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## 1. Introduction

The Nunavut Development Corporation (the "Corporation" or "NDC") is a Crown corporation of the Government of Nunavut (the "Government") named in Schedule B of the *Financial Administration Act* (Nunavut) ("FAA") and, accordingly, operates in accordance with Part IX of the FAA, the *Nunavut Development Corporation Act* (the "Act") (as duplicated for Nunavut under Section 29 of the *Nunavut Act*) and the *Business Corporations Act* (Nunavut). The Act lays out the parameters under which the Corporation may operate.

Section 25 of the Act pertains to the submission of an annual corporate plan, operating budget, and capital budget as described in sections 91 to 93 of the FAA. Section 25 of the Act also requires that the Corporation disclose projected investments, borrowings and the amount of subsidies to be paid to subsidiary companies and NDC projects.

## 2. Legislated Mandate

The legislated objective of the Corporation, as stipulated in section 3 of the Act, is as follows:

"The objects of the Corporation are:

- (a) to incorporate, establish and carry on the business of companies and to develop, establish, operate, manage and carry on the business of projects, directly or indirectly, within the Corporation in order to:
  - (i) create employment and income for residents of the Territory, primarily in small communities;
  - (ii) stimulate growth of businesses in the Territory; and,
  - (iii) promote economic diversification and stability.
- (b) to invest in business enterprises in order to:
  - (i) stimulate growth of businesses in the Territories; and,
  - (ii) promote economic diversification and stability; and,
- (c) to promote the economic objectives of the Government of Nunavut".

### 3. Mission/Vision/Values

#### Mission

The Nunavut Development Corporation is committed to the development of economic opportunities for Nunavumiut through the responsible delivery of creative programs and services that further employment opportunities in Nunavut communities.

#### Vision

- ξ The goal of the Corporation is to be self-sustaining, evolving to the point whereby its economic programs allow the Corporation to achieve self-sufficiency.
- ξ The Corporation will work closely with businesses, governments, and community groups to stimulate the Nunavut economy.
- ξ The Corporation will use its resources and programs to develop a positive economic presence.
- ξ The Corporation seeks to support self-sustaining, locally controlled enterprises, built upon the unique skills of our people and the abundant resources of our Territory.
- ξ Employment positively impacts quality of life and leads to healthier communities. Job creation and maintenance will be measured and will be a key indicator of our success.

#### Values

- ξ Flexible – We are open and welcome positive change.
- ξ Honest – We are honest and open in our interactions with each other and with the Nunavut public.
- ξ Inuit Qaujimajatuqangit (“IQ”) – The Corporation will place a high value on Inuit traditional knowledge particularly as it relates to our involvement in Nunavut’s arts & crafts and meat & fish sectors.
- ξ Trust – We maintain a high degree of integrity; we strive to do what is right.
- ξ Fairness – We treat every individual or group in an impartial and equitable manner

ξ Openness – We conduct our affairs transparently.

ξ Responsible – We demand high ethical standards from ourselves and our partners. We will work to conduct ourselves in a manner that preserves the environment, promotes sustainability and safeguards the interests of stakeholders.

#### 4. Operating Objectives - Corporate

##### A. Headquarters

<b>HEAD QUARTERS</b>	<b>2006/2007</b>	<b>2005/2006</b>
Subsidy Program Fund- <i>continuing operations</i>	1,064,000	1,064,000
Capital Program Fund	-	10,000
<b>Gov't of Nunavut Core Program Funding – -Vote 1</b>	<b>1,064,000</b>	<b>1,074,000</b>
<b>Gov't of Nunavut Capital Program Funding – Vote 2</b>	-	-
<b>TOTAL GOV'T OF NUNAVUT FUNDING</b>	<b>1,064,000</b>	<b>1,074,000</b>
JOB FORECAST	5	5

The Nunavut Development Corporation has its sights set on achieving self-reliance by the year 2023 whereby its economic programs and investments are self-financing. In order to achieve this ambitious undertaking the directors of the Corporation realize that the status quo is no longer acceptable. The Corporation will evaluate individual components in each of its for key operational areas; arts & crafts, meat & fish, southern sales, and venture equity to determine which brings the greatest overall economic benefit both in terms of assisting the Corporation in meeting its long-term operating objectives and its job creation targets.

The Corporation critically evaluates internal financing and resource allocations between its various subsidiaries, divisions, and corporate initiatives. Key decision criteria that governs internal resource allocations will include:

- The number of jobs and the amount of income to be created as a result of the Corporation's investment or subsidy
- The potential for eventual commercial viability
- The benefit to Nunavut's smaller, non-decentralized communities

- The socio-economic benefit, including diversification of the Nunavut economy, that are expected to accrue to the community, region and the Territory
- The manner in which the proposed investment may disrupt or otherwise affect the existing market
- The economic need of the community in which the business enterprise operates
- How the Corporation's potential economic involvement will affect its distribution of resources between Nunavut three regions
- Whether the investment falls within the Corporation's long-term strategy for investment
- The potential environmental impact of the proposed economic initiatives

**Headquarters Funding Detail – (continuing operations)**

<b>Line Item</b>	<b>Budgeted Amount</b>
Interest Revenue	(24,000)
Advertising	100,000
Amortization	15,600
Bank Charges	3,000
Board – Honoraria	24,000
Board - Meeting Expenses	2,400
Board – Travel & Accommodation	55,000
Communications	12,000
CPP/EI Expenses	15,000
Employee Benefits- Pension	45,000
Equipment Leases	1,020
Freight & Postage	5,500
Legal Fees	25,000
Maintenance & Repair	10,000
Office Supplies	15,000
Payroll Service Fee	5,000
Professional Fees	55,000
Salaries & Allowances	525,000
Sales Support – Subsidiaries	4,395
Staff Travel	90,000
Trade Mission & Trade Fairs	42,085
Travel Subsidiary Companies	20,000
Utilities & Snow Removal	14,000
WCB	4,000
<b>Total Budget</b>	<b>1,064,000</b>

## B. The Sales Division

<b>NDC SOUTH</b>	<b>2006/2007</b>	<b>2005/2006</b>
Subsidy Program Fund	300,000	320,000
Capital Program Fund	-	-
<b>Gov't of Nunavut Core Program Funding</b>	<b>300,000</b>	<b>320,000</b>
<b>Gov't of Nunavut Capital Program Funding</b>	<b>-</b>	<b>-</b>
<b>TOTAL GOV'T OF NUNAVUT FUNDING</b>	<b>300,000</b>	<b>320,000</b>
SALES FORECAST	1,000,000	1,100,000
JOB FORECAST	5	9
NUNAVUT ARTISANS	17	14

### **Nunavut Development Corporation - Wholesale**

#### **-Independent Buying Agents**

The Wholesale Division will actively seek out independent community buying agents in all Nunavut communities who will procure local arts and crafts on behalf of the Nunavut Development Corporation. It is the objective of the Wholesale Division to have buying contacts in place in every Nunavut community within five years. Such an approach will allow the Nunavut Development Corporation to access a wider variety of Nunavut arts & crafts in a more economical manner, eliminating the overhead costs associated running a permanent facility in a remote community. The Division will provide training and support to interested local participants who want to act as a buying agent for the Wholesale Division. The agent will receive a negotiated "agency fee" for acting on our behalf and the local carvers will have a local outlet to display and potentially sell their work.

Currently the Wholesale Division maintains independent buying contacts in the following communities:

#### **Sanikiluaq**

The Wholesale Division will continue to work directly with the Sanikiluaq Artists Association in the procurement of local arts and crafts from the community. NDC will continue to work closely with the Sanikiluaq Artists Association and the Baffin Business Development Corporation to strengthen the existing relationship and solidify our ongoing carving acquisition program from this community.

**Kimmirut**

The Wholesale Division has developed a buying relationship with the Quliruakut Arts & Craft Society of Kimmirut whereby the local company regularly supplies NDC with Kimmirut carvings.

**Clyde River**

The Wholesale Division has developed a working relationship with the Arruja Development Corporation and we are looking to increase our local arts & crafts purchasing from this community.

**Broughton Island**

The Wholesale Division has developed a working relationship with Leelee Enterprises whereby it accesses local arts & crafts and narwhal tusks for resale in southern Canada

**Cape Dorset**

Working closely with Arts Inuit, the Wholesale Division actively procures high volumes of stone carvings from new and up and coming Cape Dorset artisans

**Iqaluit**

The Inukshuk Carving studio provides high quality Inuit hand crafted jewellery to the Wholesale Division on a regular basis.

**Rankin Inlet**

Working closely with the Match Box Gallery, the Wholesale Division actively promotes unique Inuit ceramics crafted by local potters at this Rankin Inlet fine arts institution

**-Improving Industry Cooperation**

The Wholesale Division will attempt to take a lead role in building positive relationships with other Nunavut fine art retailers and wholesalers in an effort to elevate the awareness of the overall Nunavut arts & crafts industry in Canada's southern markets; primarily the Greater Toronto area. Initiatives such as the development of an industry association comprised of key southern retailers and wholesalers of Inuit art will be pursued in an effort to foster stronger cooperation among industry participants. Joint commercial marketing and retailing initiatives will be suggested with the intent of better taking advantage of potentially lucrative international events and expositions.



### Arctic Nunavut Retail

Two Arctic Nunavut retail stores are operated in the Greater Toronto Area and provide a front-line conduit for the flow of arts & crafts from Nunavut Development Corporation subsidiaries and agents. However it has been decided by the Board of the Corporation that the Arctic Nunavut retail Division must be fully self-sustained and operated without any subsidy from the Corporation. The Arctic Nunavut retail division will be critically assessed over the coming year from both a job creation and operational cost perspective. The Directors have indicated that by fiscal year 2007-2008 this division must be profitable; if not the retail division will be closed and the Corporation will focus only on wholesaling.

### C. Venture Equity Program

<b>VENTURE EQUITY</b>	<b>2006/2007</b>	<b>2005/2006</b>
<b>Operations:</b> <i>HQ-increase associated with all aspects of delivery of revised Venture Capital program</i>	150,000	150,000
<b>Venture Capital Funding:</b> <i>targeted specifically at equity investments in Nunavut with a focus on non-decentralized communities</i>	1,000,000	-
<b>Gov't of Nunavut Core Program Funding – -Vote 1</b>	<b>150,000</b>	<b>150,000</b>
<b>Gov't of Nunavut Capital Program Funding – Vote 2</b>	<b>1,000,000</b>	-
<b>TOTAL GOV'T OF NUNAVUT FUNDING</b>	<b>1,150,000</b>	<b>150,000</b>
JOB FORECAST	-	-

The Corporation believes strongly that it can greatly assist in the development of the Nunavut economy by becoming more actively involved in the area of Venture Equity financing. As key sectors of the Nunavut economy grows, it will be essential that a sustained pool of venture equity is maintained so as to lever additional sources of debt and equity financing into Nunavut and to allow Nunavut based business to grow and benefit from the Territory's expanding economy. The stipulated mandate of the Corporation's venture equity program is:

*“ to make minority ownership investments of an equity-related nature in Nunavut-based business enterprises, with a strong emphasis on business enterprises that will benefit non-decentralized communities in Nunavut. The Corporation shall invest in business*

enterprises which appear to have a reasonable opportunity to become commercially viable”

Key policy objectives governing the program include:

- ξ Commercial Viability
- ξ Emphasis on Non-Decentralized Communities
- ξ Minimum Investment Threshold of \$ 75,000
- ξ Equity orientated Investments
- ξ Minority Ownership Interests
- ξ Co-Investor Participation
- ξ Multi-Sector Investment Focus

The Nunavut Development Corporation has in place the framework and policies necessary to advance this critical objective forward. Although our current pool of Venture Capital is limited the Corporation will continue to actively promote this component of our business in the coming year.

The Nunavut Development Corporation will also be taking steps to strengthen partnerships with other lending institutions in Nunavut, with a particular emphasis on strengthening the bond between the Nunavut Business Credit Corporation and the Nunavut Development Corporation.

Over the coming year it is the intent of the Corporation to more actively move the in the direction of equity investor, while still remaining committed to both the arts & crafts and commercial harvesting sectors.

It is for this reason that the Nunavut Development Corporation is again requesting an additional \$ 1,000,000 (one million dollars) in the current business plan so as to enhance our ability to meet the equity needs of growing Nunavut businesses. An additional \$ 150,000 in operational funding is also being sought to cover the anticipated operational costs associated with delivering this Venture Equity program. Ongoing operational costs associated with the delivery of this program include such items as proposal review engagements associated with individual projects and related legal fees and ongoing investment administration costs.

## D. Other Corporate Priorities

### ● Divestment of Majority Interest in Subsidiaries

Presently NDC maintains a majority equity position in all its subsidiaries. Where minority partners exist, the board structure of the subsidiary is proportionally representative of each shareholder's interest. The current equity structure prevents local minority owners from assuming a "true" controlling interest in the company as NDC holds in excess of 51% of the voting stock. Ultimately it is the objective of the Corporation to turn over as much control as is functionally practical to community based owners.

The current majority ownership structure acts as a barrier to subsidiary companies in accessing alternate funding sources. As the subsidiaries are frequently deemed to be "*government agencies*", given NDC's majority ownership position, the current ownership structure often runs contrary to other outside funding agency's qualifying the criteria (e.g. government's not funding other governments). However it is anticipated that with the new equity structure both companies will be in a better position to seek alternative third-party funding sources primarily as it relates to additional outside sources of capital project funding.

As well under the current structure, NDC's subsidiaries are often not given preferential treatment under the Government of Nunavut's Nunavummi Nangminiaqtunik Ikajuuti Policy. This reality has hindered the development of some subsidiary companies as they do not receive the bid preferences as stipulated in the policy when bidding on government contracts.

In 2006/2007 NDC will continue to try and advance this initiative at Pangnirtung Fisheries Ltd ("PFL") and Uqqurmiut Arts & Crafts Ltd (UA&C) with the intent of turning effective control over to our local partners Cumberland Sound Fisheries Ltd ("CSFL") and the Uqqurmiut Inuit Artists Association (UIAA) respectively. Both CSFL and the UIAA have officially expressed their interest to pursue a controlling interest in their respective entities. As well both potential ownership groups are well established and both maintain significant equity interests in their respective businesses.

● **Three-Year Budget Estimates**

The following three-year funding table attempts to bring about the level of consistency and stability required for the Corporate to properly plan and meet its targeted corporate economic development objectives.

	<b>Budget 06/07</b>	<b>Budget 07/08</b>	<b>Budget 08/09</b>	<b>Total</b>
<b>Subsidiaries</b>				
Ivalu	-	-	-	-
Jessie Oonark	150,000	150,000	150,000	450,000
Kiluk	130,000	120,000	110,000	360,000
Kitikmeot Foods	220,000	220,000	200,000	640,000
Kivalliq Arctic Foods	250,000	250,000	250,000	750,000
Pangnirtung Fisheries	270,000	270,000	270,000	810,000
Taluq	130,000	130,000	130,000	390,000
Uqqurmiut Arts & Crafts	170,000	170,000	170,000	510,000
Papiruuq Fisheries	34,000	32,000	32,000	98,000
<b>Operating Subsidiaries -Subsidiaries</b>	<b>1,354,000</b>	<b>1,342,000</b>	<b>1,312,000</b>	<b>4,008,000</b>
<b>Core Capital Contributions -Subsidiaries</b>	<b>260,000</b>	<b>260,000</b>	<b>260,000</b>	<b>780,000</b>
<b>Operating Subsidiaries -Sales Division</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>900,000</b>
<b>Operating Headquarters</b>	<b>1,064,000</b>	<b>1,064,000</b>	<b>1,064,000</b>	<b>3,192,000</b>
<b>Cost of Continuing Operations</b>	<b><u>2,978,000</u></b>	<b><u>2,966,000</u></b>	<b><u>2,936,000</u></b>	<b><u>8,880,000</u></b>
<b>Venture Investment Program "<u>Non- Decentralized Communities</u>"</b>				
Administrative Costs	150,000	150,000	150,000	450,000
Capital Costs	1,000,000	1,000,000	1,000,000	3,000,000
<b>Total Venture Capital Program</b>	<b><u>1,150,000</u></b>	<b><u>1,150,000</u></b>	<b><u>1,150,000</u></b>	<b><u>3,450,000</u></b>
<b>Total Funding</b>	<b><u>4,128,000</u></b>	<b><u>4,116,000</u></b>	<b><u>4,086,000</u></b>	<b><u>12,330,000</u></b>

## **5. The Meat & Fish Subsidiaries**

The Corporation intends to fully rationalize its meat & fish operations by continuing to develop new meat & fish products and by-products. Market development for new meat & fish products utilizing production by-products not currently used will be explored either directly or in partnership with key industry partners such as HTO's, DIO's and other interested parties. Items of specific interest include making better utilization of animal hides by more aggressively seeking new skin and leather products. Other considerations include offering by-products such as antler, horn and hides to Territorial artisans for use in development of new mediums of Inuit arts & crafts.

Additionally the Corporation will work to assist other stakeholders in the commercial harvesting sector by offering advice and support through the sharing of acquired knowledge in the key areas of harvesting, processing, licensing, marketing and exporting of Nunavut's wild game resources.

The Corporation will actively support the development of sustainable commercial harvests in Nunavut. Through our participation, directly or indirectly, we will advocate practices that have minimal effect on our environment. The Corporation will also research and seek energy reduction initiatives at our meat & fish processing facilities to reduce consumption and contribute to the Canadian commitment of green house gas reduction.

The Corporation will actively work to finalize a "Nunavut Brand" for all of its meat & fish exports bringing about enhanced brand recognition and cost savings achieved through coordinated marketing efforts and standard packaging and labelling. The Corporation will ensure both its "Truly Wild" brand name for all Nunavut fisheries products and "Tundra Brand" for all Nunavut red meat products (muskox & caribou) are both duly registered and protected. Market reaction to both labels has been very positive and other industry participants have actively adopted the brand names.

Individually the Nunavut Development Corporation's subsidiary companies plan the following for the coming year:

**A. Kitikmeot Foods Ltd**  
Cambridge Bay

<b>KITIKMEOT FOODS</b>	<b>2006/2007</b>	<b>2005/2006</b>
Subsidy Program Fund	220,000	220,000
Capital Program Fund	90,000	168,000
<b>Gov't of Nunavut Core Program Funding</b>	<b>310,000</b>	<b>388,000</b>
<b>Gov't of Nunavut Capital Program Funding</b>	-	-
<b>TOTAL GOV'T OF NUNAVUT FUNDING</b>	<b><u>310,000</u></b>	<b><u>388,000</u></b>
SALES FORECAST	630,000	600,000
JOB FORECAST	14	13

The Nunavut Development Corporation holds 98% of the voting stock at Kitikmeot Foods Ltd, the remaining 2 % of voting stock is held by the Ekaluktutiak Coop.

**The Muskox Harvest**

Kitikmeot Foods will continue to take a lead role in re-establishing the region's muskox harvest. Working in partnership with local stakeholders such as the Ikaluqtiak Hunters & Trappers Organization (IHTO), the MX 11 Working Group, The Canadian Food and Inspection Agency and the local municipality, Kitikmeot Foods will provide the necessary processing infrastructure and distribution channels required to properly carry out a federally licensed muskox harvest.

There is a workable strategy to revitalize the Kitikmeot Muskox Harvest going forward. The plan entails harvesters hunting muskox from the surrounding area and delivering the carcasses to the abattoir stationed in Cambridge Bay. Initially the emphasis will be on a fall harvest with the possibility of undertaking a limited spring harvest as well. Utilizing this approach accomplishes five key stumbling blocks associated with previous harvests:

- The construction and maintenance costs associated with a remote abattoir and harvest camp will be avoided.
- Hunters will not be required to stay at a remote campsite for extended periods but will instead be able to return home each day
- Economies of scale will be achieved through abattoir integration with the existing facility both in terms staffing, specialization, expertise and the application of overhead.

- Transportation logistics will be minimized as the slaughter will take place in the community of Cambridge Bay with quick and ongoing access to the airport
- The approach will spread a muskox harvest over a period of two to three weeks allowing for easier financing and cash flowing of the Kitikmeot Foods facility while at the same time ensuring a constant freshness of product through ongoing inventory turnover.

Kitikmeot Foods, in partnership with the IHTO, will also work to ensure that hunt by-products such as muskox qiviut, leather and the horns are properly utilized ensuring minimal waste and maximum opportunity arising out of the harvest initiative.

Importantly Kitikmeot Foods Ltd will actively work to continue re-establishing domestic markets for Nunavut muskox meat initially targeting Northern and western Canadian markets. Using the registered “Tundra Brand” label, the company will work to incorporate new packaging and labelling for all muskox products. By using the registered “Tundra Brand” label for Nunavut muskox exports it is anticipated that the potential markets will be receptive given the high regard for Nunavut’s “Tundra Brand” caribou products.

It is anticipated that ten additional seasonal positions may be created as a result of the resumption of the muskox harvest.

**The Char Fishery**

Kitikmeot Foods will also remain actively involved and committed to the region’s commercial char fishery. Char, harvested using the weir method, is of the highest quality and is in demand through northern and southern market places. Efforts will continue to maximize the weir fishing method. An estimated 90,000 lbs of char will be harvested from key fishing rivers in the Cambridge Bay area creating seasonal employment for up to 15 local fishermen.

**Approved Capital Projects**

**2006 / 2007 Capital Requirements**

From Capital Fund (Core Funding) – Vote 1

Project # 1 Fish Slicer	\$ 60,000
Project #2 Vacuum Packer	\$ 30,000
<b><u>Total Capital</u></b>	<b><u>\$ 90,000</u></b>

**B. Kivalliq Arctic Food Ltd**  
Rankin Inlet

<b>KIVALLIQ ARCTIC FOODS</b>	<b>2006/2007</b>	<b>2005/2006</b>
Subsidy Program Fund	250,000	260,000
Capital Program Fund	112,000	10,000
<b>Gov't of Nunavut Core Program Funding</b>	<b>362,000</b>	<b>270,000</b>
<b>Gov't of Nunavut Capital Program Funding</b>	-	-
<b>TOTAL GOV'T OF NUNAVUT FUNDING</b>	<b><u>362,000</u></b>	<b><u>270,000</u></b>
SALES FORECAS.T	1,350,000	1,500,000
JOB FORECAST	24	33

The Nunavut Development Corporation holds 100 % of the voting stock at Kivalliq Arctic Foods Ltd.

**The Coral Harbour Caribou Harvest**

Kivalliq Arctic Foods will continue to work closely with the community of Coral Harbour in the mutual effort to develop environmentally and financially sustainable caribou harvests. Additionally the company will continue to provide operational and financial support to the harvest initiative.

Kivalliq Arctic Foods is committed to the long-term viability of this important Territorial undertaking and provided that the Southampton Island herd is stable and the hunt associated costs don't exceed what can reasonably be recovered, the company looks forward to a ongoing and economically productive relationship with the people of Coral Harbour. It is well known that up to sixty local residents of Coral Harbour directly benefit from this undertaking and that that processing of the meat employs up to 15 Rankin Inlet residents

**The Chesterfield Inlet & Whale Cove Char Fishery**

Kivalliq Arctic Foods will also continue working closely with the communities of Whale Cove and Chesterfield Inlet as it works to support both local summer char fisheries. Kivalliq Arctic Foods will again assist in the operation of the Whale Cove Fish plant where it estimates landings of 15,000 lbs and seasonal employment for 10 local fishermen. Kivalliq Arctic Foods will also provide a direct outlet for the Aqigiq Hunters & Trappers Organization in Chesterfield Inlet to sell their char where it estimates landings of 15,000 lbs and seasonal employment for 10 local fishermen.



## Approved Capital Projects

### 2006 / 2007 Capital Requirements

From Capital Fund (Core Funding) – Vote 1

Project # 1 New Smoke House	\$ 75,000
Project # 2 New Band Saw	\$ 28,000
Project # 3 Replace plant flues & chimneys	\$ 9,000

**Total Capital** **\$112,000**

### C. **Pangnirtung Fisheries Ltd** Pangnirtung

<b>PANGNIRTUNG FISHERIES</b>	<b>2006/2007</b>	<b>2005/2006</b>
Subsidy Program Fund	270,000	270,000
Capital Program Fund	50,000	80,000
<b>Gov't of Nunavut Core Program Funding</b>	<b>320,000</b>	<b>350,000</b>
<b>Gov't of Nunavut Capital Program Funding</b>	-	-
<b>TOTAL GOV'T OF NUNAVUT FUNDING</b>	<b><u>320,000</u></b>	<b><u>350,000</u></b>
SALES FORECAST	2,300,000	2,200,000
JOB FORECAST	40	47

The Nunavut Development Corporation holds 51 % of the voting stock at Pangnirtung Fisheries Ltd, the remaining 49 % of voting stock is held by Cumberland Sound Fisheries Ltd.

#### **The Turbot Fishery**

Working with Cumberland Sound Fisheries, the Federal Department of Fisheries and Oceans, the Nunavut Wildlife Management Board and the Baffin Fishing Coalition, the company will work to ensure it has adequate access to necessary quota resources to ensure continued employment for up to forty full-time plant workers in the community.

Additionally Pangnirtung Fisheries will continue to work closely with local inshore turbot fishermen during the winter Cumberland Sound "ice-fishery". Inshore gear will continue to be made available and the winter fishery will continue to provide seasonal employment for up to forty local individuals. It is hoped that inshore ice conditions will allow for a more successful fishery in the

coming year where, if conditions are favourable, landings of 400,000 lbs are anticipated.

**The Char Fishery**

Pangnirtung Fisheries will also support local char fishermen, both winter and summer, and buy their char as harvested in the lakes and ocean. Up to fifty local fishermen rely on this fishery.

**Approved Capital Projects:**

**2006 / 2007 Capital Requirements**

From Capital Fund (Core Funding) – Vote 1

- Project # 1 Patch & Paint Plant Interior \$ 30,000
- Project # 2 Processing Floor Upgrade \$ 20,000

**Total Capital** **\$ 50,000**

**D. Papirug Fisheries Ltd**

Whale Cove

<b>PAPIRUQ FISHERIES</b>	<b>2006/2007</b>	<b>2005/2006</b>
Subsidy Program Fund	34,000	36,000
Capital Program Fund	-	-
<b>Gov't of Nunavut Core Program Funding</b>	<b>34,000</b>	<b>36,000</b>
<b>Gov't of Nunavut Capital Program Funding</b>	-	-
<b>TOTAL GOV'T OF NUNAVUT FUNDING</b>	<b><u>34,000</u></b>	<b><u>36,000</u></b>
SALES FORECAST	22,500	35,000
JOB FORECAST	.75	1

The Nunavut Development Corporation holds 51% of the voting stock at Papirug Fisheries Ltd, the remaining 49 % of voting stock is held by the Issatik Hunters and Trappers Association.

**Whale Cove**

The seasonal plant will again open for six weeks in the summer and support char fishermen from the communities of Arviat, Whale Cove and Rankin Inlet. The plant provides significant economic spin-offs to the community both through direct employment and increased commercial activity generated by

visiting fishermen. The plant itself provides seasonal work for two individuals during the months of July and August.

## **6. The Arts & Crafts Subsidiaries**

### **Revised Production Efforts**

As utility and other operational costs rise, it will be more difficult to fund these low volume operations; cost-per-job-ratios are already very high at these small companies. Changes in the overall approach to running the arts & crafts subsidiaries in Nunavut are required.

It has become clear that the local production of non-traditional Nunavut themed souvenir items such as t-shirts or ball caps targeted for southern market places is not economically sustainable and the costs of such initiatives outweigh the employment benefits. New more viable production strategies concerning these items must be sought that will allow the arts & crafts subsidiaries derive a greater economic benefit. In 2006/2007 the production and purchasing activities at the existing arts & crafts companies will now focus more heavily on traditionally produced items such as authentic Inuit stone carvings, wall hangings, sewn goods and various other forms of contemporary and traditional Inuit art where we maintain a natural competitive advantage.

Additionally, the subsidiaries will actively seek out partnering opportunities with existing agencies, departments and community groups involved in the arts & crafts sector. Our facilities are highly functional and well equipped, we feel there is much to offer in this regard for initiatives such as the potential traditional sewing & design program being planned at Nunavut Arctic College. We believe that our Kiluk facility in Arviat could play a valuable role in the delivery of this course and would prove to be an excellent environment for such an initiative.

### **A. Ivalu Ltd** Rankin Inlet

<b>IVALU LTD.</b>	<b>2006/2007</b>	<b>2005/2006</b>
Subsidy Program Fund	-	-
Capital Program Fund	-	-
<b>Gov't of Nunavut Core Program Funding</b>	-	
<b>Gov't of Nunavut Capital Program Funding</b>	-	-
<b>TOTAL GOV'T OF NUNAVUT</b>	-	-

<b>FUNDING</b>		
SALES FORECAST	40,000	-
JOB FORECAST	1	-

The Nunavut Development Corporation holds 100 % of the voting stock at Ivalu Ltd.

This company will operate without subsidy and will be located in the new offices of the Nunavut Development Corporation. It will act as a showpiece retail store for all Nunavut Development Corporation products along with a representative mixture of locally produced arts & crafts

**B. Jessie Oonark Ltd**  
Baker Lake

<b>JESSIE OONARK</b>	<b>2006/2007</b>	<b>2005/2006</b>
Subsidy Program Fund	150,000	150,000
Capital Program Fund	-	-
<b>Gov't of Nunavut Core Program Funding</b>	<b>150,000</b>	<b>150,000</b>
<b>Gov't of Nunavut Capital Program Funding</b>	<b>-</b>	<b>-</b>
<b>TOTAL GOV'T OF NUNAVUT FUNDING</b>	<b><u>150000</u></b>	<b><u>150,000</u></b>
SALES FORECASTS	200,000	220,000
JOB FORECAST	6	6

The Nunavut Development Corporation holds 100% of the voting stock at Jessie Oonark Ltd.

The company will focus more heavily on the production and procurement of local arts & crafts. There will be efforts made once again to revitalize the traditional Sanivik printmaking program at JOL. The company will move away from the production of non-traditional items but will maintain production capacity to meet local, regional and Territorial demand for such items.

**C. Kiluk**  
Arviat

<b>KILUK</b>	<b>2006/2007</b>	<b>2005/2006</b>
Subsidy Program Fund	130,000	140,000
Capital Program Fund	-	-
<b>Gov't of Nunavut Core Program Funding</b>	<b>130,000</b>	<b>140,000</b>
<b>Gov't of Nunavut Capital Program Funding</b>	<b>-</b>	<b>-</b>
<b>TOTAL GOV'T OF NUNAVUT FUNDING</b>	<b><u>130,000</u></b>	<b><u>140,000</u></b>
SALES FORECAST	160,000	160,000
JOB FORECAST	8	8

The Nunavut Development Corporation holds 100% of the voting stock at Kiluk Ltd.

The company will focus more heavily on the production and procurement of local arts & crafts. Will remain involved in the production of its sealskin line of clothing and accessories such as vests and purses.

**D. Taluq Designs**  
Taloyoak

<b>TALUQ DESIGNS</b>	<b>2005/2006</b>	<b>2006/2007</b>
Subsidy Program Fund	130,000	130,000
Capital Program Fund	-	-
<b>Gov't of Nunavut Core Program Funding</b>	<b>130,000</b>	<b>130,000</b>
<b>Gov't of Nunavut Capital Program Funding</b>	<b>-</b>	<b>-</b>
<b>TOTAL GOV'T OF NUNAVUT FUNDING</b>	<b><u>130,000</u></b>	<b><u>130,000</u></b>
SALES FORECAST	90,000	70,000
JOB FORECAST	4	4

The Nunavut Development Corporation holds 51% of the voting stock at Taluq Designs Ltd, the remaining 49 % of voting stock is held by the Netsilik Argankvik Limited.

The company focuses on the production of plush dolls and animals reflecting legends and culture of the region and the procurement of local arts & crafts.

**E. Uqqurmiut Arts & Crafts**  
Pangnirtung

<b>UQQURMIUT ARTS &amp; CRAFTS</b>	<b>2006/2007</b>	<b>2005/2006</b>
Subsidy Program Fund	170,000	170,000
Capital Program Fund	-	10,000
<b>Gov't of Nunavut Core Program Funding</b>	<b>170,000</b>	<b>180,000</b>
<b>Gov't of Nunavut Capital Program Funding</b>	<b>8,000</b>	<b>-</b>
<b>TOTAL GOV'T OF NUNAVUT FUNDING</b>	<b><u>178,000</u></b>	<b><u>180,000</u></b>
SALES FORECAST	600,000	650,000
JOB FORECAST	20	23

The Nunavut Development Corporation holds 51% of voting stock at Uqqurmiut Arts & Crafts Limited, the remaining 49% of voting stock is held by the Uqqurmiut Inuit Artist Association ("UIAA").

The company focuses on the production of tapestries, prints, sign making and the procurement of local arts and crafts. The company also operates a print gallery and retail studio out of the facility Uqqurmiut Centre. Both the Corporation and Uqqurmiut Arts & Crafts will continue working towards a satisfactory divestment strategy turning eventual controlling of majority ownership to the UIAA.

**2006 / 2007 Capital Requirements**

From Capital Fund (Core Funding) – Vote 1

- Project # 1 Window and Roof Repairs                      \$ 8,000

**OTHER MATTERS**

- ⌚ *As mandated in the Nunavut Development Corporation Act 10% of all capital expenditures must be held in reserve in the Capital Reserve Fund. The reserve is to be used primarily as a contingency fund held for use in covering potential cost over runs of approved capital projects*

⌚ As of March 31, 2005 the Corporation maintained an uncommitted balance of \$ 420,000 in its Venture Equity Fund

**2006/2007**  
**FUNDING SUMMARY**  
**BY ENTITY & PROGRAM**

	<b>SUBSIDY PROGRAM FUND</b>	<b>CAPITAL PROGRAM FUND</b>	<b>VENTURE INVESTMENT FUND</b>	<b>GOV'T OF NUNAVUT CORE FUNDING VOTE 1</b>	<b>GOV'T OF NUNAVUT CAPITAL FUNDING VOTE 2</b>	<b>TOTAL- GOV'T OF NUNAVUT FUNDING</b>
Ivalu Ltd	-	-	-	-	-	-
Jessie Oonark Ltd	150,000	-	-	150,000	-	150,000
Kiluk Ltd	130,000	-	-	130,000	-	130,000
Kitikmeot Foods Ltd.	220,000	90,000	-	310,000	-	310,000
Kivalliq Arctic Foods	250,000	112,000	-	362,000	-	362,000
Pangnirtung Fisheries	270,000	50,000	-	320,000	-	320,000
Taluq Designs	130,000	-	-	130,000	-	130,000
Uqqurmiut Arts & Crafts	170,000	8,000	-	178,000	-	178,000
Papiruaq Fisheries	34,000	-	-	34,000	-	34,000
<b>Sub Total Subsidiaries</b>	<b><u>1,354,000</u></b>	<b><u>260,000</u></b>	<b>-</b>	<b><u>1,614,000</u></b>	<b>-</b>	<b><u>1,614,000</u></b>
HQ- Continuing Operations	1,064,000	-	-	1,064,000	-	1,064,000
HQ-Venture Investment Program	150,000	-	1,000,000	1,150,000	-	1,150,000
<b>Sub Total - HQ</b>	<b><u>1,214,000</u></b>	<b>-</b>	<b><u>1,000,000</u></b>	<b><u>2,214,000</u></b>	<b>-</b>	<b><u>2,214,000</u></b>
<b>Sub Total - Sales Division</b>	<b><u>300,000</u></b>	<b>-</b>	<b>-</b>	<b><u>300,000</u></b>	<b>-</b>	<b><u>300,000</u></b>
<b>Total GN Core Funding</b>	<b><u>2,868,000</u></b>	<b><u>260,000</u></b>	<b><u>1,000,000</u></b>	<b><u>4,128,000</u></b>	<b>-</b>	<b><u>4,128,000</u></b>

**2006/2007**  
**FUNDING SUMMARY**

	<b>2006/2007</b>	<b>2005/2006</b>
<b>GOVERNMENT OF NUNAVUT CORE FUNDING</b>	<b>4,128,000</b>	<b>3,188,000</b>
<b>GOVERNMENT OF NUNAVUT CAPITAL</b>	-	-
<b>TOTAL GOVERNMENT OF NUNAVUT FUNDING</b>	<b>4,128,000</b>	<b>3,188,000</b>