,703 over a 13 year period maturing August, 2023.

5. Loans receivable

The Trust has loaned amounts totaling \$2,500,000 to a third party. The loan bears interest at 10.5% and is repayable in increments of \$416,667 per annum on the commencement of each year of the second renewal term as defined in the Transportation Service Agreement dated May 28, 2006. The total balance of the loan receivable as at December 31, 2019 is \$2,500,000 (2018 - \$2,500,000).

6. Investments and receivables from related parties, net

	2019	2018
	\$	\$
Investments		
Air Borealis Limited Partnership	12,161,965	11,293,368
Innu-Inuit Redpath Limited Partnership - 33 common shares	1,165,265	476,453
Innu-Inuit Toromont Limited Partnership - 100 common shares	463,042	333
ACI Labrador Limited Partnership - 100 common shares	266,607	152,754
Innu-Inuit PDI GP Inc. - 33 common shares	33	33
Innu-Inuit Maclean Partnership - 33 common shares	33	33
Universal Helicopters Newfoundland Labrador LP	—	8,852,794
Investments, at equity	14,056,945	20,775,768
Dominion Trading Limited - 33 common shares	75,613	75,613
Pan Arctic Inuit Logistics Corporation -19,000 Class A common shares	1	1
Nillik Construction Limited Partnership	1	1

	2019	2018
	\$	\$
Portfolio investments	75,615	75,615
Receivables from (to) related parties		
Nunatsiavut Government	164,345	14,170
Pan Arctic Inuit Logistics Corporation	108,603	203,603
Pikalujak Fisheries Limited Partnership	97,639	—
Air Borealis Limited Partnership	58,934	411,650
Integrated Nunatsiavut Logistics Inc.	2,450	109,077
Torngait Services Inc.	542	—
Universal Helicopters Newfoundland and Labrador LP	—	31,521
Integrated Logistics (NL) Limited	(179,585)	(144,270)
	252,928	625,751

The above receivables (payables) are non-interest bearing and have no set terms of repayment.

Management fees represent fees paid by Torngait Services Limited Partnership and Pikalujak Fisheries Limited Partnership to non-related parties. The Trust's ownership in each of these companies is 51% and 50% respectively through the Trust's ownership in NGC Nunatsiavut Inc.

7. Tangible capital assets

	2019		2018	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	408,646	—	408,646	408,646
Buildings and improvements	5,377,124	2,160,407	3,216,717	3,484,418
Containers and other equipment	3,358,451	2,624,721	733,730	544,183
Equipment	5,709,271	5,215,222	494,049	547,582
Furniture and fixtures	89,444	55,233	34,211	34,238
Motor vehicles	255,777	154,422	101,355	133,965
Vessels	141,000	131,570	9,430	13,471
Computers	75,842	54,945	20,897	12,419
	15,415,555	10,396,520	5,019,035	5,178,922

During the year, the Kaligak vessel with a carrying value of \$400,000 was held for sale. As such, no amortization was taken on this vessel for the year ended December 31, 2019.

8. Operating lines of credit

The Trust has an operating line of credit with the Bank of Montreal, which has an authorized limit of \$4,100,000 and bears interest at Bank's prime rate plus 0.75%. As security for the line of credit, the Trust has pledged a general security agreement with a floating charge against the assets of the Trust, guarantees of indebtedness in the amount of \$4,360,000 signed by various subsidiaries of the Trust, assignment of vessel insurance, and a marine mortgage registered in the first position over the Kaliuttik and Kaligak. The balance outstanding at year end was \$nil (\$nil in 2018).

The Trust, through its subsidiary NGC Nunatsiavut Inc., has an operating line of credit with the Bank of Montreal which has an authorized limit of \$283,000 and bears interest at the Bank's prime rate plus 2%. As security for the line of credit, the Trust has pledged a general security agreement with a fixed charge against a crusher, floating charges over all other assets of Nunatsiavut Construction Inc., and guarantees of indebtedness in the amount of \$363,000 signed by NGC Nunatsiavut Inc. The balance outstanding at year end was \$nil (\$nil in 2018).

The Trust, through its subsidiary NGC Nunatsiavut Inc., has an operating line of credit with the Bank of Montreal, which has an authorized limit of \$800,000 and bears interest at the Bank's prime rate plus 1.50%. As security for the line of credit, the Trust has pledged a general security agreement with a first charge on all fixed assets including receivables of Nunatsiavut Marine Inc., guarantees of indebtedness in the amount of \$3,300,000 signed by the Trust. The balance outstanding at year end was \$nil (2018 - \$nil).

9. Long-term debt

	2019	2018
	\$	\$
Provincial Aerospace Ltd. unsecured loan, bearing interest at the Bank's prime rate plus 0.9%, maturing in June 2022, repayable in five equal blended annual installments.	5,627,817	6,685,531
Business Development Bank of Canada ("BDC") term loan bearing interest at BDC's floating rate plus 1%, compounding monthly, maturing in November 2032, repayable in blended monthly installments of \$11,772. (iii)	1,814,122	1,954,786
Bank of Montreal mortgage bearing interest at the Bank's prime rate plus 1%, maturing July 2028, repayable in blended monthly installments of \$6,374. (ii)	555,717	606,445
Aivek Holdings mortgage, non-interest bearing, maturing October 2023, repayable in monthly installments of \$4,861. (i)	225,069	283,403
Bank of Montreal mortgage bearing interest at the Bank's prime rate plus 0.5%, maturing April 2022, repayable in monthly installments of \$4,167 plus interest. (i)	116,666	166,666
Bank of Montreal mortgage bearing interest at the Bank's prime rate plus 0.5%, maturing December 2022, repayable in monthly installments of \$2,917 plus interest. (i)	104,999	139,999
Bank of Montreal mortgage repaid during the year	—	14,823
	8,444,390	9,851,653

The principal repayments to maturity required on all loans are as follows:

	\$
2020	2,215,232
2021	2,217,485
2022	2,186,497
2023	253,066
2024	205,536
Thereafter	1,366,574

Security:

- i) As security, the land and buildings of Nunak Land Corporation, a wholly-owned subsidiary of NGC Nunatsiavut Inc., with a net book value of \$2,614,075 are pledged as collateral for the respective mortgages along with an assignment of fire insurance.
- ii) As security, the land and buildings of Goose Bay Capital Corporation Inc., a 100% owned subsidiary of NGC Nunatsiavut Inc., with a net book value of \$872,678 are pledged as collateral for the respective mortgages along with an assignment of fire insurance.
- iii) As security, the first readvanceable mortgage on land located at Hamilton River Road has been pledged along with a postponement of due to NGC Nunatsiavut Inc. in the amount of \$5,120,314, along with a corporate guarantee of Nunak Land Corporation for 25% of the outstanding loan balance.

10. Obligations under capital lease

Future minimum annual repayments on the obligations under capital lease are as follows:

	\$
Total minimum lease payments for	
2020	51,170
2021	23,197
2022	3,214
2023	3,214
2024	1,607
	82,402
Interest included in minimum lease payment	3,962
Present value of future lease payments	78,440

11. Payable to Tasiujatsoak Trust

	2019	2018
	\$	\$
Tasiujatsoak Trust demand loan, non-interest bearing. (i)	6,000,000	6,000,000
Tasiujatsoak Trust demand loan, bearing interest at 6%, payable in annual instalments. (i) (iii)	5,000,000	5,000,000
Tasiujatsoak Trust demand loan, bearing interest at 5.25%, payable in monthly instalments. (i)	5,000,000	5,000,000
Tasiujatsoak Trust demand loan, non-revolving, annual interest at 6.5%, payable quarterly. (i) (ii) (iii)	2,500,000	2,500,000
Tasiujatsoak Trust demand loan repaid during the year	—	3,000,000
	18,500,000	21,500,000

Security:

- iv) A general security agreement granting a continuing security interest in all of the Trust's present and after acquired personal property.
- v) A specific assignment of all Trust's interest in Umiak Limited Partnership.
- vi) Any other ancillary documentation that the lender or its counsel may reasonably require.

12. Accumulated surplus

	2019	2018
	\$	\$
Operations	7,215,499	13,118,482
Restricted - inshore fishery	781,278	781,278
	7,996,777	13,899,760

Funds relating to the inshore fishery are restricted to the development of the fishery for the Labrador Inuit.

Restricted funds in the amount of \$443,816 (\$443,816 in 2018) are held in trust by Labrador Inuit Development Corporation for the development of the inshore fishery. A separate trust bank account has been established, however, there is a cash deficiency of \$443,816 (\$443,816 in 2018) in this trust account. The remainder of restricted funds in the amount of \$337,462 (\$337,462 in 2018) have been advanced to fisherman.

13. Financial instruments

Financial risk factors

The Trust has exposure to credit risk, market risk and liquidity risk. The Trustees have overall responsibility for the oversight of these risks and review the Trust's

policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below.

Credit risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfil its payment obligation. The Trust’s credit risk is primarily attributable to receivables, net investment in finance lease, loans receivable, receivables from related parties and due from Philip Earle. Management believes that the credit risk with respect to these receivables is not significant. As of December 31, 2019, the Trust maintained an allowance for doubtful accounts of \$137,352 (2018 - \$137,352).

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they become due. As of December 31, 2019, the Trust had cash of \$9,241,784 (2018- \$5,441,262).

To the extent that the Trust does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party funding, assuming these could be obtained.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Trust’s net earnings or loss or the value of its financial instruments. The Trust is not exposed to significant equity price risk.

(i) Interest rate risk

The Trust’s financial liabilities are exposed to fluctuations in interest rates with respect to its demand loans and its long-term debt. All amounts payable to the Tasiujatsoak Trust have fixed interest rates and therefore the cash flow exposure is not significant. Similarly, the cash flow exposure with respect to the lines of credit is not significant as there were no drawings at December 31, 2019. The Trust is exposed to the following interest rates at December 31, 2019.

	%
Long-term debt	4.45-4.95

The following table details the Trust’s sensitivity analysis to an increase of interest rates by 1% on net earnings. The sensitivity includes floating rate financial liabilities and adjusts their effect at period end for a 1% increase in interest rates. A decrease of 1% would result in an equal and opposite effect on net earnings.

	Effect on net earnings
	\$
Long-term debt	(6,746)

(ii) Foreign exchange risk

The Trust, through its subsidiary NGC Nunatsiavut Inc., makes purchases in foreign denominations and is thus exposed to foreign exchange fluctuations. The Trust does not actively manage this risk.

Fair value

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

For the year ended 2019, there are no financial instruments recorded at fair value.

14. Statement of remeasurement gains and losses

A Statement of Remeasurement Gains and Losses has not been included in these financial statements as there are no financial instruments which have fair values that differ from their carrying values.

15. Business combination

During the prior year, Nunak Land Corporation, a wholly-owned subsidiary of NGC Nunatsiavut Inc., purchased the remaining 49% ownership of Goose Bay Capital Corporation Inc., an entity it previously controlled.

16. Contingency

The Trust had previously guaranteed certain debts of Universal Helicopters Newfoundland and Labrador LP. Management does not believe they will have to pay-out any of these guarantees as part of Universal Helicopters Newfoundland and Labrador LP's ongoing receivership. Therefore, no amounts have been accrued in these financial statements.

17. Subsequent event

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Trust in future periods.

Labrador Inuit Capital Strategy Trust

Consolidated Schedule of Expenditures - Schedule 1
year ended December 31, 2019

	2019	2018
	\$	\$
Wages and benefits	12,876,558	12,142,585
Cost of goods sold	11,421,721	1,886,858
Bad debts	1,652,619	73,723
Interest and bank charges	1,418,876	1,668,960
Materials and supplies	831,083	1,808,791
Professional fees	499,217	564,180
Travel (note 2)	461,610	690,528
Subcontractor fees	354,827	647,328
Miscellaneous	351,119	380,157
Fuel	346,488	206,579
Rent and maintenance	332,552	469,268
Licenses and fees	213,340	233,645
Insurance	158,242	281,873
Freight and transportation (note 2)	132,882	234,369
Information technology support	128,331	102,655
Utilities	124,119	141,153
Advertising (note 2)	101,701	49,471
Municipal taxes	83,232	90,493
Management fees	66,257	66,257
Telephone	62,878	145,203
Meals and entertainment	47,089	40,417
Damage claims	41,190	13,394
Conference and meetings	24,107	27,101

Labrador Inuit Capital Strategy Trust

Consolidated Schedule of Expenditures - Schedule 1
year ended December 31, 2019

	2019	2018
	\$	\$
General administration	13,218	4,215
Write-off of inventory held for resale	12,538	6,317
Training programs	11,734	40,593
Waste disposal	4,326	65,949
Foreign exchange	920	3,778
Dues	260	288
Cafeteria	50	164,936
Donated land	—	304,432
Storage and harbour fees	—	1,990
Equipment rental (recovery) expense	(1,611)	173,581
	31,771,473	22,731,067

The accompanying notes are an integral part of the consolidated financial statements.

Labrador Inuit Capital Strategy Trust
Consolidated schedule of related party transactions - Schedule 2
year ended December 31, 2019

	Nunatsiavut Government	Air Borealis Limited Partnership	Universal Helicopters Newfoundland and Labrador LP	Dominion Trading Limited	2019 Total	2018 Total
Revenues						
Construction	937,973	—	—	—	937,973	2,238,079
Rental	219,645	—	—	—	219,645	212,742
Management fees	—	—	—	251,500	251,500	172,100
Grants	24,592	—	—	—	24,592	—
Fuel	1,678	—	—	—	1,678	—
Other	—	—	—	—	—	31,755
	1,183,888	—	—	251,500	1,435,388	2,654,676
Expenses						
Travel	—	58,894	5,066	—	63,960	113,365
Freight and transportation	—	43,411	—	—	43,411	85,145
Advertising	21,694	—	—	—	21,694	1,964
	21,694	102,305	5,066	—	129,065	200,474

The accompanying notes are an integral part of the consolidated financial statements.