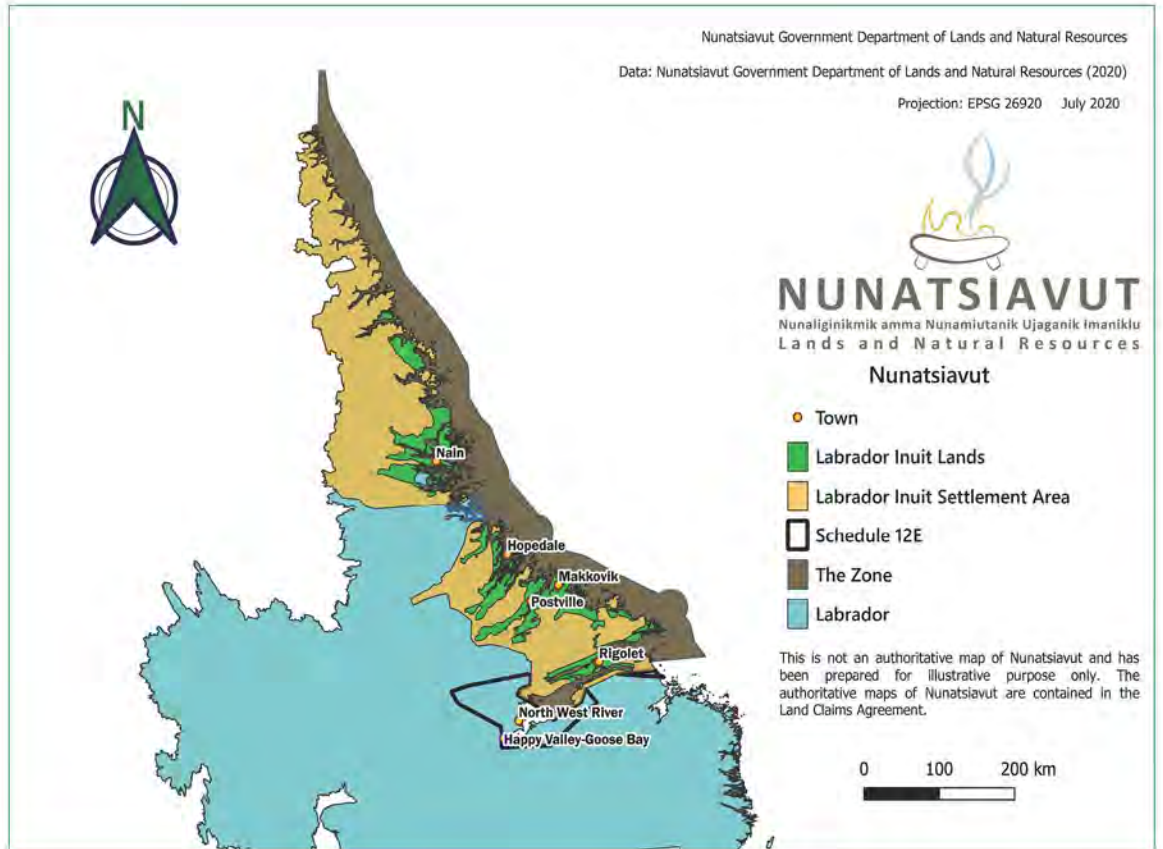




2021

**Labrador Inuit Capital
Strategy Trust**
ANNUAL REPORT



Nunatsiavut Group of Companies
 Corporate Office
 2-6 Royal Street
 PO Box 1000, Station B
 Happy Valley-Goose Bay, NL
 AOP 1E0
 Tel: (709) 896-8505
 Fax: (709) 896-5834
 Email: info@ngc-ng.ca

Design By:
 Sananguativut: Nunatsiavut Visual Design © 2022

2021

**Labrador Inuit Capital
Strategy Trust**

ANNUAL REPORT

Nunasiavut
Group of Companies



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Aerial view of Berry Road subdivision, Hopedale.
At bottom right, is the excavated property for the Nunatsiavut Government warehouse,
which will service several departments.
(Photo: Bird's Eye Inc., for NCI)

COVID STATEMENT 2021

In 2021, NGC's operations again functioned under COVID-19 public health protocols. While restrictions were relaxed or lifted on occasion, the various companies implemented measures to protect employees, clients, and customers.

NGC and its partners continue to be vigilant. As we did in the 2019 and 2020 reports, we advise that any forecasted or forward-looking statements be read with caution.

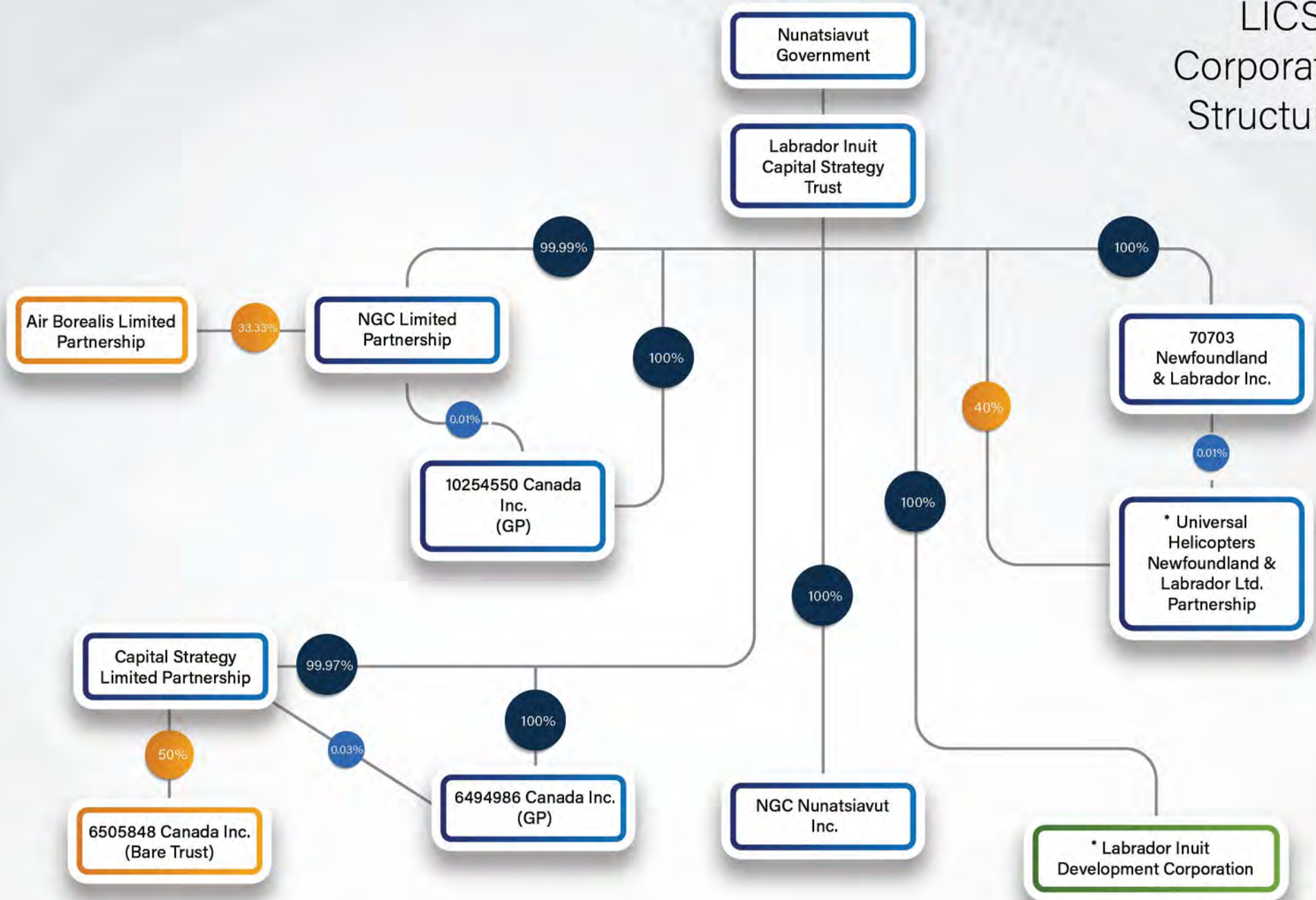
Coastline near Ten Mile Bay.
(Photo: Janice White)



Air Borealis operates a fleet of Twin Otters and helicopters. The airline provides scheduled service and medical flights between Goose Bay and Nunatsiavut communities, as well as charter and float plane services to Vale and other corporate and business clients.

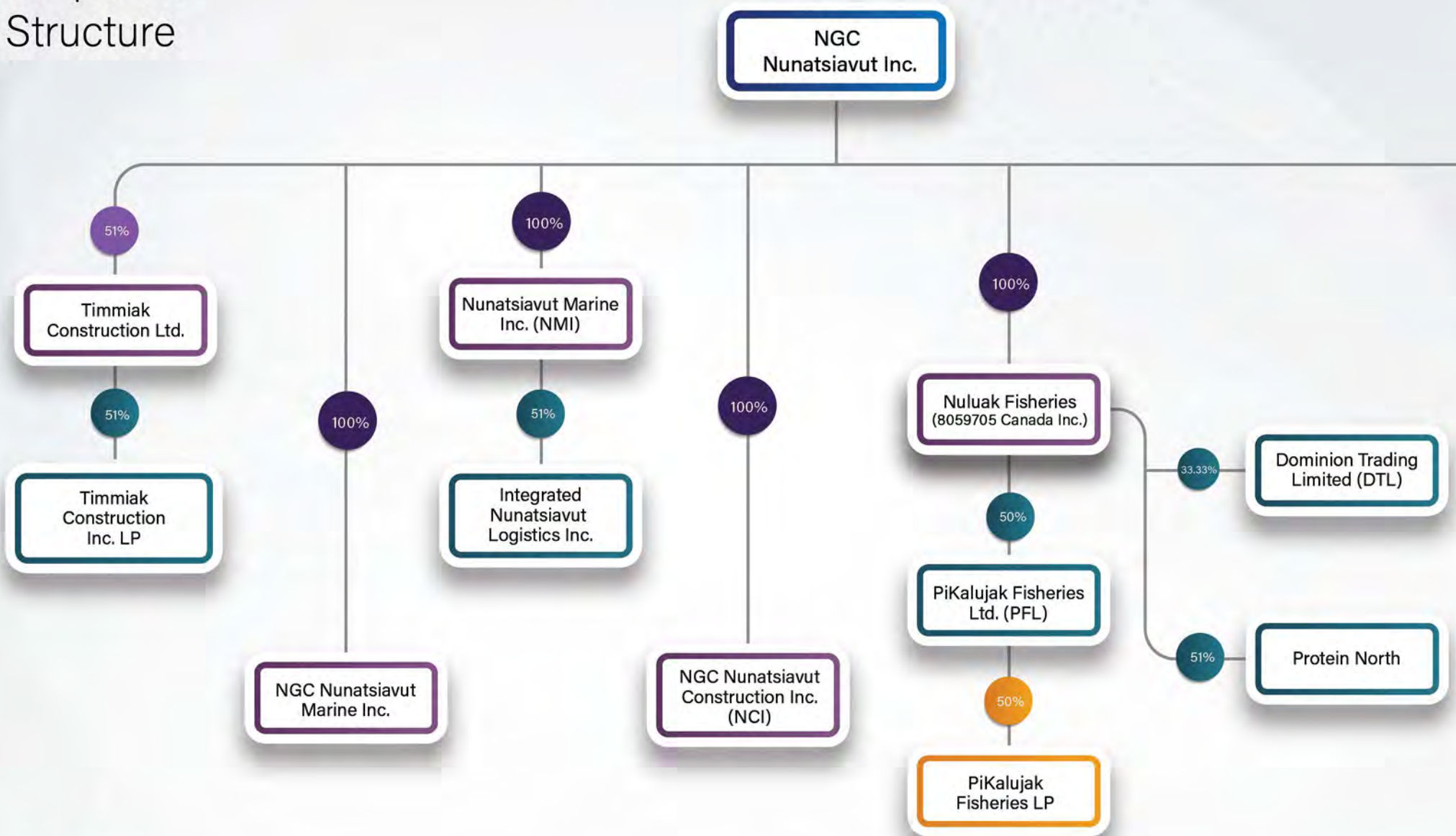
(Photo: Air Borealis)

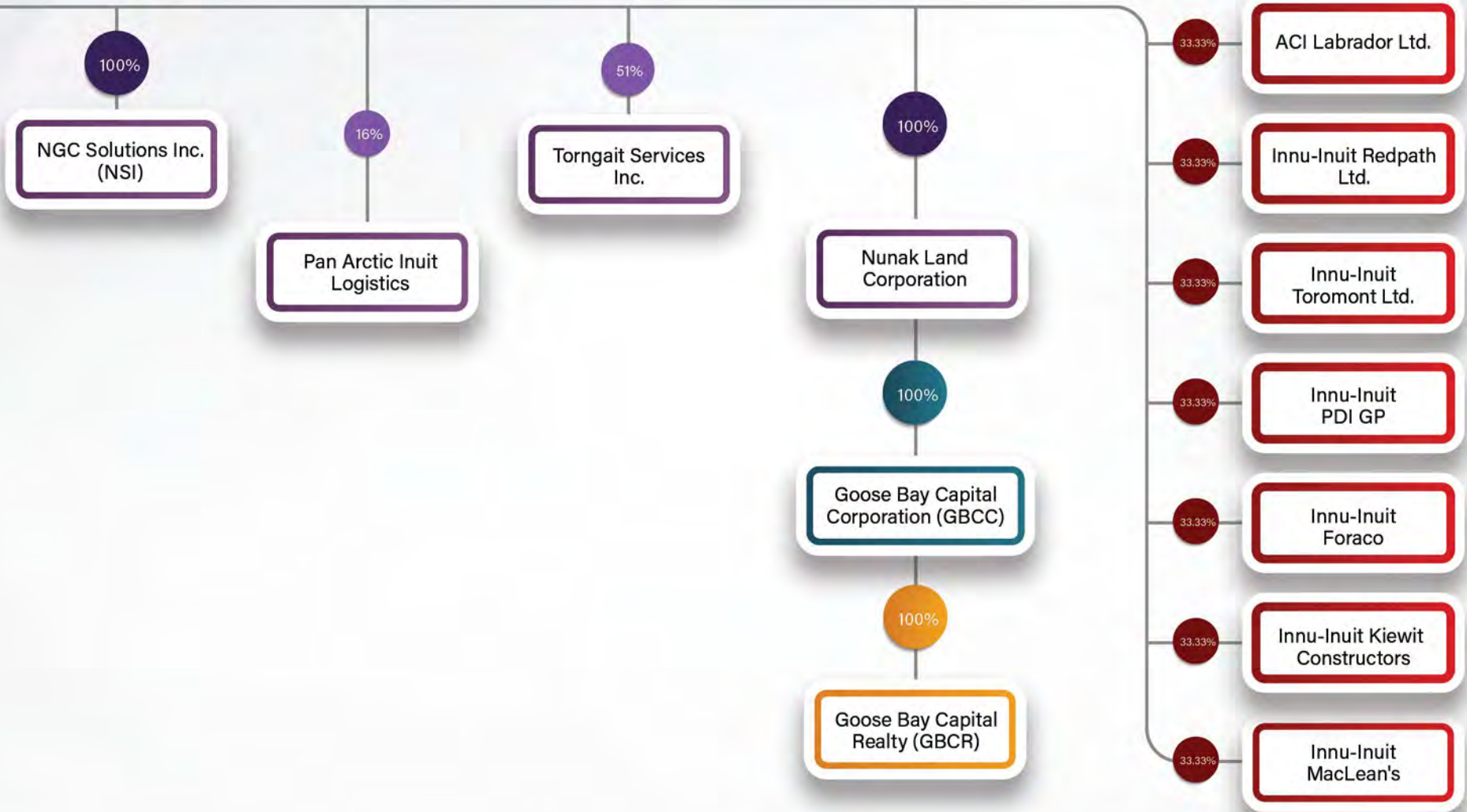
LICST Corporate Structure



* Not operational

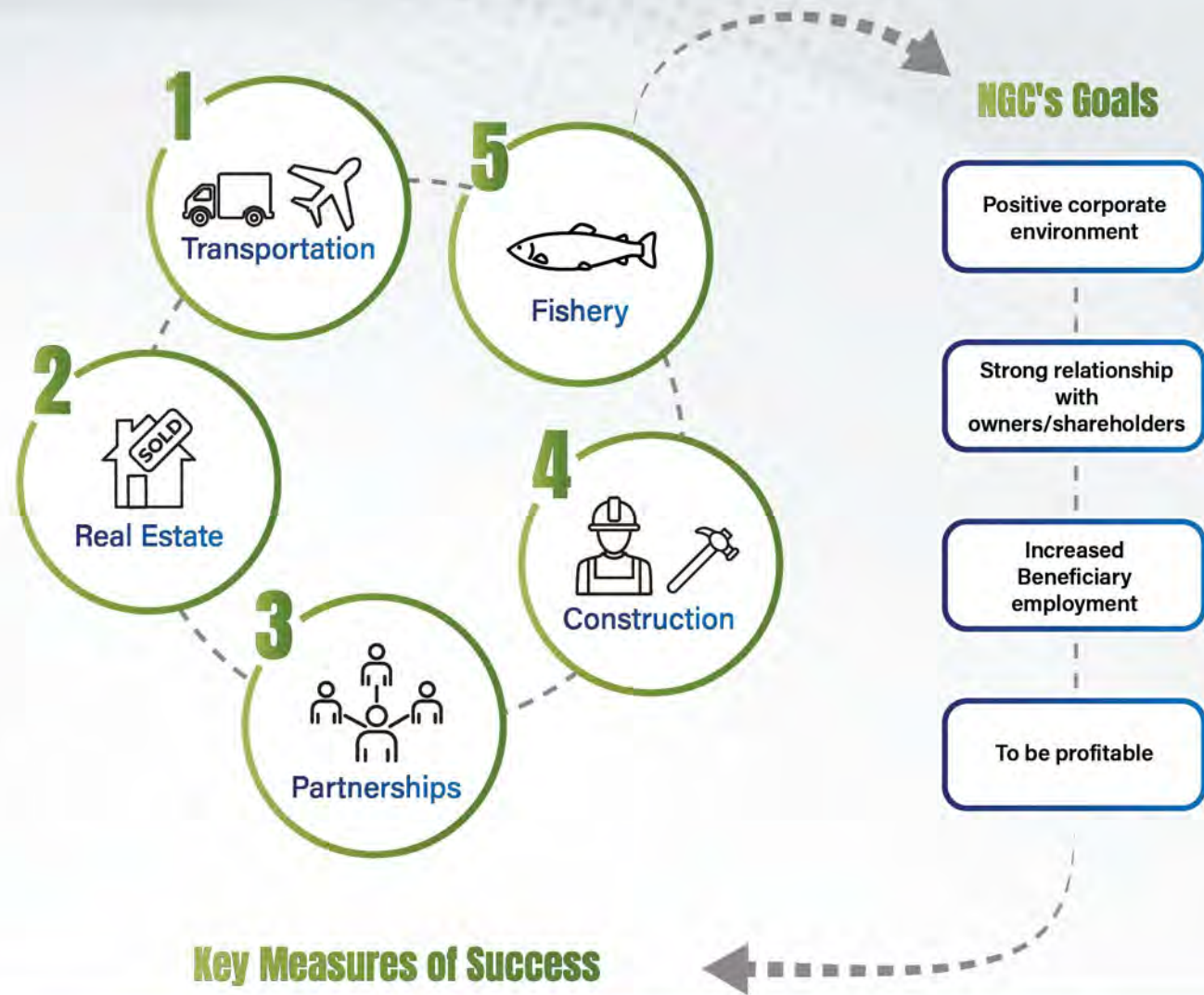
NGC Corporate Structure





Strategy Refresh 2022-2027

In 2021, NGC undertook to refresh its business strategy. With the help of a consultant, our leadership team identified five core areas to focus our business activity for the next five years. We also outlined our goals for 2022-2027 and set out metrics that would indicate success in reaching those goals.



Connection to Nunatsiavut and its future growth in fisheries, construction, transportation, partnerships, and real estate.

Attract qualified staff to seek out business opportunities.

Employees get to work and live in their community.

Maintain a strong relationship with the Nunatsiavut Government.

Expand NGC's ability to provide commercial and industrial space across Nunatsiavut.

Have a presence in all modes of transport in Nunatsiavut.

Be the employer of choice for Beneficiaries and provide Beneficiaries with opportunities.



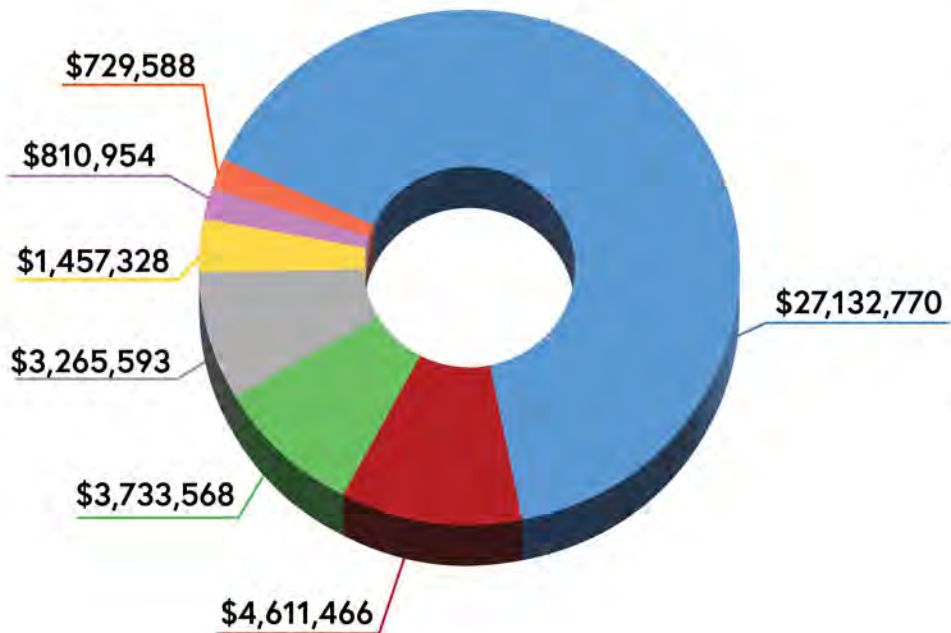
Air Borealis supported the Moncton Flight Training College in 2021, as the College offered its inaugural year of flight training at Goose Bay Airport. It is hoped that local training will encourage residents of Labrador to consider careers as pilots.

(Photo: Moncton Flight Training College)

REPORT HIGHLIGHTS

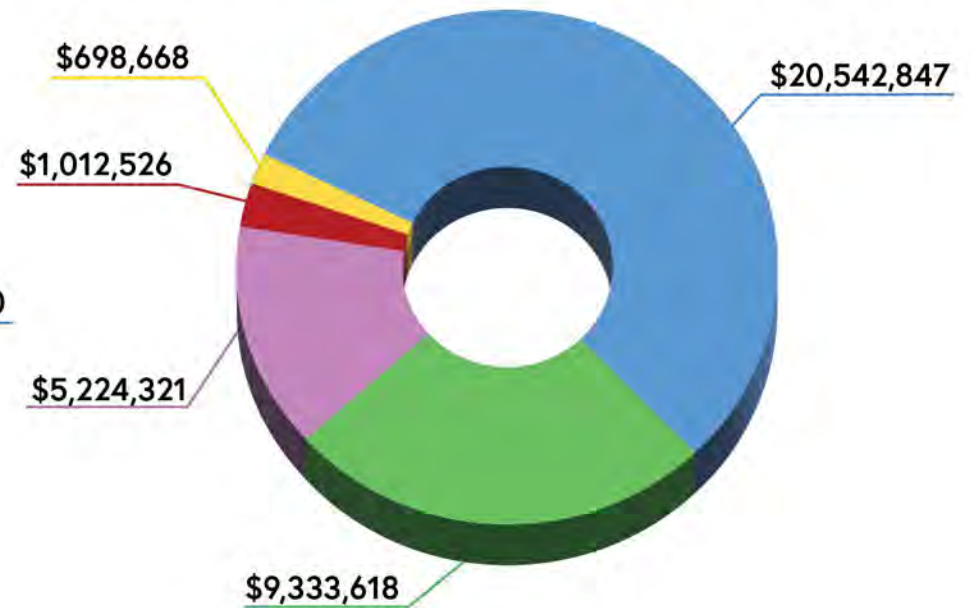
LICST Consolidated Revenue and Expenses - 2021

Total Revenue: \$41,741,267



- Contract Revenue
- Partnership Income
- Marine Services
- Real Estate and Development
- Fishing
- Other
- Management Fees & Property Income

Total Expenses: \$36,811,980



- Wages & Salaries
- Material & Supplies
- Other
- Interest & Bank Charges
- Amortization

MESSAGE FROM THE CHAIR

Garry Best

2021 was a year of tremendous accomplishment for the Labrador Inuit Capital Strategy Trust (LICST) and the Nunatsiavut Group of Companies (NGC). Our team's strong management and leadership skills steered us through the second year of the pandemic, we were again profitable, and our cash position is the strongest it's been for 15 years.

We owe all of this to the hundreds of employees in our wholly owned companies and partnerships, NGC's corporate leadership team, and the Board, which is comprised entirely of Nunatsiavut Beneficiaries.

OUR PARTNERSHIPS

NGC has developed strong partnerships across many lines of business, including our involvement in the development of the Vale mine and provision of site services, aviation, construction, marine transportation, and logistics. Several of our partnerships involve the Innu through their economic development arm, Innu Development Limited Partnership. Our President and CEO, Chris Webb, and their CEO have developed a strong working relationship that benefits both Inuit and Innu and our communities. It speaks to further hope and opportunity when both Indigenous groups, each with their own unique history, can work collaboratively and successfully.

NGC has also developed important partnerships with Inuit economic development corporations in the Arctic. We have been part of Pan Arctic Inuit Logistics (PAIL) since 1994, and recently NGC's President and CEO



was elected president of that organization. It is a recognition of Chris's value, expertise, experience, and of NGC itself.

PAIL's majority stake in Nasittuq, and its active encouragement of federal officials and politicians for greater opportunities for Inuit through the Inuit Development Corporation Association, paid off in early 2022 with the award of the contract to operate and maintain the North Warning System.

MAKING NGC STRONGER

NGC strives for continuous improvement and innovation. We have implemented several initiatives that will assist future growth and development.

We confirmed a new strategic plan during the Trust's quarterly meeting with NGC leaders in Nain in August. This plan will focus on future areas of growth and will allow us to measure our success in meeting our goals. It will serve as our beacon as we move forward. We plan to share additional details of the plan when we meet with the Assembly in 2022.

In late 2021, the Trust approved initiatives to renew critical capital infrastructure, make new investments in human resources, and strengthen project management and scheduling which are key components to keeping construction projects on time and profitable. NGC also continues to invest in safe work practices and skill improvement. A healthy and skilled work force creates new opportunity for everyone.

2023 IS 50th ANNIVERSARY OF LIA

The LICST and NGC are products of a vision for Labrador Inuit that began with the formation of the Labrador Inuit Association (LIA) in 1973. In 2023, we will mark the 50th anniversary of the LIA. The strength to direct our own cultural, political, and economic destiny derived from that original vision.

The determination to create our own opportunity is reflected in the decision by the Nunatsiavut Assembly in 2006 to establish the LICST. The Trust was charged with creating employment and business opportunities for Nunatsiavut Beneficiaries. NGC was formed five years later in 2011. Its mandate is to be sustainable, operate at arms-length from the Nunatsiavut Government, create wealth for Beneficiaries, and to be Inuit-led.

We are moving decisively along that path. We are profitable. We are guided by clear-headed strategy. We are Inuit-led.

ACCOUNTABILITY TO NUNATSIAVUT

One of NGC's core values is to be accountable to Beneficiaries through the Nunatsiavut Assembly. The Trust and NGC do that in several ways. We produce an annual report on our activities, including audited financial statements; an annual in-person presentation to the Nunatsiavut Assembly; and in frequent communications through the NGC website, social media pages, and the quarterly newsletter.

With the relaxation of pandemic travel restrictions, we will resume community and school visits. We want our youth to see what their companies do and the positive difference that they make to Beneficiaries and in our communities. More than that, we want young Beneficiaries to picture themselves as future leaders in our group of companies. We want them to see that we are accountable for the work that we do on their behalf.

During our trip to Nain in August, the Trust and NGC held our quarterly board meeting and carried out other board business, conducted meetings with Nunatsiavut Government ministers, officials, the Nain Inuit Community Government, and met residents during an Open House. Meetings like these serve as sounding boards for the Trust and NGC and provide the chance to maintain meaningful and necessary relationships with all of our stakeholders.

THE FUTURE

As the Trust and NGC embark on the next part of our journey, we continue to be mindful that our role is to create wealth and opportunity for Nunatsiavut Beneficiaries. We are excited about prospects in Nunatsiavut and the rest of Labrador, and the possibility of doing further business with our Inuit colleagues in the Arctic. The recent North Warning System contract is demonstrable proof that effective collaboration among stakeholders across the north strengthens Inuit in our goal to pursue new opportunities.

NGC has been strengthened as a result of our ongoing partnerships at the Vale mine and in other operations in Labrador. We have provided training and have advocated for new training programs so that Beneficiaries will obtain the necessary skills to gain meaningful employment. NGC is a brand that we can be proud of. Our business plan for the next five years positions us well for continued growth and success.

MESSAGE FROM THE PRESIDENT AND CEO

Chris Webb

Our leadership team and the people who work in our companies are guided by some simple concepts – create a profitable and sustainable organization that is a business leader, is Inuit-led, and one that provides opportunities for Inuit to succeed. Profitability is evidence that, even as we face turbulent times, our leaders and our employees have the skills and determination to succeed.

A case in point is Torngait Services Inc. (TSI), a partnership with ATCO Frontec. TSI has provided a range of services at the Vale site for more than two decades, including the installation and maintenance of a 900-person accommodations camp during mine construction and having served as prime drilling contractor from 2000 to 2015.

Since 2005, TSI has been site services provider for Vale. It has provided exemplary service during that time and has contributed significantly to delivering heavy equipment training to all TSI employees so that they can obtain long-term meaningful employment at the mine. Last year, TSI provided more than 11,000 overall training hours to its employees, with more than 6,000 hours on heavy equipment. That's a 217% increase in total hours and a 287% increase in the past four years.

We see a future where Inuit will be leading all of our businesses and where Beneficiaries will hold increasingly more supervisory and other leadership roles.



FIVE YEAR STRATEGY

NGC has just embarked on its second 5-year strategic plan to grow our business. We will focus on five core areas – construction, fishery, transportation, real estate, and partnerships. Our goals are to be profitable, enhance Beneficiary employment, and maintain our strong relationship with our board/LICST. We will measure success through several outcomes, including our connection to Nunatsiavut and its future growth in key areas, becoming the employer of choice for Beneficiaries, and maintaining a strong relationship with the Nunatsiavut Government.

Through our many successes and some missteps, NGC has matured as a business. For some time, we have considered adding a business development analyst to our organization. Such a position has a vital role in analyzing business opportunities and assessing return on investment. In 2022, we will invest in that position.

OUR PARTNERSHIPS

We have built strong relationships with our mining partners on the Vale project. These partnerships contribute significantly to NGC and to Beneficiary employment. In 2022, we anticipate concluding agreements for additional partnerships related to Vale. We continue to assess opportunities with this project and seek relationships that will add value to the client, our companies, and provide employment to Beneficiaries.

RELATIONSHIP WITH OTHER INUIT DEVELOPMENT CORPORATIONS

The formation of the Inuit Development Corporation Association (IDCA) in 2018 gave a cohesive voice to Inuit business groups such as NGC. IDCA advanced its case for an early reopening of the North Warning System contract. Nasittuq, a partnership between six Inuit development corporations (including NGC) and ATCO Frontec, was successful in winning a 7-year contract in early 2022, with options for four 2-year renewals. The North Warning System must be modernized in order to meet North America's security needs. Nasittuq wants to be a major part of such a project.

The North will see huge investments in technology, construction, and other infrastructure in the coming decades. Inuit have significant technical capacity to undertake much of that work. Our collaboration through IDCA provides the avenue to capitalize on those opportunities.

CONTRIBUTING TO COMMUNITIES

All of our companies consider it their mission to create opportunity for advancement to Beneficiaries. That commitment to Nunatsiavut and Beneficiaries doesn't stop at providing employment. Our companies made approximately \$700,000 worth of cash and in-kind contributions to Nunatsiavut in 2021. In December we

contributed just over \$50,000 to Nunatsiavut food banks and wood programs.

We were all deservedly proud in January when Air Borealis delivered the first dosages of the COVID vaccine to Nunatsiavut communities. It was the culmination of weeks of planning between the airline and the Nunatsiavut Government's Department of Health and Social Development. We were doubly proud to see a Nunatsiavut Beneficiary from Hopedale, First Officer Kayla Torarak (now Captain), deliver the vaccine to her hometown.

CULTURAL AWARENESS

The essence of our organization is that we are Inuit. We are committed to a diverse and inclusive workplace. On a practical level, we are developing a respectful workplace policy so that all employees feel safe and respected. Employees are provided with the help that is necessary for success. The organization benefits when employees feel safe and included.

ADDRESSING CHALLENGES

Even as we move forward with strategic planning and decisions, we must also navigate among some challenges. Our fishing enterprise, Nuluak, continues to be impacted by quota cuts to our snow crab and shrimp quotas. And we hope to

soon conclude an agreement to implement an all-Inuit solution to capitalize on the abundant harp seal resource at Nunatsiavut's doorstep.

On the construction side, we are taking steps to address productivity and profitability. Our construction firm provides a vital service to Nunatsiavut and there is strong potential for this business in other parts of Labrador. We are determined to ensure that construction continues to provide value and that it encourages improving the skillset among Beneficiaries.

THE FUTURE

The Nunatsiavut Group of Companies is well positioned to continue its growth and the promotion of Beneficiaries. Our strong leadership team and a resilient and skilled workforce allow us to continue to seek new opportunities in Nunatsiavut and the rest of Labrador, and in the Arctic with our fellow Inuit. With the continued support of the Labrador Inuit Capital Strategy Trust, we will achieve those goals.



Photo: Nuluak Fisheries



Photo: Sarah Leo



Photo: Bird's Eye Inc. for NCI

THE COMPANIES

NGC NUNATSIAVUT CONSTRUCTION INC. (NCI)

In 2021, NCI made significant progress toward becoming a year-round Trans-Labrador general contractor, while maintaining its focus on building essential infrastructure in Nunatsiavut. The bulk of NCI's revenue continued to come from projects within Nunatsiavut where new construction and renovations comprised the greatest share of its work.

ROOFING DIVISION A SUCCESS

The company's goal to compete for work outside Nunatsiavut to become a 12-month operation bore fruit in 2021. NCI's entry into the roofing business produced substantial results, with several roofing jobs completed in Upper Lake Melville and Nunatsiavut in 2021. NCI won tenders for three Nalcor roofing jobs - diesel plant roofs at L'anse au Loup and St. Anthony and residential roofing at Churchill Falls. Those jobs were rescheduled for 2022 because of supply chain problems that delayed the delivery of materials.

The journey to building a roofing division began when NCI became a BP Canada certified roofer. The company is working toward becoming a certified installer with Soprema, an international manufacturer specializing in products for waterproofing, insulating, and soundproofing roofing systems.

Successful completion of the 2-year program will qualify NCI to carry out specialized work under the company's installer program.

NEW CAPITAL EQUIPMENT

With support from the Labrador Inuit Capital Strategy Trust, NCI is modernizing its fleet of vehicles and heavy equipment. This program began in 2021 with the purchase of a new crusher and screener for its aggregate operation in Nain, as well as a dump truck and a float to transport tracked equipment.

Further capital improvements are expected in 2022.

CHALLENGES IN 2021

While 2021 didn't present the same problems as 2020 with respect to the COVID pandemic, the year still had its share of challenges. Building materials were hard to source and considerably more expensive than in 2020. This delayed progress on some work and, as in the case of the Nalcor roofing projects, it delayed completion until 2022. Contracted services such as electrical and plumbing also increased in price, putting additional pressure on the cost of completing work.

EMPLOYMENT LEVELS INCREASE

Considerably more work was undertaken by clients in 2021 and this had a positive impact on employment levels within NCI. Overall employment numbers increased by 52% over 2020 and Beneficiary employment increased by 57%.

SAFETY REMAINS FOCUS OF OPERATIONS

NCI believes that no job is complete or successful unless it is safe. The company invests considerable resources in health and safety training for its employees and maintains active membership in organizations that promote and audit safe work practices.

NCI has been COR certified since 2014. COR is an occupational safety and health accreditation program. It utilizes an independent audit process to verify that companies have a fully implemented safety and health management system meeting national standards.

CONFIRMED WORK FOR 2022

NCI has several projects scheduled for 2022, including the Nalcor roofing jobs originally scheduled for 2021, Newfoundland and Labrador Housing Corporation projects in Happy Valley-Goose Bay and Labrador City, and projects for Labrador-Grenfell Health.



The LICST approved significant capital investments for NCI in 2021, including a new stone crushing plant.
(Photo: NCI)

68%



OF REVENUE CAME FROM
NUNATSIAVUT IN 2021

NUNATSIAVUT MARINE INC.

Nunatsiavut Marine Inc. (NMI) provides vital shoreside services for the Labrador coastal marine service in support of passenger and freight service to the north and south coasts from June until December each year.

Increased capital expenditures in 2021 contributed to improvements in efficiency and productivity for NMI as it concluded the third year of its 15-year contract with Labrador Marine Inc. NMI continued its vital focus on the health and safety of its employees as well as passenger and commercial clients.

SEASON A SUCCESS

The 2021 season started on schedule, with first freight being accepted at Goose Bay on June 7 and the first voyage north on June 13. By season's end, the service had handled more than 15,000 tons of freight and cargo and 885 personal vehicles, both record numbers for the coastal marine service. Passenger numbers recovered from the COVID-impacted 2020 season and surpassed the numbers for the pre-pandemic year of 2019.

Efficiency was substantially improved at the Goose Bay terminal with the construction of a second loading bay for commercial shippers

and the addition of new equipment for staff to load and handle cargo. As greater volumes of freight arrived in late fall, NMI crews handled the additional shipments quickly and efficiently.

During the year, capital improvements were carried out in Nain and Hopedale with refrigerated containers installed in both ports to temporarily store perishable and frozen foods.

MORE CAPITAL IMPROVEMENTS IN 2022

In December 2021, the Labrador Inuit Capital Strategy Trust approved funding for additional refrigerated containers to be placed in the ports of Rigolet, Postville, and Makkavik. These units were purchased in late 2021 and will be installed during the 2022 season. The coastal service will be further enhanced with the purchase of a fourth 53-foot hybrid reefer to transport perishable and frozen foods. Hybrid reefers run on electric and diesel and can be connected to the ship's power supply or operated on diesel while on the dock at coastal ports.

NMI will carry out further improvements at the Port of Goose Bay by purchasing new equipment and making repairs to extend the life of existing equipment that is used to transport trailers and containers around the yard and onto the ship.

EMPLOYMENT IN 2021

The bulk of NMI's employees work at the Port of Goose Bay and include customer service representatives, freight handlers, and supervisory personnel. NMI employs wharfingers in each of the coastal ports. In 2021, the company employed 36 people, of whom 18 were Nunatsiavut Beneficiaries.

*NMI's shore staff again contributed to a successful year for the north and south coast marine service. Shipments of cargo and the transport of private vehicles increased again in 2021, and passenger levels exceeded pre-pandemic levels for 2019.
(NMI photos)*

**3- YEAR COMPARISON
(Cargo, Passengers, Private Vehicles)**

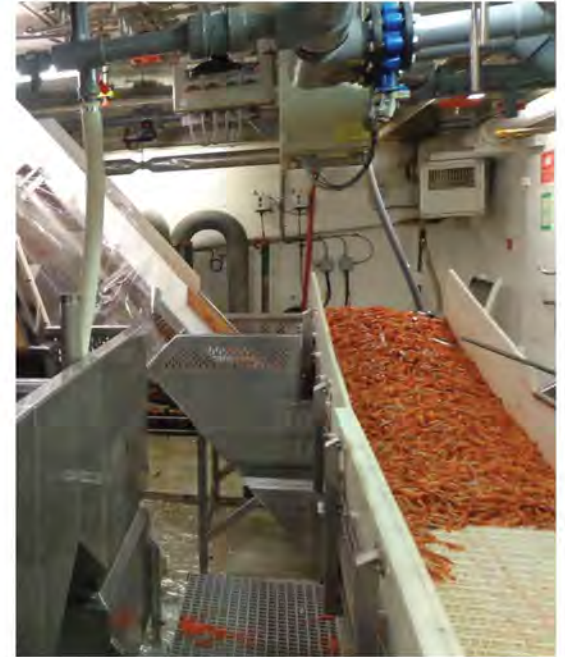
	2019	2020	2021
Cargo Handled	12,518	14,696	15,486
Passengers	4,008	3,154	4,350
Private Vehicles	336	504	885



NULUAK FISHERIES

Nuluak Fisheries oversees the fishing licenses and quotas that are owned by the Labrador Inuit Capital Strategy Trust. It collects royalties from its interest in northern shrimp and from Atlantic and Greenland halibut sales through to its investment stake in PiKalujak and Dominion Trading Limited.

Nuluak Fisheries performed well again in 2021, contributing substantially to LICST's consolidated financial position. However, several factors impacted the overall performance, including timing of harvesting, decreases in quota, ice conditions, the pandemic, and a required retrofit of the vessel that harvests LICST's shrimp quota. The result was that the 2021 northern shrimp quota was not harvested during the year. That quota will be taken in 2022 along with some remaining 2020 quota. This will contribute positively to Nuluak's financial position in 2022.





Nuluak's shrimp quota is processed at sea aboard modern factory ships (previous page). The catch is packaged on board and offloaded in Newfoundland for shipment to markets around the world.

(Photos: PiKalujak Fisheries and Ocean Prawns)

NUNAK LAND CORPORATION (Nunak)

In 2021, Nunak focused on completing upgrades to two of its properties, at the Morhardt Building in Nain, and the NGC office complex in Happy Valley-Goose Bay. Upgrades were also completed at the two quadplexes (8 units) in Happy Valley-Goose Bay, which are operated through Goose Bay Capital Realty.

The Morhardt Building leases space to commercial and Nunatsiavut Government clients. The 2021 project involved replacement of the roof. This completed a major overhaul of the building that began in 2020 with new siding, windows, and stairways.

The NGC office complex houses senior and administrative staff. Renovations were undertaken in 2021 to optimize office and common space, as well as expansion of the boardroom to accommodate the organization's evolving needs.

The quadplexes in Happy Valley-Goose Bay are rented to the Labrador Friendship Centre. The work in 2021 involved painting and bathroom upgrades, as well as completion of a project that began in 2020, which involved window replacement and exterior painting.



The boardroom at NGC headquarters in Happy Valley-Goose Bay.
(Photo: Janice White)



NGC SOLUTIONS INC. (NSI)

NGC Solutions Inc. (NSI) operates Café Illusuak and the gift shop at the Illusuak Cultural Centre in Nain. NSI also manages Base Camp at the base of the Torngat Mountains National Park in collaboration with Air Borealis. Both operations continued to be impacted in 2021 because of public health restrictions implemented to fight the COVID-19 pandemic.

CAFÉ AND GIFT SHOP

As public health guidance evolved during 2021, the Café Illusuak pivoted from physically distanced in-house dining to takeout service. While this proved to be a challenge from an operations perspective, Café staff continued to provide a high level of service and adopted a strong social media presence to promote the food service.

The absence of tourists during the 2020 and 2021 seasons impacted both the Café and the gift shop. However, the Café is in a strong position to meet the needs of local customers and tourists once travel restrictions are eased.

BASE CAMP

The positive news in late 2021 was that Base Camp began accepting reservations for the 2022 season. Reservations opened in October and public interest was strong.

NSI and Air Borealis partnered with Parks Canada, the Nunatsiavut Government, and Oceans North to carry out a major site cleanup and infrastructure repairs in 2020. The Nunatsiavut Government undertook additional repairs in 2021.



Furniture at the Cafe Illusuak in Nain was upgraded in 2021. While the COVID-19 pandemic impacted operations at the cafe, staff continued to provide a high level of service.
(Photos: Sarah Leo)

GOOSE BAY CAPITAL CORPORATION (GBCC)

The opening of the Central Labrador YMCA (Wellness Centre) at Town Centre in 2021 represented a significant step in the development of GBCC's 310-acre commercial and residential development. The NGC/GBCC partnership with the Town of Happy Valley-Goose Bay was realized through a land transfer, which played a major role in the development and construction of the facility.

GBCC continues to attract considerable interest from potential developers. The area's central location and its accessibility through major traffic routes make it an ideal location for commercial and public institutional interests.

GBCC operates under Nunak Land Corporation.





The Town Centre development boasts 310 acres, suitable for commercial and other uses. Gear's Gains and the YMCA are located on the site and there continues to be strong interest from potential developers. (Photos: Janice White).

Previous page: Artist's rendering of the developed Town Centre. (GBCC)



(Photo: Air Borealis)



(Photo: TSI)



(Photo: Timmiak Construction Limited)



(Photo: Bird's Eye Inc. for NCI)



(Photo: Timmiak Construction Limited)

TORNGAIT SERVICES INC. (TSI)

2021 was another active year for TSI at the Vale mine site in Voisey's Bay. As the site services provider since 2005, TSI has been tasked with providing services that have grown in scope and size as the mine expansion project progressed.

Increased construction activity required additional staff in areas such as flight operations, on-site transportation, warehousing, inventory tracking, tree cutting and site clearing, and in the rock crushing operation which provides stone of various sizes for projects ranging from backfill for new infrastructure to road maintenance.

EMPLOYMENT LEVELS HIGH IN 2021

While employment levels fluctuated with the amount of project work at various times during the year, overall, employment levels remained high. TSI employment reached a peak of 270 in 2021 and was at 259 at the end of November. 34 percent of the employees were Nunatsiavut Beneficiaries.

TRAINING PROGRAM

TSI's training program has been highly successful in enhancing skills at all levels, from life safety training to working in confined spaces, all the way to operating large pieces of heavy equipment. The program, which is overseen by two onsite trainers, has gained additional importance with the Vale site's transition to an underground mine. Vale estimates that the underground mine will remain in operation until at least 2034, bringing with it the prospect of continued permanent employment for Beneficiaries who have the required training.

The training program is available to all TSI employees. It offers a combination of classroom and 'seat time' on various pieces of equipment. Once an employee becomes proficient and is 'signed off' by the trainers, they are eligible to relieve permanent operators and to be considered for permanent jobs.

There has been a substantial increase in overall training and equipment training hours since the program's inception. TSI and Vale's commitment to the training program continued through the disruptions imposed by the pandemic, showing significant increases in training hours in 2020 and 2021.

Several Beneficiaries have qualified for positions with TSI involving the operation of heavy equipment. There are other success stories from this program, where Beneficiaries have moved to jobs with onsite contractors or to permanent employment with the mine.

A separate training program that is intended to expose Beneficiaries to the various jobs at the mine over a nine-month period again had to be postponed in 2021. The Job Readiness Training Program (JRTP) will be delayed beyond 2022, as all available beds in the accommodations units at site are being occupied by the construction workforce. TSI remains committed to supporting the program which is designed to accustom applicants to working at an industrial site and to the lifestyle of a work camp, including the fly-in, fly-out two-week work cycle.

THE FUTURE

Discussions were underway in late 2021 to extend TSI's site services contract beyond the original April 2022 date to the fall of 2023, when it's expected the mine expansion project will be complete. TSI remains hopeful that it will retain the site services contract once the underground mine goes into production.

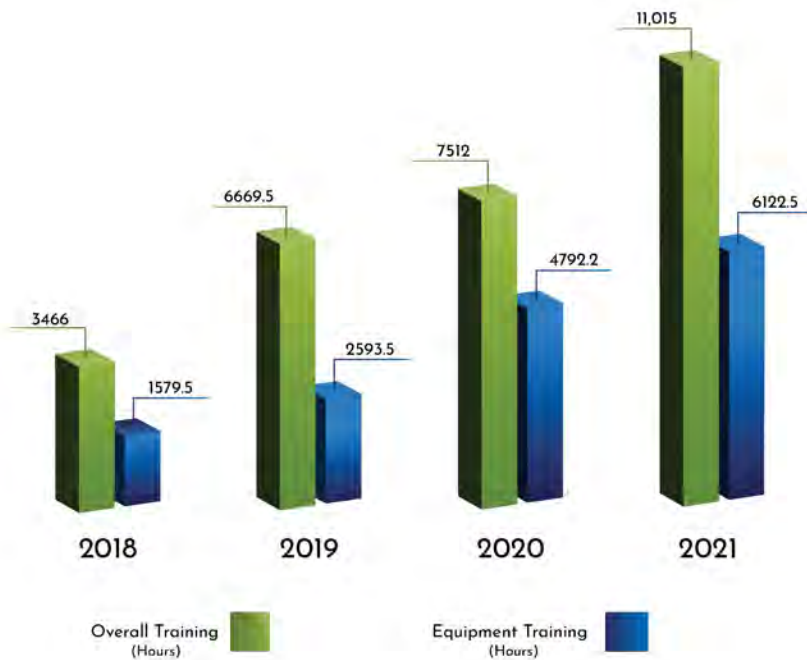
217%

INCREASE IN OVERALL
TRAINING HOURS
SINCE 2018

287%

INCREASE IN
EQUIPMENT TRAINING
HOURS SINCE 2018

4-Year Comparison of Training Hours for TSI employees at the Vale mine



AIR BOREALIS

In 2021, Air Borealis posted its best performance since its formation in 2017. Performance was driven by several key factors. Passenger traffic recovered to nearly 100% of pre-pandemic levels and there was an increase in cargo shipments. A combination of fishing camp activity and special operations contributed to a full season for the float plane operation.

The helicopter service continued to grow and the company's fixed-wing contract to provide medevac and scheduled medical travel for Labrador-Grenfell was renewed for an additional two years to 2023. Other operations, including the Right Whale Survey for the Department of Fisheries and Oceans and procurement of fuel for the Vale mining operation also contributed to the airline's success in 2021. 65 million litres of fuel were procured in 2021, an increase of 20 million litres from the previous year. These activities allowed Air Borealis to return to its full complement of 150 employees.

In 2021, the company introduced a cargo tracking website. The site provides live tracking information from the moment cargo is received for shipping right through to arrival at its destination. This do-it-yourself tracking system allows customers to have up-to-date information about the location of their shipment.

Air Borealis operates the Torngat Mountains Base Camp in collaboration with NGC Solutions Inc. The 2020 and 2021 seasons were cancelled because of travel restrictions associated with the pandemic. However, it was decided in the fall of 2021 to plan for a season in 2022 and reservations opened in October.

NEW AIRCRAFT ACQUIRED

Air Borealis added a tenth Twin Otter to its fleet in 2021, allowing for greater flexibility in flight recovery for both passengers and cargo after weather-related delays, as well as providing greater certainty for people travelling for medical appointments. The additional aircraft also allowed Air Borealis to meet increased demand for flight services due to the mine expansion project underway at Voisey's Bay.

HELICOPTER SERVICES

Air Borealis' helicopter operation, begun in 2020 in a leasing arrangement with Custom Helicopters, has proven to be highly successful. Starting with the lease of one A-Star B2 aircraft, the operation has grown to include two additional helicopters, a second B2, and a Bell Long Ranger 206.

The airline is in the third year of a 3-year contract with Vale and at the start of a 3-year contract to provide flight services to Newfoundland and Labrador Hydro, with an option for a further two years. The helicopter operation also supports mineral exploration in Labrador and other client needs. Under its arrangement with Custom Helicopters, Air Borealis can lease additional aircraft as its business increases.

INFRASTRUCTURE IMPROVEMENTS

Significant resources were directed to infrastructure improvements in 2021. Major renovations were carried out at Hanger 18 to provide additional cargo space. The public lobby at the cargo facility was updated and improvements were made inside the terminal to create a better flow for cargo from the time a shipment is received through to when it is loaded onto the aircraft.

Air Borealis will continue to make improvements to its facilities in 2022 with investments in new ground equipment to facilitate the loading and unloading of aircraft. The airline will also renovate an additional hanger and increase its office space.

CONTINUED FOCUS ON SAFETY

Air Borealis is committed to providing safe and reliable service to all its clients and customers. Staff training is tracked so that employees in all parts of the company remain up to date on the requirements for their specific job, including safety and job skills.

The airline also ensures that its fleet of aircraft is maintained, both through regular and long-term maintenance projects. In 2021, three Twin Otters underwent a 5-year corrosion inspection, a six-week project for each aircraft. During this process, each aircraft was disassembled and checked for corrosion and metal fatigue.

Air Borealis added a tenth Twin Otter to its fleet in 2021.
(Photo: Air Borealis)

THE FUTURE

Air Borealis continues to focus on enhancing service to Labrador's north coast and to its existing commercial and corporate clients. Simultaneously, the airline is pursuing additional opportunities and hopes to expand into new markets in 2022. Expansion would require the purchase of new aircraft and the hiring of flight crews.

In 2022, Air Borealis will again team with Moncton Flight College to host flight training in Happy Valley-Goose Bay. The hope is that by providing flight training close to home, students from Labrador will choose a career in aviation and fill some of the positions in Air Borealis' growing and evolving business.





Top left: Air Borealis Twin Otter at Nain in December 2021. Right: New ground servicing equipment at Goose Bay, part of the airline's capital investments in 2021. Bottom: The airline's float plane operation supports fishing and hunting camps as well as mineral exploration activities. (Photos: Air Borealis and Brianna Ricketts)

3-Year comparison Air Borealis

	2019	2020	2021
 TWIN OTTERS	9	9	10
 HELICOPTERS	-	1 <small>first year in operation</small>	3
 FLIGHT HOURS	10,000	11,000	14,500
 PASSENGERS CARRIED	26,000	15,052	16,000
 CARGO TRANSPORTED	4.25 MILLION POUNDS	3.5 MILLION POUNDS	4.6 MILLION POUNDS
 MEDEVAC/SCHEDULED FLIGHTS	150	230	333

INTEGRATED NUNATSIAVUT LOGISTICS (INL)

In 2021, Integrated Nunatsiavut Logistics (INL) completed the second year of a two-year contract to ship equipment and material in support of the Voisey's Bay Mine Expansion project. Shipments were delivered through seven barge lifts and two ships.

INL is a partnership between Nunatsiavut Marine Inc. (51%) and Integrated Logistics (49%) and completes deliveries through arrangements with third-party shipping interests. Stevedoring services at the Vale site are provided through arrangements with Torngait Services Inc.

At the end of 2021, INL was continuing to pursue new opportunities.



Integrated Nunatsiavut Logistics has completed 33 barge lifts and ship transports to support the Vale underground expansion since 2018.
(INL photos)



TIMMIAK CONSTRUCTION LIMITED

Timmiak Construction Limited is a joint venture heavy civil construction company that had significant involvement in providing civil works support for the Vale underground project.

Owned 51% by NGC and 49% by Bird Heavy Civil Limited, Timmiak's primary activity in 2021 was completing the closeout of its Vale contracts. Those contracts were completed over three years:

- Supply of pre-cast concrete
- Civil works to support the underground expansion project
- Concrete work for five Raised Bore Collars
- Equipment rentals

Beyond its primary heavy civil focus, Timmiak sees potential to expand its services into new areas, including structural, mechanical, process, electrical, and instrumentation (SMPEI), as well as contract scopes.



PAN ARCTIC INUIT LOGISTICS (PAIL)

The Nunatsiavut Group of Companies is part of a consortium of six Inuit economic development corporations with equal shares in Pan Arctic Inuit Logistics (PAIL). PAIL was formed in 1994 to pursue Arctic economic opportunities to benefit Inuit and their communities.

PAIL and ATCO Frontec own Nasittuq Corporation, which provides site support and management services to the Canadian military for operation of the 90 buildings and extensive property that comprise CFS Alert in Nunavut.

In 2021, Nasittuq responded to the Government of Canada's request for proposals to operate the North Warning System, a string of 47 radar sites that stretch across Canada's Arctic and into Labrador. The sites exist to promote North American air sovereignty. In January 2022, Nasittuq was awarded the contract for 7 years with four 2-year option periods. Under the terms of the PAIL-ATCO Frontec bid, it was agreed that PAIL would assume majority ownership of Nasittuq Corporation if the group was awarded the North Warning System contract.


PAIL's partners continue to discuss other business opportunities to benefit Inuit across the north. In 2018, the partners formed the Inuit Development Corporation Association to influence federal government decisions around innovation, trade, and commerce.






In early 2022, a consortium of Inuit economic development corporations, including NGC and partner ATCO Frontec, were successful in winning the contract to operate and maintain the North Warning System. Nasittuq Corporation will carry out the work under a 7-year contract, with four additional 2-year options.

(Photo: Nasittuq Corporation)

A concrete mixer truck is parked in a large, open-pit construction site. Several workers in white protective suits and yellow hard hats are standing around the truck, which is positioned on a concrete slab. The background shows a steep, rocky hillside.

Construction of Raised Bore Collars for the Vale underground mine expansion.
(Photo: Timmiak Construction Limited.)

A long, yellow metal catwalk structure is built along a concrete wall in an underground mine. The structure consists of a series of yellow railings supported by vertical posts. The floor below the catwalk is dark and appears to be a settling sump. A yellow vehicle is partially visible in the background.

Settling sump catwalk construction at Vale underground mine.
(Photo: Redpath Canada Limited)

INNU-INUIT PARTNERSHIPS

NGC has been part of the Vale mining operation at Voisey's Bay since Torngait Services Inc. became site services provider in 2005. When Vale announced the plan to move mining activity underground, NGC formed partnerships with leading Canadian and international companies involved in mine development, engineering, logistics, and construction. NGC also leveraged the strength of Innu Development Limited Partnership (IDL) to create a strong Labrador Indigenous entity to pursue contracts at Vale.



Innu-Inuit Redpath LP

This partnership was formed in 2018 and has developed the mine's underground tunnel and ramp network.



Innu-Inuit MacLean LP

The partnership is focused on providing mobile mining equipment to the Vale project.



Innu-Inuit Kiewit Constructors

This company is geared toward heavy civil, mechanical, electrical, and industrial construction.



Innu-Inuit PDI GP Inc.

Innu-Inuit PDI was formed in 2017 to supply mine ventilation door systems to Vale. Innu-Inuit PDI will continue to provide parts, as well as further installation and services for the underground mine.



Innu-Inuit Toromont GP Inc.

This company was formed in 2017 and provides power generation plants to the Vale mine.



ACI Labrador LP

ACI installed the main mine ventilation system, as well as underground auxiliary ventilation.



Innu-Inuit Foraco LP

Innu-Inuit Foraco is a partnership that provides diamond drilling services to Vale.



Previous page, MacLean E3 Explosives Charger equipped with a Dyno Nobel emulsion package at work in the Eastern Deeps section of the Vale project.

(Photo used with permission of Dyno Nobel)



Voisey's Bay sunset.
(Photo: TSI)



Construction of Raise Bore Collars for the Vale underground mine.
(Photo: Timmiak Construction Limited)



The coastline adjacent to Nunatsiavut sustains an array of marine life, including char, cod, polar bears, harp seals, and seabirds. NGC is committed to protecting the environment in all its operations.

(Photo: Janice White)

A white rectangular box with a green border containing the text 'CORPORATE SOCIAL RESPONSIBILITY'. The background of the slide features a light blue and white pattern of dots and a dark blue curved shape in the top right corner.

CORPORATE SOCIAL RESPONSIBILITY

The Nunatsiavut Group of Companies embraces the concept of social responsibility through its Corporate Social Responsibility (CSR) program which positively contributes to the well-being of the environment, employees, Nunatsiavut Beneficiaries, and Nunatsiavut communities.

The CSR program is built on six distinct pillars:

- Stewarding a sensitive environment
- Protecting health and safety
- Supporting employment
- Supporting local economies through profitable operations
- Reflecting our Inuit culture
- Acting ethically and with transparency

NGC employs a diverse mix of initiatives in fulfilling its CSR commitments:

- mitigation of environmental risks in its various projects.
- promotion of employee health and safety through training and the adoption of auditable safety practices.
- cash or in-kind contributions to Nunatsiavut Beneficiaries, communities, and local groups.



The LICST and NGC organized a community meet and greet during their business meetings in Nain in August 2021.

(Photo: Janice White)

Next Page:

Top: NGC supported a team of Beneficiary powerlifters that attended a meet in Nova Scotia. Bottom right: NGC staff in Nain attend an Inuit craft-making session. Left: Nunatsiavut Beneficiary and Air Borealis First Officer (now Captain) Kayla Torarak with Captain Neil Purchase and Nunatsiavut nursing staff, holding a package containing the Moderna vaccine to be administered to residents of her home community of Hopedale.

(Photos: Top right, submitted; bottom right, Janice White; bottom left, Tina Buckle)

RECORD CONTRIBUTION VALUE IN 2021

The single largest CSR contribution in 2021 was the 81,000-pound snow crab quota that is owned by LICST but managed by the Nunatsiavut Government. The government engages independent Nunatsiavut harvesters to catch the quota. The price of snow crab was at a record high in 2021 and this raised the cash value of the snow crab contribution to approximately \$600,000. Combined with NGC's donation of \$50,200 to community groups for food and firewood purchases, \$18,500 in scholarship awards from several companies, and other contributions such as airline tickets and sponsorships, the cash value of NGC's CSR total contribution was approximately \$700,000.

This amount does not include the substantial amounts that NGC and the affiliated companies expended on environmental protection, health and safety, and meeting their commitment to be transparent and accountable.



CONTRIBUTIONS THROUGH SPONSORSHIP AND DONATIONS POLICY

NGC contributed \$3,200 to support youth initiatives, sports, and programs for individuals under its Sponsorship and Donations Policy in 2021.

- Supported DHSD Bike Rodeo for youth in Nain as part of Suicide Prevention Week
- Supported initiatives in Nain, Postville, and Upper Lake Melville in support of Beneficiaries
- Provided support for youth and sports events

NGC assesses requests in line with four priority areas:

- Activities geared toward children and elders
- Programs that contribute to the preservation of Inuit culture
- Local committees that are focused on the overall well-being of communities in Nunatsiavut
- Earth-friendly causes





NGC provides support to Beneficiaries who compete in sporting events, including powerlifting, hockey, the Lab Cup soccer tournament, and volleyball. NGC also supports community events such as the Nain Bike Rodeo, organized by the Nunatsiavut Government's Department of Health and Social Development and the RCMP.

(Photos: Left, T.J. Gear; Bike Rodeo, Nunatsiavut DHSD)

DONATION TO COMMUNITY GROUPS TO SUPPORT FOOD SECURITY AND FIREWOOD PURCHASES

In December 2021, NGC donated \$50,200 to community groups in Nunatsiavut and Upper Lake Melville to assist in the purchase of food and firewood.

Nain	TaKuaKautik Food Bank	\$20,100
Hopedale	HICG Food Bank and Wood Program	\$10,600
Makkovik	Makkovik Wood Pantry/Woodbox Comm.	\$6,600
Postville	PICG Food Bank and Hampers	\$3,100
Rigolet	St. Timothy's Food Bank	\$5,600
Happy Valley-Goose Bay/Mud Lake	Max Winters Community Freezer	\$3,100
North West River	Sivunivut Inuit Community Corp. Freezer	\$1,100

The funds donated by NGC helped community groups address issues related to food insecurity and in the purchase of firewood. All groups receiving the funds are run by volunteers. NGC salutes their work in maintaining healthy and vibrant communities.

Thank-you again for the Christmas 2021 donation. We received the funds, and allocated them in the following way:

- \$2,500 towards Christmas Hampers
- \$500 towards the Food Bank

Glenda Sheppard

Chief Administrative Officer, Postville Inuit Community Government

We used the funds from NGC to enhance the funds for Christmas Hampers for the Elders 60 and over in Happy Valley-Goose Bay and North West River who access the Freezer during the year. Nakummek NGC. It was very much appreciated and helped us to provide 185 (hampers) this year, up from 165 in past years.

Patricia Kemuksigak

Chair, NunaKatiget Community Corp. (Managers/operators of Max Winters Community Freezer)

We are very grateful for all the donations we received from NGC. We are going to purchase some fresh vegetables and hopefully a piece of salt beef to go with it!

Maxene Winters

Sivunivut Inuit Community Corp. Freezer, North West River

We chose to provide a \$100 voucher for each home in our community that was to be used for food items only. This way, each home would be guaranteed to have their big Christmas meal, or stock up on foods that are used a lot during the holidays and pandemic. We have 135 homes in Makkovik that were occupied in December and each home took part in this program. We had some very nice reviews.

Carol Gear

Makkovik Pantry and Woodbox Committee

STEWARDING A SENSITIVE ENVIRONMENT

- NCI began reclamation of unused portions of the Nain quarry and established a safe walking trail around the quarry perimeter allowing residents to use traditional trails.
- A remediation plan for the Ten Mile Bay quarry site has been completed. NGC and the Nunatsiavut Government will collaborate on implementing the plan.
- NMI takes a proactive approach to environmental protection by locating oil spill kits in each port and maintaining its equipment to prevent the occurrence of oil leaks.

NGC continues to work with the Nunatsiavut Government to remediate the former quarry site at Ten Mile Bay. In late 2022, NGC will undertake a cleanup of debris and derelict equipment scattered throughout the site.

(Photo: Janice White)

PROTECTING HEALTH AND SAFETY

- NCI retained COR status for the ninth consecutive year. COR is an industry-certified independently audited safety program.
- NCI held training seminars in Nain to ensure that all crew members have the necessary skills and health and safety-related training.
- NMI carried out safe work practices through measures such as daily toolbox meetings with all staff, construction of a new maintenance shed for its mechanic, and initial and recurrent training in areas such as forklift operation, First Aid, Reach Stacker operation, rigging, fall protection, confined space entry, and Transportation of Dangerous Goods.
- NGC and all units promote mental health wellness. TSI's Employee Assistance Family Plan is available free to all members and their families.
- All units followed public health guidance and protocols to prevent the spread of COVID-19 and its variants.
- NGC and Air Borealis worked with Labrador-Grenfell Health to transport COVID-19 vaccines and nursing staff to carry out the vaccination program in Nunatsiavut communities.

NGC and its partners invest substantial resources to ensure a safe work environment for staff, contractors, and the general public. Membership in safety organizations and auditable safety plans demonstrate NGC's commitment to health and safety.

(Photo: TSI)





SUPPORTING EMPLOYMENT

- TSI continued its training program for Beneficiaries at Voisey's Bay.
- NCI hired three Beneficiary students for summer employment.
- NSI hired one Beneficiary student to work in the Cafe Illusiak.

A TSI employee supporting mineral exploration activity at Voisey's Bay.
(Photo: TSI)

SUPPORTING LOCAL ECONOMIES THROUGH PROFITABLE OPERATIONS

- With its large work portfolio in Nunatsiavut, NCI supported local business through significant expenditures on travel, food, and accommodations.
- Where possible, NMI makes the majority of its purchases locally and supports local groups and clubs through annual donations.
- NMI sponsored/paid for freight charges to support community group initiatives for organizations such as food banks.
- NCI shipped building materials to Nain for local private purchase after the local retailer discontinued that part of their business.
- NGC, TSI, Air Borealis, PiKalujak Fisheries Limited, and Bird Heavy Civil Limited provide annual scholarships totalling \$18,500 to Beneficiaries pursuing post-secondary education.



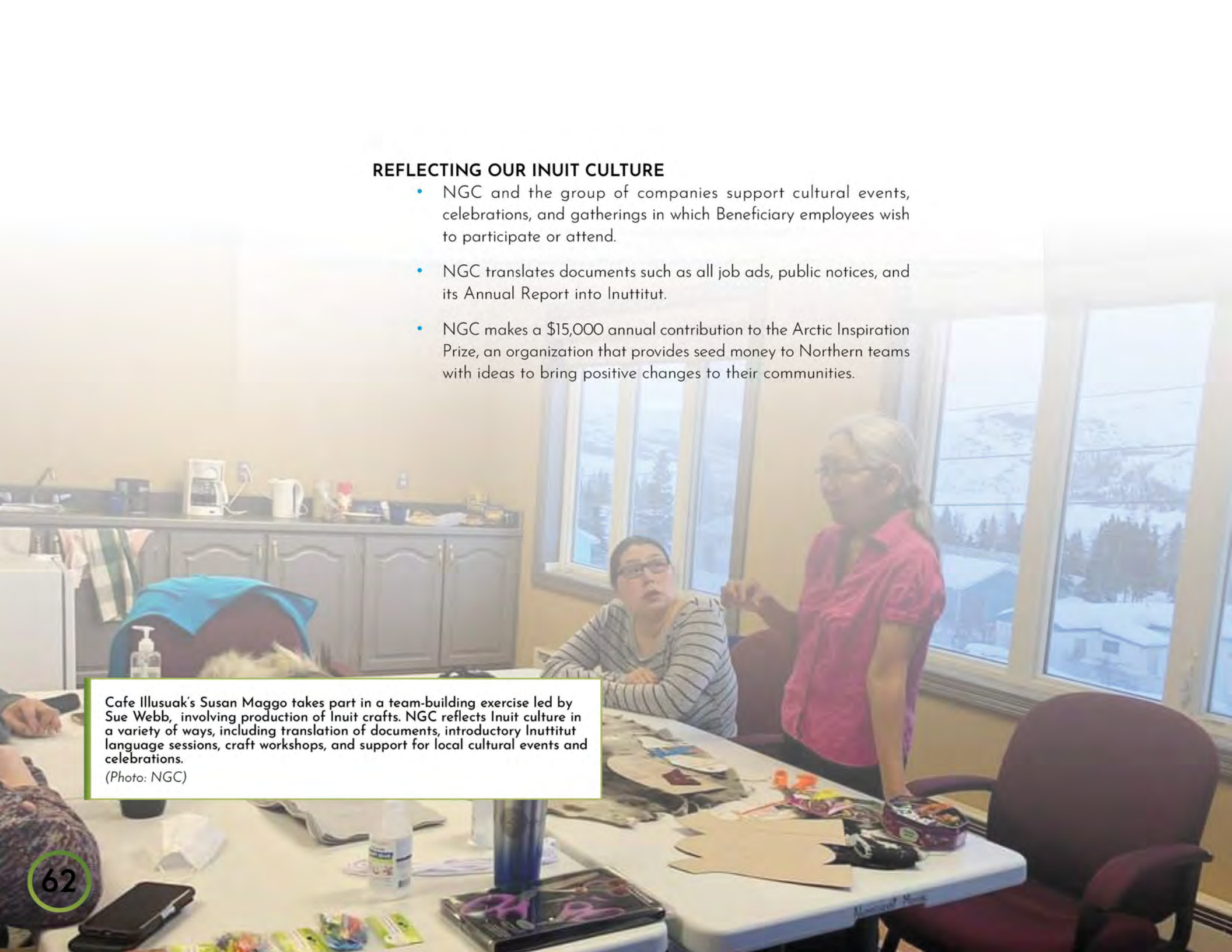
Top: Completed duplex for Torngat Regional Housing Association in Hopedale.
(Photo: NCI)

Middle: NGC's donation assisted Nunatsiavut food banks and firewood programs, including the volunteer efforts at the Max Winters Community Freezer in Happy Valley-Goose Bay.
(Photo: Max Winters Community Freezer)

Bottom: LICST and NGC leaders enroute to visit Ten Mile Bay in August 2021.
(Photo: Janice White)

REFLECTING OUR INUIT CULTURE

- NGC and the group of companies support cultural events, celebrations, and gatherings in which Beneficiary employees wish to participate or attend.
- NGC translates documents such as all job ads, public notices, and its Annual Report into Inuttitut.
- NGC makes a \$15,000 annual contribution to the Arctic Inspiration Prize, an organization that provides seed money to Northern teams with ideas to bring positive changes to their communities.



Cafe Illusuak's Susan Maggo takes part in a team-building exercise led by Sue Webb, involving production of Inuit crafts. NGC reflects Inuit culture in a variety of ways, including translation of documents, introductory Inuttitut language sessions, craft workshops, and support for local cultural events and celebrations.

(Photo: NGC)



ACTING ETHICALLY AND WITH TRANSPARENCY

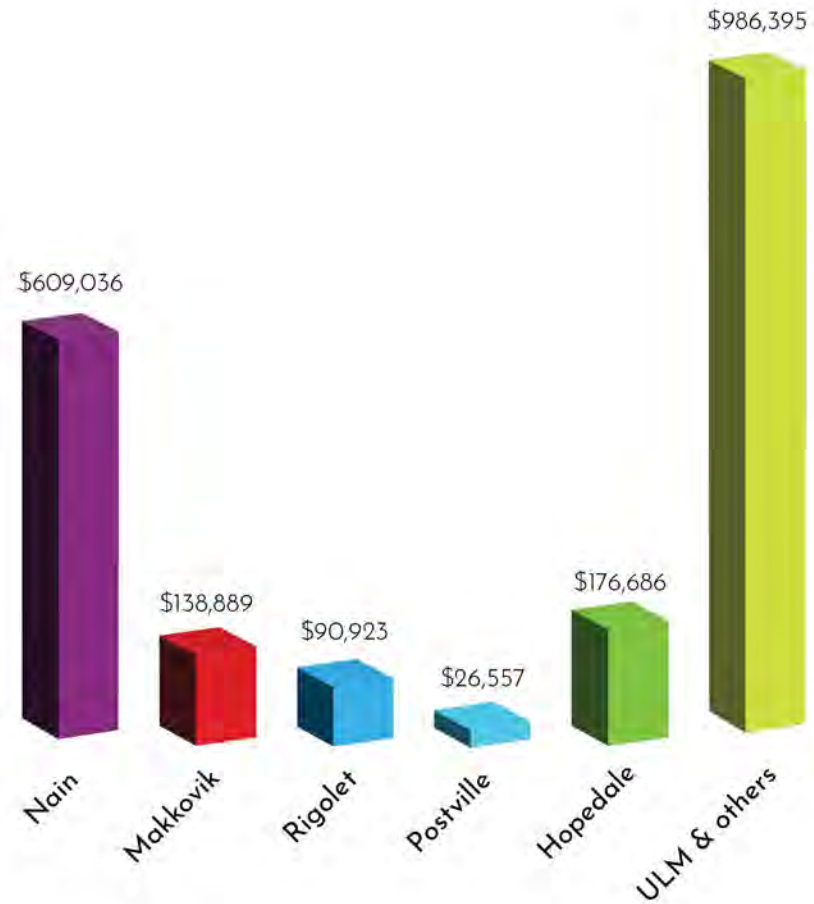
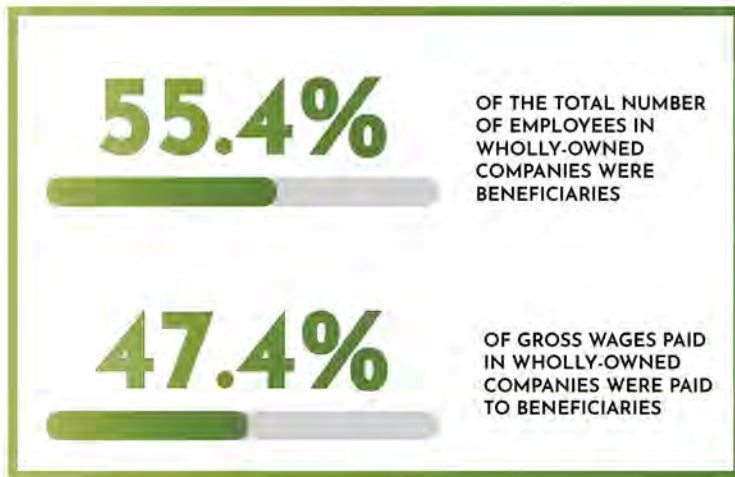
- NGC reports on its activities through a quarterly newsletter, social media sites, its website, and public meetings. The organization also produces an annual report with audited financial statements for its operations.
- The LICST and NGC report annually on operations to the Nunatsiavut Assembly.
- In August 2021, the LICST and NGC held their quarterly meeting in Nain, met with community and Nunatsiavut Government members and officials, and toured NGC operations in the area, including the Ten Mile Bay quarry site.

LICST, NGC, and the auditors made their presentation on NGC's 2021 operations and financial performance at the Nunatsiavut Assembly in September.

(Photo: Sarah Leo)

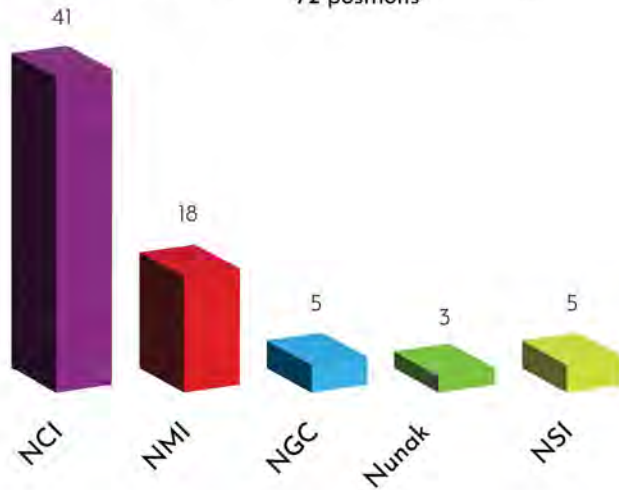
Beneficiary and non-Beneficiary employment and gross wages in NGC/Affiliates in 2021

NGC/Affiliates gross wages by community in 2021 (NGC, NCI, NMI, Nunak, NSI)



Beneficiaries and non-Beneficiaries employed with and by NGC/Affiliates in 2021

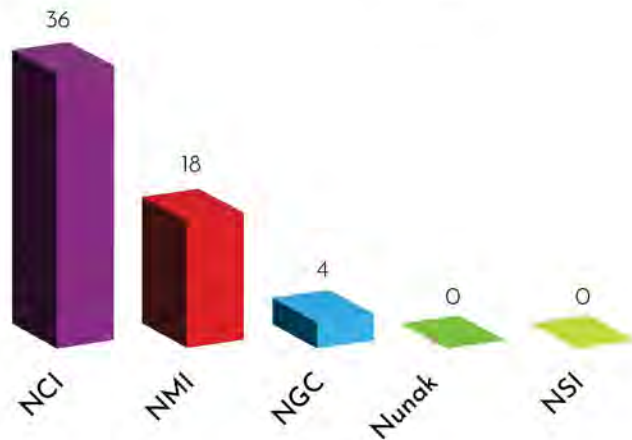
Beneficiary Employment -
72 positions



Beneficiary Gross Wages



Non-Beneficiary Employment -
58 positions



Non-Beneficiary Gross Wages



SERVICE AWARD AND RECOGNITION PROGRAM

In 2021, the Nunatsiavut Group of Companies announced a program to recognize the contribution of its employees to the profitability and sustainability of its five 100%-owned companies - NGC Nunatsiavut Inc., NGC Nunatsiavut Construction Inc., Nunatsiavut Marine Inc., NGC Solutions Inc., and Nunak Land Corporation (including GBCC and GBCR).

The program has two parts. The Service Award recognizes employees for their years of service and will be awarded at 5-year intervals, starting with the 5th anniversary of employment. Employees who have been with the company for more than 5 years but less than 10, will receive their 5-year certificate this year and their 10th on that anniversary.

The Recognition Program highlights the exceptional work and work ethic of an employee and is at the discretion of the managers of the wholly-owned companies.



Keith Hillier

Keith Hillier, NCI Logistics Coordinator, being presented with his 5-year Service Award by NCI General Manager, Tom Lyall.



Levi Nochasak

Heavy Equipment Supervisor Levi Nochasak of Nain was presented with his 5-year Service Award by NCI General Manager Tom Lyall.



Kevin Aylward

Kevin Aylward, Heavy Equipment Operator at Nain, received his 10-year Service Award from NCI General Manager Tom Lyall.



Jennifer Saunders

Jennifer Saunders, NCI Office Manager, receiving her 5-year Service Award from NCI General Manager Tom Lyall.



Eileen Saunders

Eileen Saunders, Administrative Assistant at NGC, is presented with her 5-year Service Award by NGC President and CEO, Chris Webb.



Dwayne Canning

Dwayne Canning, Operations Manager at NMI, with his 5-year Service Award.



Gary Latimer

Gary Latimer, General Manager of NMI, received his 5-year Service Award.



Sherry Burdett

Sherry Burdett, Customer Service and Administrative Manager at NMI, received her 5-year Service Award.



Donald Chaulk and Terry Broomfield

Donald Chaulk (L) and Terry Broomfield pose with their 5-year Service Awards. Donald and Terry are NMI Heavy Equipment Operators/Freight Handlers in Goose Bay.



Winston Shepherd

Winston Shepherd, NMI's Wharfinger at Postville, poses with his 5-year Service Award.



Brian Rice

Brian Rice, NMI Wharfinger at Hopedale, with his 5-year Service Award.



Max Williams

Max Williams, NMI Wharfinger at Rigolet, with his 5-year Service Award.

Trustees and NGC President and CEO Chris Webb on a tour of the NCI quarry with Levi Nochasak in Nain, during their visit in August 2021.

(Photo: Janice White)



EXECUTIVE AND TRUSTEES

Leaders from the Nunatsiavut Group of Companies and members of the Labrador Inuit Capital Strategy Trust met in Nain in August 2021. It was the first time in nearly two years that the entire group met in person.

The gathering in Nain allowed NGC and the Trust to hold their quarterly meeting, meet Nunatsiavut Government leaders and officials, as well as the Nain Inuit Community Government. The team also toured NGC operations in Nain and visited the former quarry site at Ten Mile Bay.





CHRIS WEBB

*President and CEO,
Nunatsiavut Group of Companies*

Chris brings more than 20 years of business experience to his role, including more than 14 years at senior level positions. He has been a key leader responsible for developing short and long-term business strategic plans, instrumental in several business mergers, acquisitions, and business reorganization, while maintaining quality and service excellence. He currently sits on the boards of 19 companies and partnerships in which NGC has an interest, and chairs one-third of those boards.

In 2021, Chris was elected President of Pan Arctic Inuit Logistics Corporation for a 1-year term.

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. He earned an Executive Leadership Development Program Certificate offered jointly through Queens and Cornell Universities.

Chris is a full-time hockey dad and volunteer coach. He resides in Happy Valley-Goose Bay, Labrador, with his wife Robin and son Eric.



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.



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.

Sarah served as AngajukKak (Mayor) of Nain Inuit Community Government from 2006-2010. From 2012 to 2016, she was President of the Nunatsiavut Government. Prior to coming to NGC, Sarah was Aboriginal Affairs Superintendent at Vale for the Voisey's Bay mine. Sarah joined NGC in August 2017 as Vice President of Corporate Development. She sits on the boards of Timmiak Construction Limited and Innu-Inuit Redpath. Sarah is also a Trustee of The Labrador Inuit Settlement Trust and is a member of BMO's Indigenous Advisory Council.

As a Nunatsiavimmiut, Sarah's knowledge of the role that NGC and its companies play in the region are tremendous assets as NGC continues on its path to be an Inuit-led business. 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.



TOM LYALL

*General Manager
NGC Nunatsiavut Construction Inc.*

Tom Lyall is a Nunatsiavut Beneficiary who joined NCI after a distinguished career in private business. Tom has more than 20 years' experience in Industrial, Commercial, and Residential Construction Projects. He sits on the board of Timmiak Construction Limited, a partnership with Bird Heavy Civil Construction in which NGC holds majority interest.

He has extensive executive level business management experience and credentials in Construction/Contract Administration, Project Management, and Policy/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 Inc.*

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.



ROBIN WEBB

*Director of Finance,
Nunatsiavut Group of Companies*

In her role as Director of Finance, Robin oversees the accounting and finance department for the Nunatsiavut Group of Companies. She is a graduate of the Bachelor of Commerce program with a major in Accounting and Finance from Saint Mary's University in Halifax, Nova Scotia. She obtained her Professional Accounting designation while living in Ottawa, Ontario in 2002.

Robin has more than 20 years' experience in financial accounting and senior management positions in the public and private sector. Prior to coming to NGC, Robin worked in regional accounting firms as well as the Office of the Auditor General of Canada. She returned to Happy Valley-Goose Bay in 2009.



JANICE WEBB

*Human Resources Manager,
Nunatsiavut Group of Companies*

Janice joined the NGC team as the Human Resources Manager in October 2021. Prior to joining NGC, she was the HR Manager with the Nunatsiavut Government. In the nine previous years, she gained significant HR experience in the mining and construction industry.

She graduated from the College of the North Atlantic with a diploma in Business Management specializing in Human Resources Management in 2011.

Janice has a special interest in providing employment and training opportunities to Nunatsiavut Beneficiaries wherever possible. Over the past four years, she has worked with employers who share that interest.

Janice resides in Goose Bay with her spouse Craig and stepchildren, Calleigh and Caleb. She is a part of a large family on both her Mom's and Dad's side. Although she has spent many years in Goose Bay, Nain and Webb's Bay will always be home.





GARRY BEST

*Chair,
Labrador Inuit Capital Strategy Trust*

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.



ISABELLA PAIN

Trustee

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.



KRISTY SHEPPARD

Trustee

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.



CATHARYN ANDERSEN

Trustee

Catharyn Andersen is a Nunatsiavut Beneficiary born and raised in Makkovik, Nunatsiavut. She graduated from Memorial University with a Master of Business Administration (2010), a Master of Arts (Linguistics) (2010) and a Bachelor of Arts (Linguistics) (1999).

In 2021, Catharyn was appointed Memorial University's first-ever Vice-President (Indigenous) after serving 6 years as Special Advisor to the President on Indigenous Affairs.

Prior to her career at Memorial University, Catharyn worked with the Nunatsiavut Government in the roles of director and Inuttit language program co-ordinator with the Torngâsok Cultural Centre in Nain. She has also worked with the Department of Fisheries and Oceans in the Small Craft Harbours branch.

Catharyn also sits on the Inuit Co-Management Board for the Akami-Uapishku-KakKasuak-Mealy Mountain National Park Reserve.



NATAN OBED

Trustee

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.

2021

FINANCIALS



CONSOLIDATED 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, 2021, 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, 2021, 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.

Deloitte LLP

Chartered Professional Accountants
July 5, 2022

Labrador Inuit Capital Strategy Trust

Consolidated statement of operations and accumulated surplus
Year ended December 31, 2021

	2021	2020
	\$	\$
Revenue		
Sales (Schedule 2)	27,132,770	18,537,388
Marine operations	3,733,568	3,499,003
Partnership income	2,849,921	2,465,716
Construction (Schedule 2)	2,695,958	855,346
Fish harvesting	1,334,828	626,665
Rental (Schedule 2)	569,635	561,360
Other (Schedule 2)	455,967	2,522,542
Crushed stone	317,201	1,077,303
Interest and investment income	294,904	296,407
Lease finance	242,684	339,604
Management fees (Schedule 2)	192,000	155,700
Royalties from turbot	122,500	122,500
Grants (Schedule 2)	28,676	401,139
Fuel (Schedule 2)	-	394,930
Royalties from Northern Coalition	-	624,763
	39,970,612	32,480,366

Labrador Inuit Capital Strategy Trust

Consolidated statement of operations and accumulated surplus
Year ended December 31, 2021

	2021	2020
	\$	\$
Expenditures (Schedule 1)	35,369,809	26,576,239
Annual surplus before undernoted items	4,600,803	5,904,127
Share of equity earnings	1,761,545	1,490,512
Gain (loss) on disposal of tangible capital assets	19,708	(9,464)
Loss on disposal of tangible capital assets held for resale	-	(35,000)
Amortization	(698,668)	(556,420)
Income tax	(743,503)	(582,754)
Annual surplus (deficit)	4,939,885	6,211,001
Non-controlling interest in annual surplus	10,598	25,316
Trust's share of annual surplus	4,929,287	6,185,685
Annual surplus (deficit)	4,939,885	6,211,001
Accumulated surplus, beginning of year	10,915,177	7,996,777
Trust's share of annual surplus	4,929,287	6,185,685
Trust income allocation	(2,840,933)	(3,267,285)
Accumulated surplus, end of year	13,003,531	10,915,177

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, 2021

	2021	2020
	\$	\$
Financial Assets		
Cash	13,519,188	12,122,254
Receivables	8,399,158	7,202,514
Net investment in finance lease (Note 3)	2,282,693	3,395,285
Loan receivable (Note 4)	2,500,000	2,500,000
Investments, at equity (Note 5)	16,355,558	15,417,514
Portfolio investments (Note 5)	75,615	75,615
Inventory held for resale	4,318,574	4,178,742
Work-in-progress	1,299,227	–
Income tax receivable	–	287,194
Receivables from related parties, net (Note 5)	250,819	206,754
Due from Philip Earle, non-interest bearing with no set terms of repayment, maturing June 2022	750,000	750,000
	49,750,832	46,135,872
Liabilities		
Payables and accruals	6,355,732	4,951,808
Payable to Tasiujatsoak Trust (Note 10)	16,200,000	17,400,000
Deferred revenue	456,044	174,519
Provision for loss on onerous contracts	347,163	–
Income tax payable	102,189	–

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

On behalf of the Trust:

Trustee

Labrador Inuit Capital Strategy Trust

Consolidated statement of financial position
as at December 31, 2021

	2021	2020
	\$	\$
Due to Nunatsiavut Government, non-interest bearing, no set terms of repayment	14,429,422	11,588,489
Obligations under capital lease (Note 9)	103,231	125,952
Long-term debt (Note 8)	5,599,772	7,023,239
	43,593,553	41,264,007
Net financial assets	6,157,279	4,871,865
Contingency (Note 14)		
Non-financial assets		
Tangible capital assets (Note 6)	6,221,822	5,338,455
Goodwill	551,956	609,829
Prepays	108,388	120,344
	6,882,166	6,068,628
Non-controlling interest		
	35,914	25,316
Accumulated surplus (Note 11)	13,003,531	10,915,177
	13,039,445	10,940,493

Trustee

Labrador Inuit Capital Strategy Trust
 Consolidated statement of changes in net financial assets
 year ended December 31, 2021

	2021	2020
	\$	\$
Annual surplus	4,939,885	6,211,001
Trust income allocation	(2,840,933)	(3,267,285)
	2,098,952	2,943,716
Change in tangible capital assets		
Amortization of tangible capital assets	640,795	498,548
(Gain) loss on disposal of tangible capital assets	(19,708)	9,464
Purchase of tangible capital assets	(1,500,265)	(795,561)
Acquisition of capital leases	(36,770)	(125,550)
Proceeds from disposal of tangible capital assets	32,581	93,679
	(883,367)	(319,420)
Change in other non-financial assets		
Net change in goodwill	57,873	57,873
Net change in prepaid expenses	11,956	11,832
	69,829	69,705
Increase in net financial assets	1,285,414	2,694,001
Net financial assets, beginning of year	4,871,865	2,177,864
Net financial assets, end of year	6,157,279	4,871,865

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

Labrador Inuit Capital Strategy Trust

Consolidated statement of cash flows
year ended December 31, 2021

	2021	2020
	\$	\$
Operating transactions		
Annual surplus	4,939,885	6,211,001
Adjustments for:		
Amortization of tangible capital assets	640,795	498,548
Amortization of goodwill	57,873	57,873
(Gain) loss on disposal of tangible capital assets	(19,708)	9,464
Loss on disposal of tangible capital assets held for resale	-	35,000
Share of equity earnings	(1,761,545)	(1,490,512)
Trust income allocation	(2,840,933)	(3,267,285)
Change in other	(201,752)	(751,905)
	814,615	1,302,184
Capital transactions		
Purchase of tangible capital assets	(1,500,265)	(795,561)
Proceeds from disposal of tangible capital assets	32,581	93,679
Proceeds from disposal of tangible capital assets held for resale	-	365,000
	(1,467,684)	(336,882)

Labrador Inuit Capital Strategy Trust

Consolidated statement of cash flows
year ended December 31, 2021

	2021	2020
	\$	\$
Financing transactions		
Decrease in payable to Tasiujatsoak Trust	(1,200,000)	(1,100,000)
Increase in due to Nunatsiavut Government	2,840,933	3,267,285
Repayment of long-term debt	(1,423,467)	(1,421,151)
Repayment of obligations under capital lease	(59,491)	(78,038)
	157,975	668,096
Investing transactions		
Change in net investment in finance lease	1,112,592	1,070,955
Change in equity investments	823,501	129,943
(Increase) decrease in receivables from related parties	(44,065)	46,174
	1,892,028	1,247,072
Net change in cash	1,396,934	2,880,470
Cash, beginning of year	12,122,254	9,241,784
Cash, end of year	13,519,188	12,122,254

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

Notes To The Consolidated Financial Statements

December 31, 2021

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:

- Protein North Incorporated - 51% owned
- 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
- Innu-Inuit Foraco Limited Partnership - 33% owned
- ACI Labrador Limited Partnership - 33% owned

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 - 16.67% owned
- Timmiak Construction Inc. - 51% owned

Revenue recognition

The Trust recognizes revenue on sales of goods and delivery of services, including crushed stone, fuel, marine 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, core boxes 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%
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, 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, payable to Tasiujatsoak Trust, due to the Nunatsiavut Government, 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. 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.

4. Loan 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, 2021 is \$2,500,000 (\$2,500,000 in 2020).

5. Investments and receivables from related parties, net

	2021	2020
	\$	\$
Investments		
Air Borealis Limited Partnership	13,165,021	12,632,022
Innu-Inuit Redpath Limited Partnership - 33 common shares	1,996,812	1,390,805
ACI Labrador Limited Partnership - 100 common shares	702,926	718,051
Innu-Inuit Toromont Limited Partnership - 100 common shares	335,200	637,432
Innu-Inuit MacLean Partnership - 33 common shares	113,084	33
Protein North Incorporated	30,600	-
Innu-Inuit PDI GP Inc. - 33 common shares	11,915	39,171
Investments, at equity	16,355,558	15,417,514
Dominion Trading Limited - 33 common shares	75,613	75,613
Pan Arctic Inuit Logistics Corporation -16,667 Class A common shares	1	1
Timmiak Construction Limited Partnership	1	1
Portfolio investments	75,615	75,615
Receivables from (payables to) related parties		
Nunatsiavut Government	440,729	261,499
Pikalujak Fisheries Limited Partnership	134,855	198,755
Pan Arctic Inuit Logistics Corporation	108,603	108,603
Torngait Services Inc.	(112)	542
Air Borealis Limited Partnership	(5,693)	(2,197)
Integrated Logistics (NL) Limited	(427,563)	(360,448)
	250,819	206,754

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

6. Tangible capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Land	408,646	–	408,646	408,646
Buildings and improvements	5,671,694	2,491,998	3,179,696	3,224,662
Containers and other equipment	4,052,389	2,929,577	1,122,812	872,871
Equipment	6,583,178	5,305,910	1,277,268	598,392
Furniture and fixtures	132,474	78,492	53,982	51,996
Motor vehicles	363,115	199,401	163,714	159,620
Vessels	141,000	136,379	4,621	6,601
Computers	76,926	65,843	11,083	15,667
	17,429,422	11,207,600	6,221,822	5,338,455

7. 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 and guarantees of indebtedness in the amount of \$4,360,000 signed by various subsidiaries of the Trust. The balance outstanding at year end was \$nil (\$nil in 2020).

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 2020).

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 (\$nil in 2020).

8. Long-term debt

	2021	2020
	\$	\$
Provincial Aerospace Ltd. unsecured loan, bearing interest at the Bank's prime rate plus 0.9%, maturing in June 2023, repayable in two installments of \$2,929,129 and \$545,207 in 2022 and 2023 respectively	3,474,336	4,550,279
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)	1,532,794	1,673,458
Bank of Montreal mortgage bearing interest at 3.7%, maturing July 2028, repayable in blended monthly installments of \$6,633. (ii)	432,574	496,101
Aivek Holdings mortgage, non-interest bearing, maturing October 2023, repayable in monthly installments of \$4,861. (i)	108,403	166,736
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)	34,999	69,999
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)	16,666	66,666
	5,599,772	7,023,239

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

	\$
2022	3,244,271
2023	802,843
2024	210,086
2025	212,699
2026	215,410
Thereafter	914,463

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 \$2,401,316 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 wholly-owned subsidiary of NGC Nunatsiavut Inc., with a net book value of \$811,608 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.

9. Obligations under capital lease

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

	\$
Total minimum lease payments for	
2022	46,029
2023	46,029
2024	9,935
Thereafter	9,023
	111,016
Interest included in minimum lease payment	7,785
Present value of future lease payments	103,231

10. Payable to Tasiujatsoak Trust

	2021	2020
	\$	\$
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)	2,700,000	3,900,000
Tasiujatsoak Trust demand loan, non-revolving, annual interest at 6.5%, payable quarterly. (i) (ii) (iii)	2,500,000	2,500,000
	16,200,000	17,400,000

Security:

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

reasonably require

11. Accumulated surplus

	2021	2020
	\$	\$
Operations	12,222,253	10,133,899
Restricted - inshore fishery	781,278	781,278
	13,003,531	10,915,177

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 2020) 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 2020) in this trust account. The remainder of restricted funds in the amount of \$337,462 (\$337,462 in 2020) have been advanced to fisherman.

12. 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, 2021, the Trust maintained an allowance for doubtful accounts of \$137,352 (\$137,352 in 2020).

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, 2021, the Trust had cash of \$13,519,188 (\$12,122,254 in 2020).

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 Tasiujatsqak 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, 2021. The Trust is exposed to the following interest rates at December 31, 2021.

	%
Long-term debt	2.95-5.55

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	(61,739)

(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 2021, there are no financial instruments recorded at fair value.

13. 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.

14. 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 receivership. Therefore, no amounts have been accrued in these financial statements.

Labrador Inuit Capital Strategy Trust

Schedule 1 - Consolidated schedule of expenditures
year ended December 31, 2021

	2021	2020
	\$	\$
Wages and benefits	20,542,847	14,320,058
Cost of goods sold	8,190,243	6,905,882
Miscellaneous	1,359,658	430,279
Materials and supplies	1,143,375	622,728
Interest and bank charges	1,012,526	1,213,093
Professional fees	564,102	311,186
Subcontractor fees	448,775	108,975
Rent and maintenance	412,683	262,989
Loss on onerous contracts	347,162	—
Travel	214,555	190,385
Licenses and fees	178,385	195,809
Insurance	149,221	169,405
Utilities	120,370	103,403
Fuel	117,454	433,521
Freight and transportation	84,517	66,924
Municipal taxes	84,093	86,888
Telephone	72,533	71,094
Information technology support	66,776	77,064
Equipment rental expense	61,018	19,571

Labrador Inuit Capital Strategy Trust

Schedule 1 - Consolidated schedule of expenditures
year ended December 31, 2021

	2021	2020
	\$	\$
Training programs	39,069	16,467
Damage claims	39,053	2,949
Advertising	34,091	19,279
Conference and meetings	31,500	27,473
Management fees	23,555	62,699
Meals and entertainment	14,690	8,063
Bad debts	11,655	790,542
Waste disposal	5,839	39,460
Dues	64	63
Write-off of inventory held for resale	—	18,749
Foreign exchange	—	736
Storage and harbour fees	—	505
	35,369,809	26,576,239

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

Labrador Inuit Capital Strategy Trust

Schedule 2 - Consolidated schedule of related party transactions
year ended December 31, 2021

During the year, the Trust entered into the following transactions with entities under common control. All related party transactions entered into during the year are in the normal course of business and measured at the exchange amount established and agreed to by the parties to the transaction.

	Nunatsiavut Government	Air Borealis Limited Partnership	Dominion Trading Limited	2021 Total	2020 Total
				\$	\$
Revenues					
Construction	1,914,806	-	-	1,914,806	501,794
Rental	245,290	-	-	245,290	245,290
Management fees	-	-	192,000	192,000	155,700
Café Illusuak	4,963	-	-	4,963	-
Grants	3,483	-	-	3,483	63,726
Fuel	-	-	-	-	34,587
Other	-	-	-	-	2,655
	2,168,542	-	192,000	2,360,542	1,003,752
Expenses					
Travel	-	72,606	-	72,606	41,577
Freight and transportation	-	6,383	-	6,383	19,857
Advertising	5,220	-	-	5,220	4,170
Licenses and fees	-	-	-	-	260
	5,220	78,989	-	84,209	65,864

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