2022

Labrador Inuit Capital
Strategy Trust

ANNUAL REPORT

Nunatsiavut
Group of Companies

NUNATSIAVUT
kavamanga Government

- Labrador-Inuit Lands
- Labrador-Inuit Settlements
- Schedule 12E
- The Zone
- Labrador

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

2022

Labrador Inuit Capital Strategy Trust

Annual Report

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MISSION, VISION, AND CORE VALUES

MISSION

To create wealth in trust for Nunatsiavut Beneficiaries by owning profitable, sustainable businesses.

VISION

To be an Inuit-led business leader in the North.

CORE VALUES

- Culturally Respectful
- Socially Responsible
- Open and Transparent
- Accountable
- Practices Environmental Stewardship
- Employs Best Business Practices

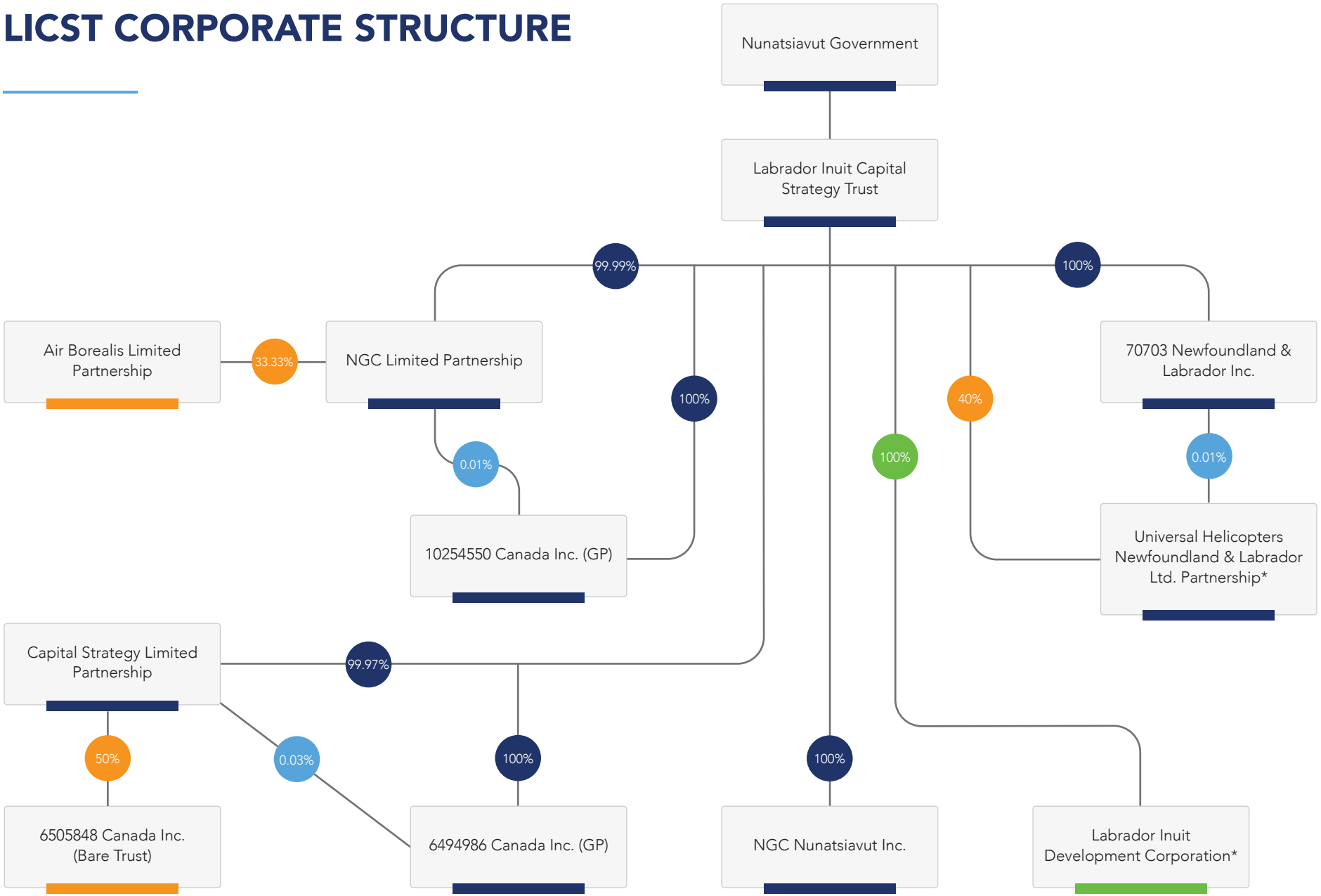
ORGANIZATIONAL STRUCTURE

THE NUNATSIAVUT GROUP OF COMPANIES

The Nunatsiavut Group of Companies (NGC) is the successor to the Labrador Inuit Development Corporation (LIDC) as Nunatsiavut's economic development corporation. Formed in 2011, NGC is a for-profit company, with operations in diverse areas, including marine, aviation, logistics, construction, mining site and development services, and real estate.

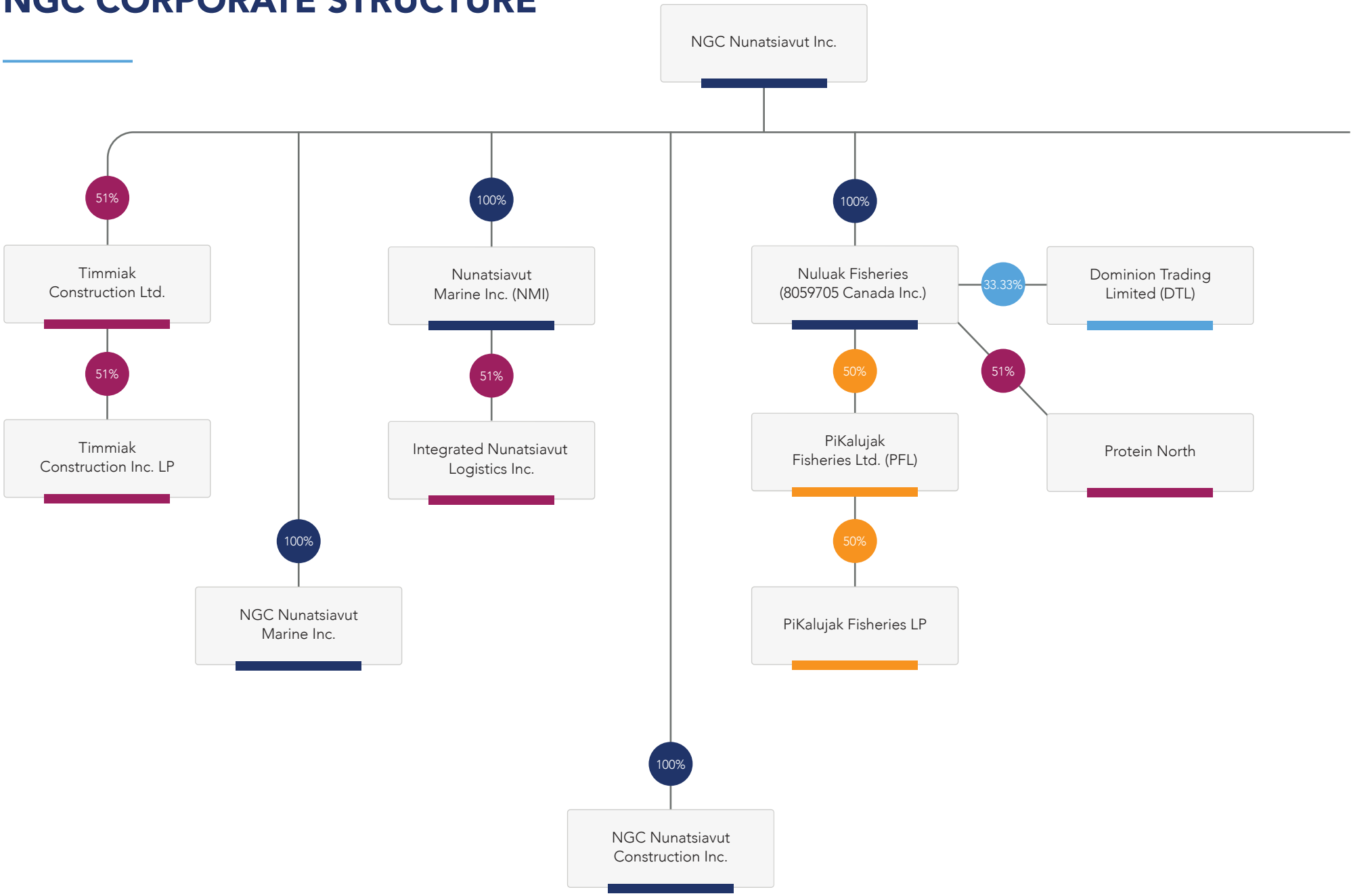
NGC operates under the authority of the Labrador Inuit Capital Strategy Trust (LICST) and includes wholly-owned companies, majority-owned companies, and minority partnerships.

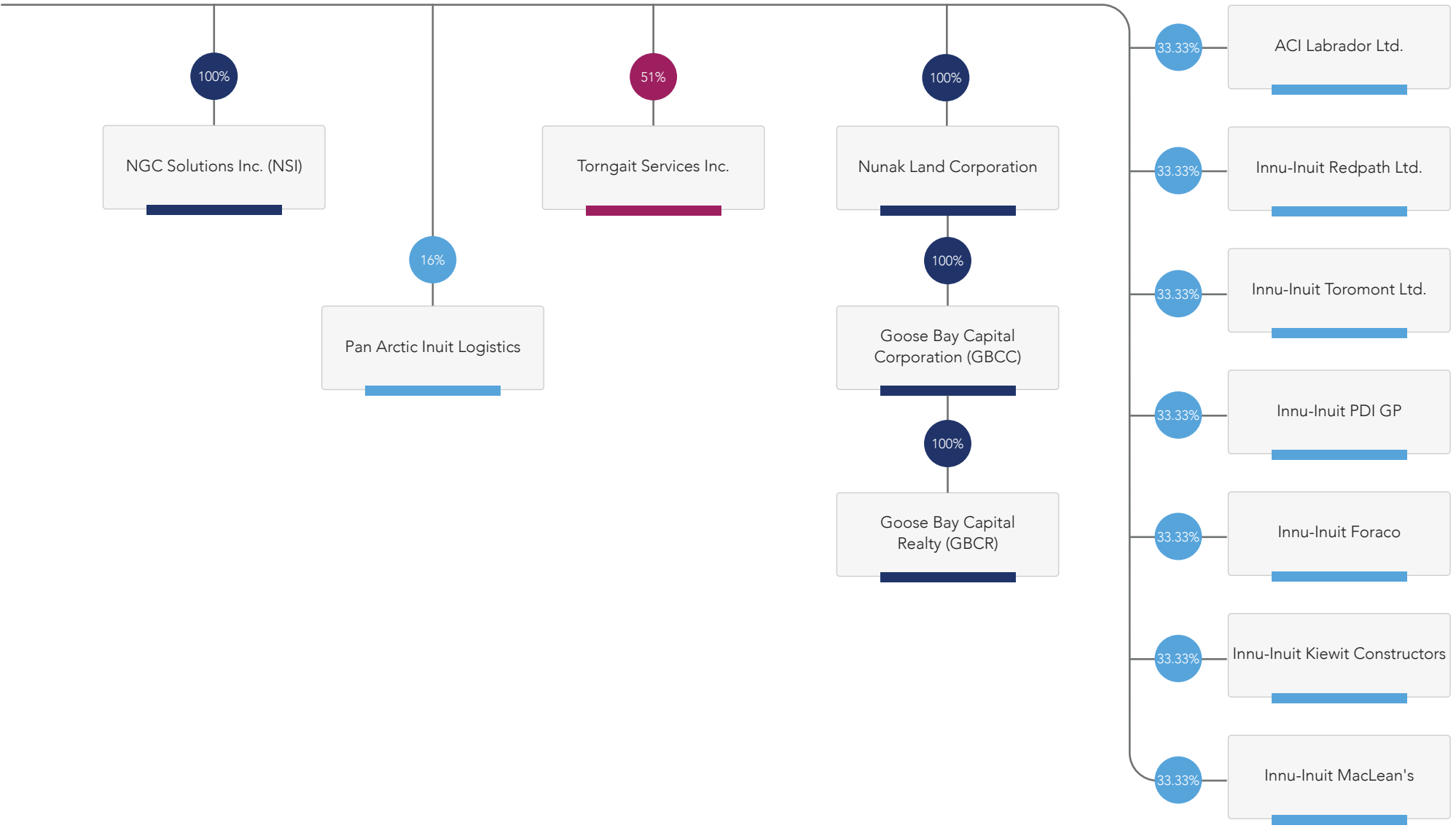
LICST CORPORATE STRUCTURE



* Not Operational

NGC CORPORATE STRUCTURE




100%
NGC Solutions Inc. (NSI)
16%
Pan Arctic Inuit Logistics
51%
Torngait Services Inc.
100%
Nunak Land Corporation
100%
Goose Bay Capital Corporation (GBCC)
100%
Goose Bay Capital Realty (GBCR)
33.33%
ACI Labrador Ltd.
33.33%
Innu-Inuit Redpath Ltd.
33.33%
Innu-Inuit Toromont Ltd.
33.33%
Innu-Inuit PDI GP
33.33%
Innu-Inuit Foraco
33.33%
Innu-Inuit Kiewit Constructors
33.33%
Innu-Inuit MacLean's

The NMI warehouse at the Port of Goose Bay receives shipments of food and other cargo for the five Nunatsiavut communities, Natuashish, and Black Tickle. (Photo: NMI)

2022 BUSINESS HIGHLIGHTS

FACTS ABOUT

NUNATSIAVUT GROUP OF COMPANIES

5

Wholly-Owned Companies

3

Majority-Owned Companies

2

Minority-Owned Partnerships

7

Mining Partnerships

80% Increase in Wages and Benefits Paid Since 2018

82% Increase in Consolidated Revenue and Equity Earnings Since 2018

Capital Assets Purchased/Leased

456% INCREASE
In NGC Surplus Since 2018

2018 - $1,754,160
2022 - $8,002,258

$196,400 DONATED
To Nunatsiavut Foodbanks and Firewood Programs Since 2018.

53.9% OF EMPLOYEES
In Wholly Owned Companies are Nunatsiavut Beneficiaries.

MESSAGE FROM THE CHAIR

GARRY BEST

Dynamic and resilient are words often used to describe successful organizations. Successful organizations are ones that confront challenges and then find new opportunities for growth.

That is pretty much the story of the Nunatsiavut Group of Companies in 2022.

NGC pivoted from the two pandemic years and the lagging sting of deep inflationary pressures, to post another successful year. NGC's success, led by its strong executive and dedicated employees, and guided by the Labrador Inuit Capital Strategy Trust, isn't just about performing well in a single year. Over several years, NGC and the Trust have laid the groundwork for a successful future.

Our acquisition of the assets of Melville Trucking and Excavating in 2022 is fundamental to our goal of competing for heavy civil works projects such as water and sewer, wharf repairs, roads, and other infrastructure projects. Our investment in capital improvements positions our companies for continued success.

PARTNERSHIPS AND RELATIONSHIPS

A prime building block for successful companies is the fostering of good and lasting relationships and partnerships. NGC's partnerships with the Innu and national and international mining and engineering companies have made us a successful participant in the Vale mine at Voisey's Bay. Our collaboration with other Canadian Inuit was instrumental in bringing the North Warning System contract back to a company with majority Inuit ownership. We see additional opportunity with the anticipated modernization of the continental air defense system, NORAD. These developments speak to the strength of Inuit business and what we can accomplish when we are strong and united.

Internationally, we are building relationships with Greenland Inuit, with Iceland, and Japan.

Closer to home, NGC has close ties with the Nunatsiavut Government and with the province of Newfoundland and Labrador. Those relationships, and ones with educational institutions and industry trade groups, will ensure that we play a key role in helping meet the future needs of Beneficiaries. This includes identifying and putting programs in place for training, and for building necessary transportation infrastructure such as the new Nain airport and supporting the vision for a highway that will link northern Labrador communities.

CONNECTION WITH BENEFICIARIES

In 2022, NGC and the Trust resumed the outreach which had been interrupted due to the pandemic. The Trust held a quarterly meeting in Rigolet, met with high school students, and participated in a community meeting. The Trust also met at Base Camp next to Torngat Mountains National Park.

A key event in 2022 was our annual appearance in September before the Nunatsiavut Assembly, accompanied by our auditors. We provided an overview of our activities in 2021 and tabled the annual report, including audited financial statements. Transparency and accountability are cornerstone principles of NGC and the Trust, and this event underlines that commitment.

POSITIONED FOR THE FUTURE

The Labrador Inuit Capital Strategy Trust was formed in 2006, and NGC came into being five years later, in 2011. In the time since, we have built a firm foundation under our businesses. We are profitable; we are Inuit led. And local beneficiaries are becoming leaders.

There is no better demonstration of this emerging leadership and the pride that accompanies it, than in a conversation related by one of our managers. It was a conversation with a supervisor on the North Coast who spoke of the effort and pride shown by the local staff, and their management of several key projects in 2022. That pride and effort translates into the quality of their work, and it contributes to NGC's success in the various communities.

This spirit is contagious as it spreads through our organization. We say what we're doing, and we do what we say.

This resolve will become even more important as NGC positions itself to take advantage of major projects that are set to take off in Nunatsiavut, and in our various partnerships in Labrador, the Arctic, and internationally. We know what is possible and we are seizing the opportunities so that all Beneficiaries will benefit.

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MESSAGE FROM NGC PRESIDENT AND CEO

CHRIS WEBB

2022 was another year of solid financial performance by the Nunatsiavut Group of Companies. NGC's mining partnerships, including Torngait Services Inc., our aviation and marine investments, and our fishing and real estate divisions all contributed to a profitable year.

Our capital investments and the acquisition of the assets of Melville Trucking and Excavating, strongly positions NGC Nunatsiavut Construction Inc. (NCI) for future growth and sound performance.

BUILDING CAPACITY

That acquisition in late 2022 will allow NCI to undertake heavy civil construction projects throughout Labrador.

NGC has also invested in human resources capacity so that our companies continue to grow. New positions in construction, the hiring of a Business Analyst, and the beefing up of our Human Resources division, add considerable support as we continue to implement our strategic development plan.

Our commitment to inclusion and diversity is evidenced by the strong presence of women in NGC's leadership and on the Trust, and in the growing numbers of Beneficiaries in management and supervisory positions within our companies and partnerships.

NORTH WARNING SYSTEM CONTRACT

A significant achievement in 2022 was the announcement that a company with majority Inuit ownership was successful in winning the contract to operate and maintain the North Warning System, a string of 47 military radar sites across northern Canada.

As a partner with fellow Inuit economic development corporations in Nasittuq Corporation, NGC is proud to be involved in this important national project. It will mean employment, potential for sub-contracting work, and it will create revenue that we can reinvest in our operations.

Nasittuq was also successful in the competition to retain the contract to provide support services to Canadian Forces Alert on Ellesmere Island, Nunavut, for the next eight-and-a-half-years, with two four-year extension options.

NEW RELATIONSHIPS

NGC is committed to forging relationships that will help us increase growth and productivity. In the spring of 2022, we joined a delegation to Greenland to learn about the key role that Greenland Inuit play in their economy. We were especially keen to learn how they have handled issues associated with doing business in a northern climate. In that vein, we held productive discussions with one of their construction firms experienced in overcoming engineering challenges.

In early 2023, I will join a Canadian delegation to Japan. We will meet with the Icelandic Ambassador to Canada to discuss fishing opportunities in the north. At home, our existing partnerships with the Innu and national and international mining-related companies have underlined the importance and value of pursuing partnerships.

ENVIRONMENTAL STEWARDSHIP A PRIORITY

NGC is committed to ensuring that our companies take a proactive approach to mitigating environmental risk. Our wholly owned companies and partnerships have implemented robust measures to ensure that their environmental footprint is minimal, and that risk is managed prudently.

In 2023, we will remove debris from the former quarry site at Ten Mile Bay. Discussions continue with the Nunatsiavut Government on finalizing a remediation plan for this site. We are partners in a project to provide wind power to the underground mine at Voisey's Bay. We hope to conclude a deal in 2023 and begin construction. Once completed, the wind farm will displace approximately 13% of the mine's diesel requirements.

LOOKING FORWARD

NGC's leadership and staff are well-positioned to capitalize on new opportunities, while continuing to manage current issues such as inflation. We have worked hard to protect Beneficiaries and our communities from increased costs, such as the cost of air travel and cargo shipments, and the price of construction materials.

Still, rising prices remain a concern. Inflation has been especially worrying as we assess the feasibility of constructing medical housing for people from Nunatsiavut who must come to Upper Lake Melville for medical services. The need for housing is clear. Our challenge is to design and build a project that is financially feasible.

STRONG ORGANIZATION

NGC has a strong financial foundation. With the support of our skilled and dedicated workforce, and the guidance of the Labrador Inuit Capital Strategy Trust, we will continue to build on our recent successes.

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The Nunatsiavut Group of Companies and its partners operate in diverse fields, including construction, marine, aviation, logistics, real estate, and mining services.

THE COMPANIES

NUNATSIAVUT CONSTRUCTION INC.

2022 was a year of significant activity for NGC Nunatsiavut Construction Inc. (NCI). On the construction side, NCI operated in all regions of Labrador and into northern Newfoundland. The company increased its construction capacity by acquiring assets that will allow it to engage in heavy civil construction in Nunatsiavut and other parts of Labrador.

NCI also invested in new senior leadership, a critical development in the company's vision to become a year-round construction company.

FOCUS CONTINUES TO BE NUNATSIAVUT

Again in 2022, the majority of NCI's activity took place within Nunatsiavut. Major projects included the Nunatsiavut Government Home Repair Program, the stone crushing operation in Nain, private housing construction, a roofing project for Labrador-Grenfell Health in Nain, and several smaller works. Outside Nunatsiavut, the company undertook renovations to Newfoundland and Labrador Housing Corporation properties in Labrador City, roof replacement on CFLCo residences in Churchill Falls, and roofing jobs for Nalcor at the L'anse au Loup and St. Anthony power plants.

NCI has developed a significant advantage over competitors through the employment and continuous skill development of local labour. This was especially evident during 2022 when nearly all of NCI's labour in Nunatsiavut was provided by local employees.

With access to skilled local labour, NCI can continue to bid competitively on tenders, a win for both the company and its employees, and for clients such as the Nunatsiavut Government. Skill development in Nunatsiavut also provides local employees with ownership of the projects in which they are involved.

YEAR-ROUND CONSTRUCTION COMPANY

Historically, NCI operated primarily in Nunatsiavut and was significantly impacted by the short construction season and the limited time frame to acquire and transport materials. It relied on six to seven months' work to cover the costs of maintaining a permanent company structure, including overhead, insurance, equipment costs and maintenance, and the other expenses associated with operating a business.

The transition to year-round operations will take time. However, important steps were taken in 2022 with the acquisition of the assets of Melville Trucking and Excavating in Upper Lake Melville. Those assets included contracts for snow clearing and ice control. NCI added several new clients after the acquisition.

The operators and mechanics hired as part of that operation will transition to non-winter work after the snow and ice season. This will enable NCI to seek new opportunities so that crews and equipment can work year-round. The acquisition will also permit NCI to undertake multiple projects at once.

NCI supported its year-round business strategy with the hiring of new Construction and Senior Project Managers. Those positions will collaborate on medium and long-term growth strategy and on improving NCI's bidding position on tender calls.

EMPLOYMENT AND GROSS WAGES

NCI employed a record 85 staff in 2022. 44 Beneficiaries were employed, 35 of whom live in Nunatsiavut. Wages of just over $917,000 were paid to Beneficiaries, amounting to 37.7% of all wages. $722,529 was paid to Beneficiaries in Nunatsiavut, equal to 78.8% of all Beneficiary wages.

TRAINING A PRIORITY

NCI invests heavily in promoting health and safety in the workplace. In 2022, employees participated in 12 different training sessions, including Powerline Hazard Awareness, Fall Protection, Aerial Operator Training, and Confined Spaces. (See chart below.)

2022 TRAINING COURSES	EMPLOYEE NUMBERS
Powerline Hazard Awareness	37
Fall Protection	32
WHMIS (Hazardous Materials)	13
Aerial Operator Training	12
Confined Space	11
Standard First Aid	9
Rough Terrain	7
Scaffolding Awareness	6
Transportation of Dangerous Goods	3
Supervisor Health and Safety	2
Trenching and Excavation	1
OHS Committee	1

PLANNING FOR 2023

A major indicator of success in construction is a healthy list of future projects. NCI was the successful bidder on a nearly $8-million contract for seniors' apartment units in Nain and Hopedale (6 in Nain and 5 in Hopedale). Project components have been subcontracted to NL Modular, a Newfoundland-based company specializing in building modular units. The units will be transported to Nunatsiavut in 2023. NCI will undertake and complete all site preparation.

NCI also won a contract to prepare the site for the new Nunatsiavut Regional Education Office Building in Makkovik.

NEW CAPITAL EXPENDITURE APPROVED

In December, the Labrador Inuit Capital Strategy Trust approved several capital purchases for NCI. The company will replace equipment that is past its useful life, such as a jaw crusher for its quarry operation.

As part of the capital expenditures approved for 2023, NCI will add new equipment to facilitate its entry into heavy civil construction, including a volumetric cement truck. The truck is a self-contained cement-mixing plant, where all components are pre-loaded and processed at the press of a button. NCI will also purchase a gravity hopper to distribute aggregate material, and it will carry out a quarry blast to produce 20,000 cubic metres of rock.

NUNATSIAVUT MARINE INC.

Nunatsiavut Marine Inc. (NMI) concluded its fourth year as shore-side services contractor for the Labrador coastal marine service in 2022. By season's end in early December, NMI crews had handled more than 15,000 tons of freight and other cargo, and processed reservations for 5,331 passengers and 1,025 vehicles.

Significant efficiencies were achieved in 2022 through increased capital investment and the continued work and dedication of NMI staff.

CAPITAL IMPROVEMENTS

NMI purchased three 20-foot refrigerated reefers to serve as temporary storage units for frozen and refrigerated food that is landed in coastal communities. The units were utilized in 2022 and returned to Goose Bay for maintenance and storage at the end of the season.

Another significant development was the purchase of a 53-foot dry trailer. The dry trailer allows NMI to consolidate large shipments of non-perishable goods for a single community, resulting in the efficient use of deck space on the vessel as well as the safe delivery of goods.

Other improvements in 2022 included the addition of a pallet shrink wrapping machine at Goose Bay and the installation of five additional reefer plugs at the Goose Bay terminal. The new reefer plugs will enhance service and protect fresh and frozen food that has been delivered to NMI for shipment to coastal communities.

ADDITIONAL IMPROVEMENTS PLANNED FOR 2023

NMI will continue to work to improve service for coastal residents in 2023, contingent on the availability of equipment and materials. The company plans to purchase a second 53-foot dry trailer to complement the existing one and it will begin the replacement of its aging fleet of 20-foot containers, now more than a decade old. NMI will also continue with its forklift replacement program.

NMI maintains a fleet of three refrigerated 53-foot hybrid reefers. The reefers, which run on electricity while in transit and on diesel while in port, have proven to be a major asset in moving refrigerated freight. NMI planned to add a fourth reefer in 2022 but was unable to source one in the market. A renewed attempt will be made to add the fourth reefer in 2023.

Nunatsiavut Marine Inc. continued to invest in capital infrastructure in 2022 to improve freight handling for the coastal marine service. (Photo: NMI)

HEALTH AND SAFETY TOP PRIORITY

NMI provided the necessary training in several areas to allow employees to do their jobs safely. (See chart below.)

Training was provided in Forklift Operation, WHMIS (for handling hazardous materials), Fall Protection, First Aid, and in Rigging and Slinging (for people working on heights).

2022 AREAS OF TRAINING	EMPLOYEES CERTIFIED
Power Line Hazard	9
Counter-Balance Truck Lift/Forklift Safety	7
Aerial Work Platform	5
Transportation of Dangerous Goods	5
OHS/Workplace Health & Safety	3
Standard First Aid/CPR	3
Fall Protection	2
Rigging and Slinging	2
Shunt Truck/Terminal Truck Operator	1
Reach Stacker Operator Safety	1

EMPLOYMENT AND GROSS WAGES

NMI employs a loading crew as well as Customer Service Representatives at its Goose Bay terminal, and wharfingers at ports along the coast. The company employed 35 people in 2022, including 16 Beneficiaries. NMI paid $419,251 in wages to Beneficiaries, a 30 percent increase over 2019. More than one-third of total wages were paid to Beneficiaries in 2022, compared with just over 20 percent four years ago, in 2019.

POSITION & NUMBER OF EMPLOYEES (2022)

5	14	10	6
Managers & Supervisors	Wharfingers	Yard Foreperson & Freight Handlers	Customer Service Representatives

YEAR	GROSS WAGES PAID TO BENEFICIARIES	% OF ALL NMI WAGES
2022	$419,251	34.8%
2021	$386,185	33.9%
2020	$337,392	32.0%
2019	$296,336	22.3%

NULUAK FISHERIES

Nuluak Fisheries oversees all of NGC's fishing operations, including licenses and quotas that are owned by the Labrador Inuit Capital Strategy Trust. Nuluak collects royalties from the Trust's interest in northern shrimp and from the sale of Greenland and Atlantic Halibut. The halibut sales take place through Nuluak's ownership stake in PiKalujak Fisheries and Dominion Trading Limited.

At the end of 2022, Nuluak was close to completing the sale of its investment in Dominion Trading Limited. Proceeds from the sale will be utilized to invest in other activities that fit NGC's strategic plan.

Nuluak performed strongly again in 2022. Significant contributors were royalties from northern shrimp and the sale of halibut. During the year, Nuluak harvested its remaining shrimp quota from 2020 and 2021. As well, most of the 2022 quota was taken, with the remainder to be harvested in the first part of next year.

Nuluak Fisheries collects royalties from the sale of its quotas of northern shrimp, and Greenland and Atlantic halibut. (Photo: Nuluak Fisheries)

NUNAK LAND CORPORATION

Nunak undertook work on several of its properties in Nain in 2022. Renovations were completed on the boardroom at the Sandbanks Building and in the lower level of the Morhardt Building. These improvements will enhance services for existing clients and assist in attracting new tenants.

Nunak also purchased and renovated a house in Nain that will become accommodations primarily for work crews from Nunatsiavut Construction Inc. during the construction season and become available for rent during other times of the year. Over time, this property will help improve cost effectiveness for NCI and other NGC operations.

In 2022, Nunak acquired the real estate assets of Glenn Holdings, including Glenn Plaza, a commercial building in Happy Valley-Goose Bay. Glenn Plaza leases space to various business and corporate clients. Acquisition of the plaza aligns with NGC's strategy to increase and diversify its real estate asset portfolio. Nunak's asset portfolio is described in the chart opposite.

NAIN
Office complexes - Sandbank Road and Morhardt Road
Warehouse – Service Road
House - Sandbanks Road

MAKKOVIK
Office complex - Willow Creek Lane

HOPEDALE
Stone Plant Warehouse

HAPPY VALLEY-GOOSE BAY
Office complex - Royal Street
Warehouse with offices - Corte Real
Newly acquired Glenn Plaza
Newly acquired maintenance warehouse
310-acre commercial and residential development (Goose Bay Capital Corporation)
8-plex residential apartments (Goose Bay Capital Realty)
Fenced Storage Yard

NGC SOLUTIONS INC.

NGC Solutions Inc. (NSI) plays key roles in two of Nunatsiavut's primary cultural venues. NSI is the sole operator of the Café Illusuak and gift shop at the Illusuak Cultural Centre in Nain. In collaboration with Air Borealis, NSI operates the Base Camp adjacent to Torngat Mountains National Park.

BASE CAMP RESUMES OPERATIONS

Base Camp offers a full range of services to guests eager to experience Inuit culture and the beauty of Torngat Mountains National Park. Guests were welcomed back to Base Camp in 2022, after two years of pandemic-related shutdown. Base Camp offered a seven-week program, the longest season since it began accepting guests.

The operators overcame staffing challenges during the season and put on a full program of activities and experiences. A guest chef program was introduced in 2022, with a focus on Inuit cuisine.

At season's end, the operators opened reservations for the 2023 season.

CAFÉ AND GIFT SHOP

The Café Illusuak and gift shop are integral elements of a full guest experience at the Illusuak Cultural Centre in Nain. The operation overcame some significant challenges in 2022.

For the first time in two years, the café and gift shop were not impacted by public health-related pandemic measures. This places the café in a strong position to consistently offer a coffee shop experience and lunch service to both local diners and tourists. With a full staff in place, the café is also now well positioned to provide catering services.

The gift shop sources arts and crafts from Nunatsiavut artisans and has become a significant marketplace.

Base Camp, adjacent to Torngat Mountains National Park, is operated by NGC Solutions Inc. and Air Borealis. (Photo: Kyle Fraser)

GOOSE BAY CAPITAL CORPORATION

Goose Bay Capital Corporation (GBCC) is a 310-acre commercial and residential development off Hamilton River Road in Happy Valley-Goose Bay. Home to the Central Labrador YMCA (Wellness Centre) and Gear's Gains, GBCC attracted solid interest in 2022.

GBCC is in a central location and is accessible to major traffic routes. It is an ideal location for commercial and public institutional interests. GBCC operates under Nunak Land Corporation.

Goose Bay Capital Corporation, also known as Town Centre, is ideally located for new commercial and public institution construction in Happy Valley-Goose Bay. (Photo: Janice White)

Torngat Mountains National Park
(Photo: Janice Webb)

TORNGAIT SERVICES INC.

Torngait Services Inc. (TSI) has been site services provider at the Vale mine since 2005. In 2022, the company concluded a new 5-year agreement with Vale to continue its site services role through the remainder of the mine expansion project and until August 31, 2027.

The agreement represents a significant vote of confidence in the work that TSI performs at the site. In 2022, approximately 250 TSI staff performed jobs as varied as maintaining roads and the airstrip, unloading planes, transporting workers, delivering fuel, trucking ore from the mine to the dock, and assisting with the unloading of cargo arriving by ship and barge. Employee numbers will decline once the expansion phase has concluded and the mine enters the operating phase.

Prior to mine expansion, TSI employed approximately 65 staff. Under the new contract, and during the operating phase of the underground mine, the number of staff will increase.

ADDITIONAL RECRUITMENT DURING MINE EXPANSION

In addition to its regular site services roles, TSI has frequently recruited temporary and seasonal staff to address Vale's requirements. In 2022, this included hiring employees to work in areas such as warehouse operations, tailings and waste management, aggregate crushing, and for barge loading and unloading operations.

EMPLOYMENT LEVELS IN 2022

Under the Voisey's Bay Impact Benefits Agreement (IBA), Labrador Indigenous workers are given first preference for work, followed by other Labradorians, Newfoundlanders, and other Canadians.

At the end of December 2022, TSI employed 256 staff, 88 of whom (34.7%) were Nunatsiavut Beneficiaries. One is a member of the Innu Nation. An additional 75 employees are residents of Labrador (29.3%), bringing the Indigenous/Labrador component of the TSI workforce to 64%.

92 of TSI employees were Newfoundlanders (36% of the workforce).

TRAINING IS A VITAL PART OF TSI ROLE

While TSI's primary role is to provide site support to the Vale operation, it also carries out a significant training program for Beneficiaries. This is especially important as the mine expansion project transitions into the operational phase, with its demand for highly skilled employees.

Under the training program, TSI provides classroom and equipment training to Beneficiaries who show a desire to move into permanent jobs at the mine. While there's no guarantee that Beneficiaries will be hired for permanent jobs, the training program, which is supported by Vale and TSI, provides training on pieces of equipment such as loaders, excavators, graders, and other heavy equipment.

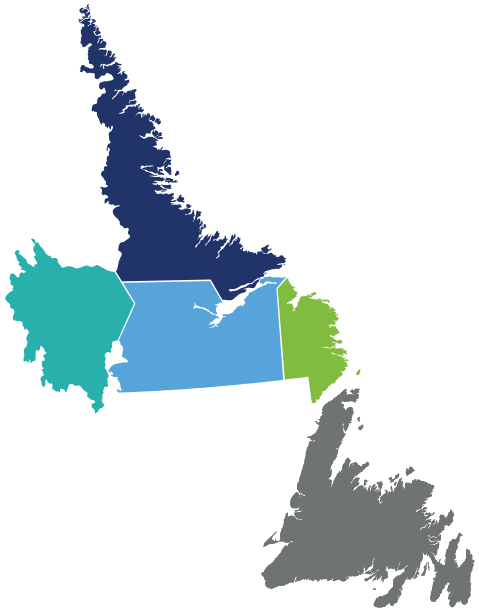
In 2022, TSI had 34 employees associated with the mine expansion project. Of those, 23 were classed as labourers. 18 employees in that group received some equipment training on Level 4 equipment (Skid Steer Loader, Forklift, Vacuum Truck, etc).

10 of the 18 received training on Level 3 equipment (Backhoe, Dozer, Wheel Loader, except series 908), and five employees were being trained on Level 2 equipment (such as Excavator and 14H Motor Grader, Concentrate Hauler, Tractor Trailer, and Fuel Hauler).
The training program is available to employees at all levels, making them eligible for progression once they pass the theory and practical components.

Total training hours in 2022 were down slightly from the previous year due to availability of equipment trainers and equipment. However, since 2018, there has been a 181% increase in overall training hours of Beneficiaries and a 218% increase in equipment training hours. TSI and Vale continue to invest in training and remain committed to the program.

A TSI employee delivers fuel at the Vale site, one of the many duties provided under the company's site services contract. (Photo: TSI)

GEOGRAPHIC BREAKDOWN OF TOTAL TSI EMPLOYMENT



Northern Labrador	**40**
Central Labrador	**87**
Western Labrador	**1**
Southern Labrador	**33**
Newfoundland	**95**
Total:	**256**

NUNATSIAVUT BENEFICIARY EMPLOYMENT BREAKDOWN BY COMMUNITY/REGION	NUMBER OF EMPLOYEES
Upper Lake Melville	44
Nain	18
Hopedale	5
Rigolet	9
Makkovik	4
Postville	0
Island Region	4
Other Region	4
TOTAL	**88**

AIR BOREALIS

Air Borealis marked its fifth year in business in 2022 with several achievements, including a new 5-year agreement to provide flight services to Vale for the Voisey's Bay mine. Air Borealis will utilize four aircraft to fulfill the contract, including two Twin Otters and four Dash-8's (2-400's with a capacity of 76 passengers and 2-300's with a capacity of 50 passengers). The airline will provide both passenger and cargo flights under the contract.

Air Borealis continued to successfully navigate its recovery from the impact of the Covid pandemic in 2022. Passenger levels increased by 37 percent over 2021. Flight hours increased, and the helicopter services operation grew, spurred by existing contracts with Vale, CFLCo, and the Mealy Mountains National Park Reserve, and through the recovery of charter services to support activities such as outfitting camps and mineral exploration. Mineral exploration is expected to continue to strengthen in 2023. These developments all contributed to the airline's return to full staffing levels.

Inflationary pressures, especially fuel prices, led to higher operating costs in 2022. Air Borealis and its board managed these additional price pressures without increasing passenger and cargo rates. However, the increased costs did impact the financial aspect of the business. Considerable uncertainty about future fuel prices will require the airline to closely monitor the situation. Despite these challenges, Air Borealis continues to make investments that will enhance service. In 2022, direct flights were implemented from Goose Bay to Nain and Natuashish. The airline plans to acquire its 11th Twin Otter in 2023.

ECONOMIC BRIGHT SPOTS

Increased mineral exploration in Labrador in 2022 contributed to the growth of the regional economy. Air Borealis supported several exploration programs though its helicopter, float plane, and charter services. Planned exploration in the Postville and Hopedale areas in 2023 is expected to provide additional opportunity for the airline.

The floatplane operation continued to strengthen with the complete return of the recreational fishing industry on the region's rivers.

Air Borealis completed the fifth and final year of its contract with the Department of Fisheries and Oceans to carry out aerial surveys of the endangered Right Whale. A new tender is expected to be announced in early 2023 and Air Borealis intends to submit a bid.

HELICOPTER SERVICES EXPAND

Air Borealis' helicopter services are provided through a lease arrangement with Custom Helicopters, with Custom providing the aircraft and flight and maintenance crews. The service operates through the airport at Goose Bay.

Helicopter operations continued to expand in 2022. Nine aircraft were utilized at various times of the year, a significant increase from one aircraft in the first year of providing helicopter services in 2020, and three aircraft in 2021.

DIVERSITY AND INCLUSION

Air Borealis is committed to employing a diverse and inclusive workforce. The airline has successfully recruited women and Beneficiaries in flight services. In 2022, 8 women, including 2 Beneficiaries, were Captains or First Officers with the airline. While there is more work to be done in this area, these employees are

important role models to other women and Beneficiaries who want to pursue a future in aviation.

CONTINUED INFRASTRUCTURE IMPROVEMENTS

Air Borealis made investments in 2022 to enhance infrastructure. Renovations to its cargo and reception areas were completed and work is planned for Hanger 14 to create additional office space for administrative employees. Those changes will situate staff closer to the operations area, and as a result, increase efficiency.

Air Borealis' float plane operation was successful in 2022, providing service to mineral exploration companies and Labrador's outfitting camps. (Photo: Air Borealis)

3-YEAR COMPARISON AIR BOREALIS	2020	2021	2022
Twin Otters	9	10	10[1]
Helicopters	1	3	9[2]
Flight Hours	11,000	14,500	15,500
Passengers Carried	15,052	16,000	22,000
Cargo Transported	3.5M lbs	4.6M lbs	4M lbs
Medevac/Scheduled Flights	230	333	300

[1] Air Borealis plans to add an 11th Twin Otter in 2023.
[2] 3 helicopters permanently located in Goose Bay. 6 additional aircraft were used in 2022.

INTEGRATED NUNATSIAVUT LOGISTICS

Since 2018, Integrated Nunatsiavut Logistics (INL), has supported the Vale Underground Expansion Project through barge lifts of heavy equipment and material. In 2022, the company completed seven barge lifts and two trips by chartered ship. In the five years since INL has been engaged by Vale, the company has completed 44 barge lifts and four trips by chartered ship.

In 2022, INL also assisted heavy lift and transportation specialists, Mammoet, at the Vale port site in Labrador.

A barge loaded with heavy equipment and other supplies for the Vale underground mine, at the dock in Voisey's Bay. INL has provided barge lifting and shipping services to the site since 2018. (Photo: INL)

TIMMIAK CONSTRUCTION LIMITED

Timmiak Construction Limited is a joint venture heavy civil construction company. NGC has majority ownership (51%), with Bird Heavy Civil Construction Limited holding a 49% stake.

Timmiak sought new opportunities in 2022. The company sees potential to expand into new service areas, including structural, mechanical, process, electrical, instrumentation (SMPEI), as well as contract scopes.

The company has completed several projects for the Voisey's Bay Mine Expansion project, including supplying pre-cast concrete, concrete work for five Raised Bore Collars, civil works, and equipment rentals.

TIMMIAK
construction limited

Northern Lights at Base Camp, next to Torngat Mountains National Park. (Photo: Janice Webb)

PAN ARCTIC INUIT LOGISTICS CORPORATION

Pan Arctic Inuit Logistics Corporation (PAIL) was formed in 1994 to pursue economic development opportunities in the Arctic that would benefit Inuit and their communities. NGC (16% ownership) is one of six economic development corporations with equal shares in PAIL.

MAJOR SUCCESSES IN 2022

PAIL, through its 51% ownership of Nasittuq Corporation, achieved a major accomplishment in early 2022 with the award of a $527-million, seven-year contract to operate the North Warning System (NWS). NWS operates a string of 47 radar sites that stretch across Canada's Arctic and into Labrador. The contract includes four 2-year options.

Nasittuq was also successful in being awarded a $122-million, eight-and-a-half-year contract to continue supporting Canadian Forces Station (CFS) Alert on Ellesmere Island, Nunavut. Under the contract, Nasittuq will provide all site services for CFS Alert, including accommodations, food services, maintenance and operation of grounds, roads, runways, power plants, buildings, generators, water and sewer systems, fire alarm systems, fuel storage tanks, and a quarry operation. Nasittuq will also maintain and repair some of the 90 buildings on site, including 19 major structures.

PAIL's partners continue to pursue other economic development opportunities through their membership in the Inuit Development Corporation Association, an organization which they formed in 2018.

Iceberg, Nunatsiavut.
(Photo: Janice Webb)

PAIL owns 51% of Nasittuq Corporation. Nasittuq operates and maintains 47 North Warning System radar sites across the north as well as providing operations and maintenance support to CFS Alert. (Photo: Nasittuq Corporation)

INNU-INUIT PARTNERSHIPS

The Nunatsiavut Group of Companies is strengthened through its participation in business partnerships. This spirit of collaboration is evident in the many partnerships that have been formed with the Innu and national and international mining and engineering companies to support the Vale mine project. Those relationships have increased training and employment opportunities for Beneficiaries, and they assist NGC in its mission to own profitable and sustainable businesses.

Current Innu-Inuit Partnerships:

- Innu-Inuit Redpath LP
- Innu-Inuit MacLean LP
- Innu-Inuit Kiewit Constructors
- Innu-Inuit PDI GP Inc.
- Innu-Inuit Toromont GP Inc.
- ACI Labrador LP
- Innu-Inuit Foraco LP

INNU-INUIT REDPATH LP (I-I REDPATH)

I-I Redpath carried out substantial activity at the Vale underground mine in 2022, at both the Eastern Deeps and Reid Brook sites. The work included installation of ventilation doors and airlock setups, construction of sumps to remove water from underground locations, and work was started on a pump station. I-I Redpath also began construction on a refuge or life safety station, where workers can shelter during an underground incident. Work progressed on extending electrical power throughout the underground mine, installation of underground fibre optic cable, completion of the facility for dumping ore, and installation of dust suppression equipment.

INNU-INUIT MACLEAN LP

In 2022, this partnership continued to provide mobile mining equipment to the project, including utility vehicles, specialized machines for spraying concrete and for lifting heavy loads. Orders were received in 2022 to deliver additional utility vehicles, concrete trucks, and a mobile drill.

INNU-INUIT KIEWIT CONSTRUCTORS (I-I KIEWIT)

I-I Kiewit is geared toward heavy civil, mechanical, electrical, and industrial construction.

INNU-INUIT PDI GP INC. (I-I PDI)

I-I PDI continued to deliver product and support for the mining ventilation door systems at the Vale mine in 2022. The project is ongoing, and the company will support product installation and the supply of parts and other services related to that package. I-I PDI supplies industrial equipment and parts for other packages at the site.

The company has also been working on the qualification and supply of ground control products (pumpable resin and rock bolts) for the site through its partnership with MBCC Group (Master Builders Solutions Construction Products). Site testing will continue in 2023.

INNU-INUIT TOROMONT GP INC.

Formed in 2017, this company provides power generation plants to the Vale mine.

ACI LABRADOR LP (ACI)

ACI is in the seventh year of providing custom-designed and produced main mine and auxiliary ventilation systems for the underground mine. Several components, including fresh air fans, ductwork, and mine heaters are installed and running. Other components, such as glycol heat recovery rooms and pump rooms have been supplied but installation and commissioning has not been completed.

INNU-INUIT FORACO LP (I-I FORACO)

I-I Foraco is an international drilling company serving mineral exploration at Voisey's Bay. The company recognizes the Impacts and Benefits Agreements with the Innu Nation and Nunatsiavut Government in which Innu and Inuit workers have first preference for employment.

I-I Foraco partnered with Labrador Aboriginal Training Partnership to assist in recruiting Innu and Inuit members to work on its diamond drills for surface and underground at the Vale mine.

A primary air fan, custom-designed and installed by ACI Labrador for the Vale underground mine. (ACI Labrador LP Photo)

Nunatsiavut Construction Inc. completed projects throughout Labrador and in northern Newfoundland in 2022. Two of those projects involved replacing roofs at Nalcor generating plants at L'anse au Loup and St. Anthony, pictured here. (Photo: NCI)

PURSUING ECONOMIC DEVELOPMENT

NGC PARTNERS WITH CANADIAN INUIT

FOR ECONOMIC DEVELOPMENT

Labrador Inuit have been partners with other Canadian Inuit in economic development since the formation of Pan Arctic Inuit Logistics Corporation (PAIL) in 1994, first through the Labrador Inuit Development Corporation (LIDC), and since 2011, through the Nunatsiavut Group of Companies. The PAIL partnership continues with great success and was enhanced in 2018 with the creation of a new organization, the Inuit Development Corporation Association (IDCA), of which NGC is a founding member.

IDCA is a not-for-profit trade association that was formed for regional Inuit development corporations (including NGC) to work together to identify and create opportunities that promote business for its members. In pursuing its business development mandate, IDCA also seeks to be a national voice influencing aspects of federal government policy and programs that impact Inuit development corporations. Recognizing the importance of federal government investments in promoting economic development in all the regions of Inuit Nunangat, IDCA aims to facilitate direct, targeted investments by the Government of Canada, in full partnership with Inuit development corporations.

PAIL'S ROLE IN BUSINESS DEVELOPMENT

PAIL is owned by six northern economic development corporations, including NGC. The owners have equal shares and receive dividends from their investment. PAIL's primary business activity has been through the operations and maintenance contracts for the North Warning System (NWS) and for CFS Alert. PAIL's first involvement with the NWS was from 1995 to 2014. It regained the contract in January 2022 for a 7-year period, with options for two additional 4-year terms.* PAIL's operations and maintenance contract for CFS Alert began in 2012 and was renewed in 2022 for an eight-and-a-half-year term.

1994 — PAIL Corporation is formed.

1995 — PAIL becomes partner in operation and maintenance of NWS with ATCO Structures & Logistics.

2000 — Nasittuq Corporation formed as a 50/50 equity partnership between PAIL and ATCO to carry out the operation and maintenance of NWS.

2012 — Nasittuq wins site services contract for Canadian Forces Station (CFS) Alert on Ellesmere Island, Nunavut.

FUTURE POTENTIAL

IDCA anticipates additional future potential for PAIL's involvement in the emerging modernization of the North American Air Defense Command (NORAD), which provides continental air defense capability to Canada and the United States. In June 2022, Canada's Defense Minister announced $4.9 billion in funding for the first six years of modernization, and a total of $38.6 billion over twenty years. Several of the key focus areas touch on Canada's north, including implementing systems for earlier detection of threats and ensuring that the Canadian Forces maintain a strong presence across the country, including in the north.

Many of these initiatives will involve northerners, including people in Labrador, and will require new infrastructure. As planning for these projects gets underway, IDCA has been engaging with government decision makers and corporate interests to promote a substantial role for Inuit. In November of 2022, IDCA participated in a trade mission to Washington, DC to meet representatives of corporations that are likely to play a role in NORAD modernization.

EXPANDING INUIT-TO-INUIT CONTACT

IDCA plays a pivotal role in helping diversify opportunities for Beneficiaries as it explores opportunities around trade and defense.

As an advocacy organization for Inuit economic development, IDCA led two trade missions to Greenland, where Inuit are key players in the economy. In 2022, IDCA, including NGC, met Greenland Inuit leaders in the airline, shipping, and telecom industries.

At home, IDCA helps unify and strengthen the voice of Inuit by providing a forum for Inuit business leaders to share ideas and to strategize for economic development in their communities and regions. This work further reinforces IDCA's role as a vehicle to promote and advance Inuit economic development goals in the national governmental and corporate spheres.

**Since 2000, PAIL's equity stake has been held through Nasittuq Corporation, a partnership with ATCO Frontec. In January 2022, PAIL became the majority equity holder (51%), with ATCO Frontec (49%).*

2014
Nasittuq and ATCO fail in bid to retain NWS contract.

2021
Nasittuq restructured as an Inuit majority-owned company with PAIL becoming majority owner of Nasittuq Corporation's participating shares.

2022 (January)
Nasittuq wins 7-year contract, with two 4-year options to operate and maintain NWS.

2022 (October)
Nasittuq wins 8.5-year contract to operate and maintain CFS Alert, with two 4-year options.

IDCA has led two trade missions to Greenland. Greenland Inuit play a significant role in the country's economy. (Photos: IDCA and Chris Webb)

NCI'S ACQUISITION OF TRUCKING AND EXCAVATION FIRM ASSETS

ADVANCES COMPANY'S HEAVY CIVIL ABILITY

The Trust's decision to acquire the assets of Melville Trucking and Excavation in 2022 provided a significant boost to Nunatsiavut Construction Inc. (NCI) and enhanced its ability to bid on large-scale heavy civil work in Nunatsiavut and other parts of Labrador. In fall 2022, NCI finalized the transaction for construction assets such as freight trucks, excavators, and snow clearing equipment.

The legal agreement to acquire the real estate assets was completed in early 2023. The assets include a large garage to be used by NCI for equipment storage and maintenance, a smaller two-bay garage which will be leased, the fully leased Glenn Plaza commercial office complex, and three plots of vacant land required for the storage of large assets. The land is located close to NGC's headquarters on Royal Street in Happy Valley-Goose Bay.

The real estate assets are owned by Nunak Land Corporation, which substantially enlarged its real estate portfolio through the acquisition.

DEAL IMPORTANT FOR NCI

The acquisition is important on several levels for NCI and its strategy to play a larger role in heavy civil construction in Nunatsiavut and throughout Labrador:

It substantially increases NCI's fleet of heavy equipment, allowing the company to bid on, and carry out, multiple jobs at once.

- The acquisition immediately makes NCI a major player in the Upper Lake Melville private snow clearing business. The purchase included more than a dozen existing contracts. NCI won several additional contracts in late fall, including a four-year agreement to provide snow and ice control to the Goose Bay Airport Corporation.
- The addition of construction equipment allows NCI to mobilize for jobs on its own, without the costly practice of renting or leasing equipment.
- The acquisition of specialized equipment provides NCI with the means to transport equipment to and within Nunatsiavut.
- The acquisition supports NCI's strategy to become a year-round construction firm. This is vital in ensuring the company's prosperity and it will assist in recruiting and retaining employees.

TRANSACTION ALREADY PAYING OFF

NCI's ability to self-mobilize for work and the increased size of its construction fleet is already having an impact. In 2022, the company was successful in winning site preparation contracts in three Nunatsiavut communities, Hopedale, Makkovik, and Nain. The new excavation and trucking assets enable the company to complete those contracts concurrently.

The acquisition is also an important investment in the future. Several large-scale infrastructure projects are in the planning stages for Nunatsiavut and for the rest of Labrador. NCI now has the equipment to compete for that work and the local staff to successfully complete jobs, key factors in making competitive bids and winning more work.

The acquisition substantially adds to NCI's ability to engage in heavy civil work. (Photos: DJ Elliott)

Photo: Erin Everard

CSR, WAGES, EMPLOYEE AWARDS, EXECUTIVES & TRUSTEES

CORPORATE

SOCIAL RESPONSIBILITY

The Nunatsiavut Group of Companies practices social responsibility toward Beneficiaries and their communities, its employees, and the people and lands that NGC's activities touch, through its Corporate Social Responsibility (CSR) program.

The CSR program is built on six principles:

- 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

In 2022, NGC again undertook significant initiatives to support its CSR program.

- Support for local food banks and firewood programs
- Safety training for employees
- Employment and promotion of employees
- Scholarship programs
- Assistance to sports teams and other community-based groups

SPONSORSHIP AND DONATIONS POLICY

Independent of its Corporate Social Responsibility program, NGC supports communities and Beneficiaries through its Sponsorship and Donations Policy.

The programs support non-profit organizations, initiatives, and events that complement the core values of the company, including activities that reflect:

- Cultural Respectfulness
- Social Responsibility
- Openness, Accountability, and Transparency
- Environmental Stewardship
- Best Business Practices

NGC gives generously to the people and communities in which we serve. To ensure our donations are distributed appropriately throughout the region, a committee reviews each request received by the parent company, as well as its subsidiaries. Requests for donations and sponsorship are assessed based on four priority areas:

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

In 2022, NGC donations were directed toward youth for sports, arts, and music-related activities, and to communities for festivals and other events.

VALUE OF CSR IN 2022

The value of NGC's CSR annual contribution is substantial both in dollar value and in the positive impact on Beneficiaries, our communities, and NGC's employees.

Again in 2022, the single-largest CSR contribution was the 63-thousand-pound snow crab quota. The quota is owned by the Labrador Inuit Capital Strategy Trust, but managed by the Nunatsiavut Government, which engages Nunatsiavut fishers to harvest the quota. Although snow crab prices declined by close to 20-percent in 2022, the value of the quota was approximately $400,000.

Food security is a long-standing problem across the north and has become more acute as inflation takes hold. In 2022, NGC contributed $50,200 to food banks and wood programs in Nunatsiavut and Upper Lake Melville. The contribution is divided based on population and was made early in the fall of 2022. This allowed local groups to purchase and transport supplies before the marine season ended. Some communities used the funds to support local firewood programs.

In 2022, NGC and its partners provided scholarships worth $18,500 through their ongoing support to enhance educational opportunities for Beneficiaries.

In addition, NGC expends substantial amounts to fulfill other parts of its CSR goals, including environmental stewardship and protection, health and safety training for employees, travel assistance and sponsorship of community sports teams and other groups, and in meeting the commitment to be transparent and accountable.

1 STEWARDING A SENSITIVE ENVIRONMENT

2 PROTECTING HEALTH & SAFETY

3 SUPPORTING EMPLOYMENT

4 SUPPORTING LOCAL ECONOMIES

5 REFLECTING OUR INUIT CULTURE

6 ACTING ETHICALLY & WITH TRANSPARENCY

STEWARDING A SENSITIVE ENVIRONMENT

- Nunatsiavut Marine Inc. maintains oil spill and barrier kits at all coastal ports and its Crisis Management team is ready to assist its partner's marine operation if required or requested.
- NGC is planning to clean up waste that exists at the former Ten Mile Bay quarry site and is developing a plan in consultation with the Nunatsiavut Government to remediate the site.

PROTECTING HEALTH AND SAFETY

- NCI retained COR status for the tenth consecutive year. COR is an industry-certified and independently audited safety program.
- Employees of NMI and NCI completed several training sessions to advance health and safety on the job.
- NGC organized online Respectful Workplace training sessions for staff in all of its affiliated companies.

Beneficiary summer student at work at NCI. (Photo: NCI)

Air Borealis assists with travel for community and youth groups, including musicians who performed for students in Nain. (Photo: Air Borealis)

SUPPORTING EMPLOYMENT

- NSI and NCI (NCI has approved vendor status with Vale) assisted a Beneficiary-owned business (Sikuliatsiuk) to obtain a contract with Vale to facilitate safe ice crossing on Anaktalak Bay during passage of the *Umiak I* on its way in and out of Voisey's Bay.
- NCI and NSI hired Beneficiary students for summer employment.
- TSI continued its training program for Beneficiaries at Voisey's Bay, completing 5,027 hours of equipment training and 9,746 hours of overall training in 2022.
- NCI promoted two Beneficiaries to supervisory roles on coastal projects.

SUPPORTING LOCAL ECONOMIES

- NGC resumed its school and community visits during 2022 with a trip to Rigolet. The removal of pandemic travel restrictions will allow regular visits to resume in 2023.
- The companies sponsored training for employees who want to further their career prospects.
- NMI supported local communities through several initiatives:
  - » Where possible, it made the majority of purchases locally.
  - » Sponsored/paid freight to support community food groups.
  - » Integrated Nunatsiavut Logistics makes annual donations to community food banks.
- In addition to the contributions NGC makes under its Sponsorship and Donations Policy, its affiliated companies provided community, school, and sports groups with donations, travel assistance, and other support.

REFLECTING OUR INUIT CULTURE

- Air Borealis and NSI, as operators of the Base Camp at Torngat Mountains National Park, provided Inuit-themed food and cultural events for guests.
- NGC supported community festivals and celebrations, including the Makkovik Trout Festival and the Rigolet Salmon Festival.
- Documents such as job ads, public notices, and the LICST Annual Report were translated into Inuttitut.
- NGC accommodates Beneficiary employees who request time to participate in culturally important activities, such as hunting, wood harvesting, and fishing.
- NGC's Chief Operating Officer, Sarah Leo, represented all Canadian Inuit on behalf of Inuit Tapiriit Kanatami, at the 2022 Remembrance Day Ceremony in Ottawa.

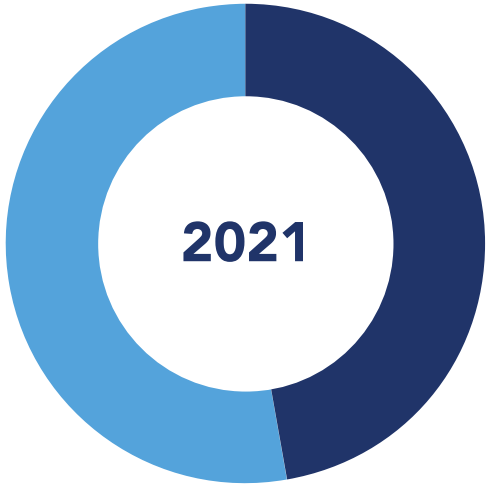
ACTING ETHICALLY AND WITH TRANSPARENCY

- The LICST produced its 8th annual report, detailing its activities and providing audited financial statements.
- NGC continues to maintain an active social media presence and produces a quarterly newsletter highlighting activity and profiling employees.
- The LICST and NGC presented their annual report to the Nunatsiavut Assembly in September. The meeting included a question-and-answer session with Assembly members.
- The LICST and NGC are committed to holding at least one quarterly meeting each year in Nunatsiavut. The Trustees and Executive met in Rigolet in May and at Base Camp, Torngat Mountains National Park in August.
- NGC promotes its business activities and seeks opportunities through its relationships with Canadian Inuit, local and national businesses, and with international partners and governments.

President and CEO Chris Webb, discusses NGC's operations at the Labrador Expo trade show in Happy Valley-Goose Bay in June 2022. (Photo: Janice White)

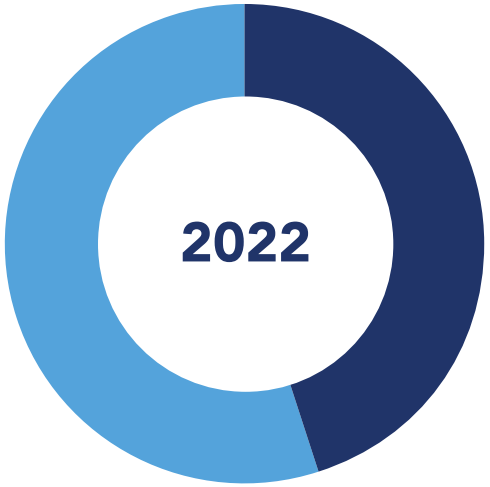
EMPLOYEES AND GROSS WAGES

NGC/AFFILIATES (2021 & 2022)



Non-Beneficiary
$2,251,719
56 Employees

Beneficiary
$2,028,486
72 Employees



Non-Beneficiary
$2,783,258
65 Employees

Beneficiary
$2,294,392
76 Employees

Year	Employee Category	Employee Numbers	Gross Wages	Percentage of Wages
2022	Beneficiary	76	$2,294,392	45.2%
	Non-Beneficiary	65	$2,783,258	54.8%
2021	Beneficiary	72	$2,028,486	47.4%
	Non-Beneficiary	56	$2,251,719	52.6%

BENEFICIARY AND NON-BENEFICIARY GROSS WAGES

BY COMMUNITY (2021 & 2022)

Community	2021	2022
Nain	$609,036	$720,301
Hopedale	$176,686	$161,736
Rigolet	$90,923	$145,864
Makkovik	$138,889	$131,425
Postville	$26,557	$52,332
Upper Lake Melville (and other)	$986,395	$1,082,734

53.9%

PERCENT OF EMPLOYEES IN WHOLLY OWNED COMPANIES IN 2022 WERE NUNATSIAVUT BENEFICIARIES.

45.2%

OF GROSS WAGES IN 2022 WERE PAID TO BENEFICIARIES BY WHOLLY OWNED COMPANIES.

SERVICE AWARD

AND RECOGNITION PROGRAM

The Nunatsiavut Group of Companies acknowledges the contribution of its employees to the profitability and sustainability of the five 100%-owned companies through its Service Award and Recognition Program:

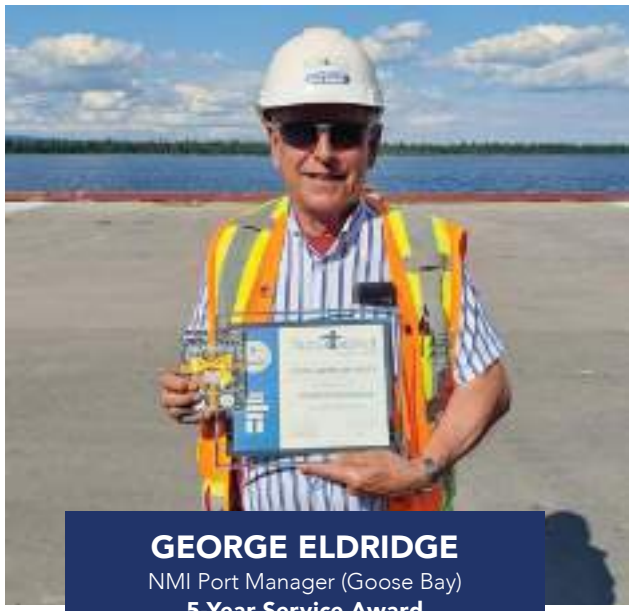
- NGC Nunatsiavut Inc.
- NGC Nunatsiavut Construction Inc.
- Nunatsiavut Marine Inc.
- NGC Solutions Inc.
- Nunak Land Corporation
  (including GBCC and Goose Bay Capital Realty)

The Service Award recognizes employees for their years of service. Recognition occurs at five-year intervals, starting with the fifth anniversary of employment.

In 2022, five employees were honoured with Service Awards. The Recognition Award highlights the exceptional work and work ethic of an employee and is presented at the discretion of the managers of the wholly owned companies.

DWAYNE CANNING
NMI Operations Manager (Goose Bay)
Presented with 10-Year Service Award by NGC President and CEO Chris Webb.

DARRELL VOISEY
NMI Wharfinger (Makkovik)
5-Year Service Award



GEORGE ELDRIDGE
NMI Port Manager (Goose Bay)
5-Year Service Award

MANASSE PIJOGGE
NCI Labourer (Nain)
Presented with 5-Year Service Award by NGC Chief Operating Officer, Sarah Leo.

SARAH LEO
NGC Chief Operating Officer (Nain)
Presented with 5-Year Service Award by NGC President and CEO, Chris Webb.

Air Borealis' helicopter operation has grown steadily since the service was introduced with one aircraft in 2020. (Photo: Kyle Fraser)

THE EXECUTIVE AND TRUSTEES

THE EXECUTIVE

President and CEO, NGC

CHRIS WEBB

Chris brings over 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 NGG has an interest, and chairs half of those boards.

In 2021, Chris was elected President of Pan Arctic Inuit Logistics 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 Queen's 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.

Chief Operating Officer, NGC

SARAH LEO

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. She joined NGC in August 2017 as Vice President of Corporate Development. She sits on the boards of Torngait Services Inc., Timmiak Construction Limited, and Innu-Inuit Redpath. Sarah is also a Trustee of The Labrador Inuit Settlement Trust and a member of BMO's Indigenous Advisory Council.

As a Nunatsiavimmuit, Sarah's knowledge of NGC and the role its companies play in the region, are tremendous assets as NGC continues on its path to be an Inuit-led business. She is intimately familiar with the Labrador Inuit Land Claims Agreement, and as COO, works with the Executive Team to ensure that all NGC businesses are aligned to leverage the opportunities presented through the Land Claims Agreement.

Director of Finance, NGC

ROBIN WEBB

In her role as Director of Finance, Robin oversees accounting and the 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.

Human Resources Manager, NGC

JANICE WEBB

Janice became part of the NGC team as Human Resources Manager in October 2021. Prior to joining NGC, she was the HR Manager with the Nunatsiavut Government. In the 9 previous years, she gained significant HR experience in the mining and construction industries.

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

Janice has a special interest in providing employment and training opportunities to Nunatsiavut Beneficiaries. 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.

General Manager, TSI

WYMAN JACQUE

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.

General Manager, NMI

GARY LATIMER

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 & Marine Atlantic Inc.

Construction Manager, NCI

DJ ELLIOTT

DJ is a graduate of the Civil Engineering Technology Program at the College of the North Atlantic in St. John's.

DJ has 10 years of civil construction experience, having held various roles within the construction industry. His professional career has taken him from St. John's to Happy Valley-Goose Bay, with stints as field engineering technician and project coordinator at Muskrat Falls and Superintendent of Public Works at the Town of Happy Valley-Goose Bay. As Construction Manager with Nunatsiavut Construction Inc., he oversees the day-to-day operations of the company.

DJ and his family reside in Happy Valley-Goose Bay.

Business Analyst, NGC

ERIN EVERARD

As Business Analyst, Erin supports expanding the development of business ventures for the Nunatsiavut Group of Companies.

She holds educational specializations in Business Management Accounting, Construction Management, Event and Hospitality Management, Facilitation, Mediation & Negotiation. Erin is a designated Project Management Professional (PMP) and was recently granted a degree in Applied Studies from Athabasca University in recognition of coursework in multiple academic areas.

Prior to moving to Happy Valley-Goose Bay to join NGC in June 2022, Erin worked as Manager of Federal Contributions and Relations for the Government of Nunavut's Department of Community and Government Services.

TRUSTEES

Chair, LICST

GARRY BEST

Garry Best is a Nunatsiavut Beneficiary who was born and raised in Happy Valley-Goose Bay.

Garry holds a Bachelor of Engineering from Memorial University and a Postgraduate Diploma in Naval Architecture from University College London, UK. He served over 23 years in various leadership roles as an officer in the Royal Canadian Navy, followed by a 17-year career as an executive in the Federal Public Service.

Garry was honoured to serve as the Senior Aide-de-Camp to Her Excellency Adrienne Clarkson, Governor General of Canada, and most recently, as the Ontario Regional Executive Officer, First Nations and Inuit Health Branch, Indigenous Services Canada.

Prior to his retirement in March 2023, Garry completed an exciting Interchange Canada opportunity serving as a Senior Advisor to Memorial University's Labrador Campus, School of Arctic and Subarctic Studies.

Trustee

ISABELLA PAIN

Isabella is a Nunatsiavut Beneficiary who was born and raised in Nain, Nunatsiavut. She graduated from Memorial University with a Bachelor of Arts degree (Political Science), and a minor in Business. In 2000, she was appointed as the co-chief negotiator of the Nunatsiavut land claims negotiation team. A year later, she became the chief negotiator of the Impact and Benefits Agreement (IBA) with Voisey's Bay Nickel Company (VBNC). Isabella assumed the position of 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 her career with the Nunatsiavut Government in 2009. Her current roles are Deputy Minister of the Nunatsiavut Secretariat, Secretary of Executive Council, and senior negotiator.

Trustee

NATAN OBED

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

For 10 years, Natan 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.

Trustee

KRISTY SHEPPARD

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

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

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

Trustee

CATHARYN ANDERSEN

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, Cathryn worked with the Nunatsiavut Government in the roles of Director and Inuttitut 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 sits on the Inuit Co-Management Board for the Akami-Uapishku-KakKasuak-Mealy Mountains National Park Reserve.

Nunatsiavut Marine Inc. employees at the Port of Goose Bay load a 53-foot trailer for shipment. NMI employees loaded more than 15,000 tons of freight and cargo and 1,025 vehicles in 2022. (Photo: NMI)

2022 FINANCIALS

CONSOLIDATED REVENUE AND EXPENSES

Revenue + Share of Equity Earnings: **$47,067,620**
Expenses: **$39,017,330**
Non-controlling interest: **$8,032**

SURPLUS (LICST SHARE)

$8,002,258

WAGES AND BENEFITS

$21,856,264

INCOME FROM SELECT SOURCES

SALES

$24.7M
($24,749,365)

CONSTRUCTION

$7.1M
($7,162,326)

SHARE OF EQUITY EARNINGS

$4.2M
($4,284,001)

MARINE

$3.9M
($3,911,558)

PARTNERSHIPS

$2.3M
($2,300,000)

FISHING OPERATIONS

$1.8M
($1,873,474)

INTEREST AND INVESTMENT

$570K
($570,584)

RENTAL

$554K
($554,053)

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Deloitte.

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, 2022, 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, 2022, 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
September 13, 2023

CONSOLIDATED STATEMENT OF

OPERATIONS AND ACCUMULATED SURPLUS

Year Ended December 31, 2022

	Schedule	2022 $	2021 $
Revenue			
Sales		**24,749,365**	27,132,770
Construction	2	**7,162,326**	2,695,958
Marine operations		**3,911,558**	3,733,568
Partnership income		**2,300,000**	2,849,921
Fish harvesting		**1,278,581**	1,334,828
Crushed stone		**648,107**	317,201
Other	2	**593,162**	484,643
Interest and investment income		**570,584**	294,904
Rental	2	**554,053**	569,635
Royalties from Northern Coalition		**465,358**	–
Management fees	2	**176,000**	192,000
Lease finance		**141,353**	242,684
Royalties from turbot		**129,535**	122,500
Base Camp		**63,637**	–
		42,743,619	39,970,612

	Schedule	2022 $	2021 $
Expenditures	1	**37,224,663**	35,369,809
Annual surplus before undernoted items		**5,518,956**	4,600,803
Share of equity earnings		**4,284,001**	1,761,545
Gain (loss) on disposal of tangible capital assets		**4,566**	19,708
Bargain purchase premium		**69,782**	–
Amortization		**(868,088)**	(698,668)
Impairment of inventory held for resale		**(243,431)**	–
Income tax		**(755,496)**	(743,503)
Annual surplus		**8,010,290**	4,939,885
Non-controlling interest in annual surplus		**8,032**	10,598
Trust's share of annual surplus		**8,002,258**	4,929,287
Annual surplus		**8,010,290**	4,939,885
Accumulated surplus, beginning of year		**13,003,531**	10,915,177
Trust's share of annual surplus		**8,002,258**	4,929,287
Trust income allocation		**(3,503,658)**	(2,840,933)
Accumulated surplus, end of year		**17,502,131**	13,003,531

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

CONSOLIDATED STATEMENT OF

FINANCIAL POSITION

As at December 31, 2022

	Notes	2022 $	2021 $
Financial Assets			
Cash		**16,860,247**	13,519,188
Receivables		**7,012,943**	8,399,158
Net investment in finance lease	3	**1,126,941**	2,282,693
Loan receivable	4	**2,500,000**	2,500,000
Investments, at equity	5	**17,622,638**	16,355,558
Portfolio investments	5 and 15	**75,615**	75,615
Inventory held for resale		**3,702,579**	4,318,574
Work-in-progress		**278,628**	1,299,227
Income tax receivable		**29,433**	–
Receivables from related parties, net	5	**1,832,507**	250,819
Due from Philip Earle, non-interest bearing demand loan		**750,000**	750,000
		51,791,531	49,750,832

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

On behalf of the Trust:

_____ Trustee _____ Trustee

	Notes	2022 $	2021 $
Liabilities			
Payables and accruals		**6,415,957**	6,355,732
Payable to Tasiujatsoak Trust	10	**14,700,000**	16,200,000
Deferred revenue		**486,693**	456,044
Provision for loss on onerous contracts		**28,965**	347,163
Income tax payable		**–**	102,189
Due to Nunatsiavut Government, non-interest bearing, no set terms of repayment		**17,933,080**	14,429,422
Obligations under capital lease	9	**866,560**	103,231
Long-term debt	8	**4,240,383**	5,599,772
		44,671,638	43,593,553
Net financial assets		**7,119,893**	6,157,279
Contingency	14		
Subsequent event	15		
Non-financial assets			
Tangible capital assets	6	**9,794,506**	6,221,822
Goodwill		**494,083**	551,956
Prepaids		**137,595**	108,388
		10,426,184	6,882,166
Non-controlling interest		**43,946**	35,914
Accumulated surplus	11	**17,502,131**	13,003,531
		17,546,077	13,039,445

CONSOLIDATED STATEMENT OF

CHANGES IN NET FINANCIAL ASSETS

Year Ended December 31, 2022

	2022	2021
	$	$
Annual Surplus	**8,010,290**	4,939,885
Trust income allocation	**(3,503,658)**	(2,840,933)
	4,506,632	2,098,952
Change in Tangible Capital Assets		
Amortization of tangible capital assets	**810,215**	640,795
Gain on disposal of tangible capital assets	**(4,566)**	(19,708)
Purchase of tangible capital assets	**(3,202,954)**	(1,500,265)
Acquisition of capital leases	**(1,110,097)**	(36,770)
Proceeds from disposal of tangible capital assets	**4,500**	32,581
Bargain purchase premium	**(69,782)**	–
	(3,572,684)	(883,367)

	2022	2021
	$	$
Change in Other Non-financial Assets		
Net change in goodwill	**57,873**	57,873
Net change in prepaid expenses	**(29,207)**	11,956
	28,666	69,829
Increase in net financial assets	**962,614**	1,285,414
Net financial assets, beginning of year	**6,157,279**	4,871,865
Net financial assets, end of year	**7,119,893**	6,157,279

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

CONSOLIDATED STATEMENT OF

CASH FLOWS

Year Ended December 31, 2022

	2022	2021
	$	$
Operating Transactions		
Annual surplus	**8,010,290**	4,939,885
Adjustments for		
Amortization of tangible capital assets	**810,215**	640,795
Amortization of goodwill	**57,873**	57,873
Gain on disposal of tangible capital assets	**(4,566)**	(19,708)
Bargain purchase premium	**(69,782)**	–
Share of equity earnings	**(4,284,001)**	(1,761,545)
Trust income allocation	**(3,503,658)**	(2,840,933)
Change in other	**2,634,656**	(201,752)
	3,651,027	814,615
Capital Transactions		
Purchase of tangible capital assets	**(3,202,954)**	(1,500,265)
Proceeds from disposal of tangible capital assets	**4,500**	32,581
	(3,198,454)	(1,467,684)

Financing transactions	**2022**	2021
	$	$
Financing Transactions		
Repayment of payable to Tasiujatsoak Trust	**(1,500,000)**	(1,200,000)
Increase in due to Nunatsivaut Government	**3,503,658**	2,840,933
Repayment of long-term debt	**(1,359,389)**	(1,423,467)
Repayment of obligations under capital lease	**(346,768)**	(59,491)
	297,501	157,975
Investing Transactions		
Change in net investment in finance lease	**1,155,752**	1,112,592
Change in equity investments	**3,016,921**	823,501
Increase in receivables from related parties	**(1,581,688)**	(44,065)
	2,590,985	1,892,028
Net change in cash	**3,341,059**	1,396,934
Cash, beginning of year	**13,519,188**	12,122,254
Cash, end of year	**16,860,247**	13,519,188

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

NOTES TO THE

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

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
- 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, marine operations, Torngat National Base Camp operations and other income, 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 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, construction materials 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 installments 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, 2022 is $2,500,000 ($2,500,000 in 2021).

5. INVESTMENTS AND RECEIVABLES FROM RELATED PARTIES, NET

	2022	2021
	$	$
Investments		
Air Borealis Limited Partnership	**12,848,099**	13,165,021
Innu-Inuit Redpath Limited Partnership (33 common shares)	**3,035,374**	1,996,812
ACI Labrador Limited Partnership (100 common shares)	**751,609**	702,926
Innu-Inuit Toromont Limited Partnership (100 common shares)	**598,201**	335,200
Innu-Inuit Maclean Partnership (33 common shares)	**344,029**	113,084
Protein North Incorporated	**30,600**	30,600
Innu-Inuit PDI GP Inc. (33 common shares)	**14,725**	11,915
Inuit-Inuit Foraco Limited Partnership	**1**	–
Investments, At Equity	**17,622,638**	16,355,558
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	**1,660,924**	440,729
Pikalujak Fisheries Limited Partnership	**140,266**	134,855
Pan Arctic Inuit Logistics Corporation	**108,603**	108,603
Air Borealis Limited Partnership	**62,779**	(5,693)
Torngait Services Inc.	**–**	(112)
Integrated Logistics (NL) Limited	**–**	(427,563)
Integrated Nunatsiavut Logstics Inc.	**(140,065)**	–
	1,832,507	250,819

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

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
	$	$	$	$
Land	**607,396**	**–**	**607,396**	408,646
Buildings and improvements	**5,895,628**	**2,661,822**	**3,233,806**	3,179,696
Containers and other equipment	**4,246,010**	**3,101,018**	**1,144,992**	1,122,812
Equipment	**9,875,729**	**5,646,355**	**4,229,374**	1,277,268
Furniture and fixtures	**155,210**	**91,979**	**63,231**	53,982
Motor vehicles	**698,112**	**313,120**	**384,992**	163,714
Vessels	**141,000**	**137,765**	**3,235**	4,621
Computers	**76,926**	**69,066**	**7,860**	11,083
Construction in progress	**119,620**	**–**	**119,620**	–
	21,815,631	**12,021,125**	**9,794,506**	6,221,822

Tangible capital assets categorized as construction in progress are not amortized until they are available for use.

Included in equipment is the purchase of tangible capital assets acquired under a capital lease, the cost of which is $1,110,097. As this is a non-cash transaction, it has not been reflected in the statement of cash flows.

7. OPERATING LINES OF CREDIT

The Trust has an operating line of credit with an authorized limit of $4,100,000 with the Bank of Montreal, bearing interest at Bank's prime rate plus 0.75%. As security for the line of credit, the Trust has pledged a general security agreement with a floating charge against the assets of the Trust, guarantees of indebtedness in the amount of $4,360,000 signed by various subsidiaries of the Trust, and assignment of vessel insurance. The balance outstanding at December 31, 2022 was nil (nil in 2021).

The Trust, through its subsidiary NGC Nunatsiavut Inc., has an operating line of credit with an authorized limit of $283,000 with the Bank of Montreal, bearing 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 December 31, 2022 was $nil ($nil in 2021).

The Trust, through its subsidiary NGC Nunatsiavut Inc., has an operating line of credit with an authorized limit of $800,000 with the Bank of Montreal, bearing 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, and a copy of the shareholder agreement. The balance outstanding at December 31, 2022 was $nil ($nil in 2021).

8. LONG-TERM DEBT

	2022	2021
	$	$
Provincial Aerospace Ltd. unsecured loan, bearing interest at the Bank's prime rate plus 0.9%, maturing in June 2023, repayable in one installment of $2,418,011.	**2,418,011**	3,474,336
Business Development Bank of Canada ("BDC") term loan bearing interest at BDC's floating rate plus 1%, compounding monthly. The entire outstanding balance and accrued interest was repaid in February 2023. (iii)	**1,392,130**	1,532,794
Bank of Montreal mortgage bearing interest at the Bank's prime rate plus 1%, maturing January 2028, repayable in blended monthly installments of $6,633. (ii)	**380,172**	432,574
Aivek Holdings mortgage, non-interest bearing, maturing October 2023, repayable in monthly installments of $4,861. (i)	**50,070**	108,403
Bank of Montreal mortgage repaid during year	**–**	34,999
Bank of Montreal mortgage repaid during year	**–**	16,666
	4,240,383	5,599,772

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

	$
2023	3,927,115
2024	69,422
2025	72,035
2026	74,746
2027	77,559
Thereafter	19,506

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 $2,805,371 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 $782,892 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 and 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	**$**
2023	**351,473**
2024	**315,380**
2025	**262,874**
Thereafter	**695**
	930,422
Interest included in minimum lease payment	**63,862**
Present value of future lease payments	**866,560**

10. PAYABLE TO TASIUJATSOAK TRUST

	2022	2021
	$	$
Tasiujatsoak Trust demand loan, non-interest bearing (i)	**6,000,000**	6,000,000
Tasiujatsoak Trust demand loan, bearing interest at 6%, payable annually (i) (iii)	**5,000,000**	5,000,000
Tasiujatsoak Trust demand loan, annual interest at 6.5%, payable quarterly (i) (ii) (iii)	**2,500,000**	2,500,000
Tasijatsoak Trust demand loan, bearing interest at 5.25%, payable monthly (i)	**1,200,000**	2,700,000
	14,700,000	16,200,000

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

	2022	2021
	$	$
Operations	**16,720,853**	12,222,253
Restricted - inshore fishery	**781,278**	781,278
	17,502,131	13,003,531

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 2021) 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 2021) in this trust account. The remainder of restricted funds in the amount of $337,462 ($337,462 in 2021) 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 fulfill 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, 2022, the Trust

maintained an allowance for doubtful accounts of $137,352 ($137,352 in 2021).

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, 2022, the Trust had cash of $16,860,247 ($13,519,188 in 2021).

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

Market Risk

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

(i) Interest Rate Risk

The Trust's financial liabilities are exposed to fluctuations in interest rates with respect to its demand loans and its long-term debt. All amounts payable to the Tasiujatsoak Trust have fixed interest rates and therefore the cash flow exposure is not significant. Similarly, the cash flow exposure with respect to the lines of credit is not significant as there were no drawings at December 31, 2022. The Trust is exposed to the following interest rates at December 31, 2022.

	%
Long-term debt	4.10 - 9.55

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	**(48,408)**

(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 2022, there are no financial instruments included in levels 1, 2 and 3.

13. STATEMENT OF REMEASUREMENT GAINS & 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.

15. SUBSEQUENT EVENT

Subsequent to year-end, the Trust, through it's subsidiary NGC Nunatsiavut Inc., sold its portfolio investment in Dominion Trading Limited with a carrying value of $75,613 for $4,100,000.

SCHEDULE 1 - CONSOLIDATED

SCHEDULE OF EXPENDITURES

Year Ended December 31, 2022

	Schedule	2022 $	2021 $
Wages and benefits		**21,856,264**	20,542,847
Cost of goods sold		**6,802,659**	8,190,243
Materials and supplies		**1,856,479**	1,143,375
Miscellaneous		**1,048,653**	1,359,658
Interest and bank charges		**1,049,266**	1,012,526
Subcontractor fees		**984,110**	448,775
Professional fees		**902,784**	564,102
Travel	2	**698,713**	214,555
Rent and maintenance		**428,460**	412,683
Fuel		**225,329**	117,454
Licenses and fees		**200,301**	178,385
Equipment rental		**195,499**	61,018
Insurance		**170,828**	149,221
Utilities		**155,219**	120,370
Freight and transportation	2	**153,816**	84,517
Municipal taxes		**91,497**	84,093
Telephone		**78,099**	72,533
Information technology support		**64,860**	66,776
Training programs		**57,279**	39,069
Conference and meetings		**44,040**	31,500
Advertising	2	**41,807**	34,091
Loss on onerous contracts		**28,920**	347,162
Damage claims		**26,990**	39,053
Management fees		**23,555**	23,555
Bad debts		**20,358**	11,655
Meals and entertainment		**12,073**	14,690
Waste disposal		**6,735**	5,839
Dues		**70**	64
		37,224,663	35,369,809

SCHEDULE 2 - CONSOLIDATED

SCHEDULE OF RELATED PARTY TRANSACTIONS

Year Ended December 31, 2022

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	2022 Total	2021 Total
	$	$	$	$	$
Revenues					
Construction	**2,578,314**	**–**	**–**	**2,578,314**	1,914,806
Rental	**244,990**	**–**	**–**	**244,990**	245,290
Management fees	**–**	**–**	**176,000**	**176,000**	192,000
Other	**3,669**	**–**	**–**	**3,669**	8,446
	2,826,973	**–**	**176,000**	**3,002,973**	2,360,542
Expenses					
Travel	**–**	**139,627**	**–**	**139,627**	72,606
Freight and transportation	**–**	**17,215**	**–**	**17,215**	6,383
Advertising	**6,620**	**–**	**–**	**6,620**	5,220
	6,620	**156,842**	**–**	**163,462**	84,209