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Presented to Qikiqtani Inuit Association Board of Directors October 2011

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EXECUTIVE SUMMARY

The 2010-2011 year saw QC and its group of companies continue to expand their operations despite the state of the economy. A focus on extending into further service areas for the mining and oil and gas sectors saw the formation of two new joint venture companies along with the ground work being laid for others. The Real Estate Division started on a new commercial building and Fisheries increased their capacity as well.

This report will highlight these many accomplishments and provide a summary of the year that was. The corporate overview shows a model of management that works very well, ensuring transparency and accountability for our shareholders and partners.

The report also provides a snapshot of the many activities and areas of economic development that QC is involved in. Our success is based on the company's ability to consistently deliver on the projects it undertakes while maintaining high rates of Inuit employment.

Building from a foundation of solid financial strength, good management practises, creativity and a strong value system has seen the company grow and prosper. With that the Inuit of the Baffin Region benefit.

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Left to Right: Senator Patterson,
President QC - Harry Flaherty, Nunavut
Premier - Eva Aariak, M.P. Minister of
Health - Leona Aglukkark, President of
QIA -Okalik Eegeesiak, President NTI Kathy Towtoogie, Iqaluit Mayor Madeline Redfern

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CHAIRMAN'S MESSAGE

George Quviq Qulaut has been Chairman of the QC Board for 8 years. George has been the QIA Community Director for Igloolik since December 2002. He also currently serves on the NTI/DND Steering Committee on DEW line clean-ups. His work experience ranges from being the Renewable Resources Officer for the Government of the Northwest Territories and as the Operations.

Manager for the Eastern Arctic Research Facility in Igloolik. George served as Commissioner for the

Nunavut Implementation Commission from 1993 to 1998 and as the Assistant Deputy Minister for the Government of Nunavut with the Department of Culture, Language, Elders and Youth. He is a dedicated husband and father to his four children.

The 2010-2011 year has seen QC and it's Group of Companies through many challenges in the economy, the deferral of projects, aging infrastructure and equipment, along with the introduction of the Nutrition North Program and the arrival of Tim Horton's to Iqaluit impacting our retail operations. Despite all of this the Corporation has managed to thrive and build a solid foundation to position the Corporation to meet the opportunities that are made available in the future.

Under the leadership of Harry Flaherty, President of QC, the Administration has developed a long term strategy for growth, started construction on a new commercial building, acquired another warehouse and undertook the appropriate

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maintenance functions without using borrowed capital. Creativity, commitment and determination are strong within the teams and employee attrition is very low.

In addition to this is the creation of two new Joint Ventures, further diversifying operations to shield the company overall from downturns in any one sector of the economy.

The Corporation has been involved in various consultation processes like the Iqaluit Zoning Bylaw, Utility Rate Review Council and on the Nunavut Safety Act working to get decisions favourable to our interests. The Board has endorsed an Occupation Health and Safety Policy and we are pleased to see each company develop its own specific program manual.

Towards the end of the year signs of recovery have appeared, starting with the renewal of the Nunavut Property Assessment and the awarding of the Cape Dyer Contracts. We are looking forward to a very promising year ahead.

I would like to thank my fellow Board Members for their support and guidance this past year.

George Qulaut Chairman Qikiqtaaluk Corporation

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PRESIDENT'S MESSAGE

I would like to take this opportunity to thank the Board, QIA and staff of Qikiqtaaluk Corporation and its group of companies for their dedication and commitment this past year. We have faced a variety of challenges to our operations and succeeded in finding solutions and strategies to overcome them.

QC is making Inuit capacity building a priority. All joint venture agreements and partnerships require components for the training, hiring, mentoring and promoting Inuit employment and skills development. We are now involved in several consortiums and initiatives where the focus in specifically on building capacity in the fishing and mining industries. As a result we achieve excellent results in our Inuit employment numbers, including in project management.

Strategically we are keeping our focus on positioning the companies to compete in the natural resource (mining and oil and gas) sector. We have been actively pursuing joint ventures and partnerships that will enhance our ability to provide a full complement of services to these industries and at the same time ensure that Inuit capacity building is an integral part of each agreement.

A major barrier to conducting business in Nunavut is the poor infrastructure, which inevitably increases costs. In an effort to alleviate this, QC is exploring options to be an active participant in infrastructure development. We

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already have a great deal of experience in major project management so it is a matter of seeking out specific expertise in a partner suited to each opportunity.

QC, as the development arm of Qikiqtani Inuit Association, has now built considerable capacity and expertise in the real estate development and management area. We are now turning our attention to the appropriate development of Inuit owned lands in the municipalities. Preliminary steps are also being taken towards the development of an Inuit owned hotel in Iqaluit, a project that had been on the wish list for a number of years.

One of my major priorities as QC's President is to develop QC's commitment and collaboration with the communities. I continue to visit the communities from the Baffin region in order to consult with the Hamlets on how QC could assist them on dealing with private companies wanting to do business in their communities, preparation of project proposals, training and overall Inuit capacity building.

QL and other companies in the group have traditionally provided seasonal employment according to the nature of the project. I would like to change that. Where ever possible we could be offering full time employment to workers in the communities, with the option of going back to class to upgrade or offering technical training during the off season.

Underlying all of this is a commitment to provide a healthy and safe work environment for our employees. Each subsidiary is working on developing industry specific Health and Safety Program Manuals. I am pleased to

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H4PL &CP2U 4°P4°6; 5°P9°6; 44>; 5° report that this emphasis on safety has resulted a year free of time lost incidents in all areas except for a few minor incidents at Mary River.

Qikiqtaaluk Corporation is working hard to keep its' finger on the pulse of business opportunities in the Baffin Region. We participate in public consultation activities and celebrations in the community as well.

Despite the many business challenges that came our way this year, the solid reputation of the companies and our ability to deliver has served us well. While some subsidiaries struggled, we put into place solid action plans for recovery. All indicators are that these plans will serve us well in the long term.

QC remains focused on a future that will continue to pay dividends to the Inuit of the Baffin region.

Regards,

Harry Flaherty President Qikiqtaaluk Corporation

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HIGHLIGHTS 2010/2011

Corporation

- ♦ Net income \$1,792,536 with consolidated revenues of approximately \$74,449,925.
- ♦ Paid \$10,592,613 in salaries, wages and benefit in undertaking various projects, with an Inuit employment rate of 82.2% within the wholly owned companies.
- ♦ Two new joint venture companies:
 - * with Scarlet Security Services called QC/Scarlet Security Services
 - * with First Air called Qikiqtani First Aviation Ltd.
 - ♦ QC Strategic Plan for the next 5 years approved.
 - New QC Organizational Chart was developed.
 - Web-site upgrade completed in English.
 - A floating dock was built for the community of Pangnirtung in a collaborative effort between QC and Oceans Group.

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Retail Division

- Baffin Gas and Convenience has been successful in obtaining a Lottery Licence from NWT and Nunavut Lottery Association.
- ♦ Frobuild (2006) Ltd. takes on NIS (Northern Industrial Sales) to manage the business in the hope of improving the business operations.

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Real Estate Division

- ♦ Started construction of a new office building in Iqaluit.
- ♦ The Health and Safety Program Manual was finalized.

Assessment Division

♦ In March 2011, the Government of Nunavut awarded a new contract to QC for provision of all property Assessment Services within Nunavut for another five year period.

Environment Division

- ⋄ Completion of Cape Christian Project
- Completion of a bridge in July 2010 and gifted to the Community of Clyde River
- Purchase of a warehouse at Lot 3 in Iqaluit for future business development projects
- ⋄ Cape Dyer notification of award 3 year contract with Defence Construction Canada
- ♦ Corporate wide Bonding secured
- ♦ Completion of floating docks in Pangnirtung and some design work for a port in Qikiqtarjuaq.



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OVER VIEW

QC's Mission: To create meaningful economic, employment and career development opportunities for Inuit.

This mission is built on the company's aspiration to own and operate "good businesses" that build on the spirit of the Nunavut Land Claims Agreement and fulfills QC's intention to preserve, promote, and protect.

Goals and Objectives

- ♦ To own and operate sound businesses that generate profit for today and wealth for tomorrow
- Develop people and create employment and career opportunities
- ♦ Contribute to community well-being and wealth generation
- ♦ Uphold Inuit values and protect the earth, air and water
- ♦ Successfully participate in the emerging global economy
- ♦ Foster a strong sense of pride in our business and in our people

Sectors of Activity:

- ♦ Fisheries and marine services
- ♦ Inuit employment and capacity building
- Environmental remediation and hazardous waste management services
- ♦ Expediting and camp services / Catering Services
- ♦ Real estate development and management
- ♦ Property Assessment
- ♦ Public-Private Partnership Project Development (3Ps)
- ♦ Information technology
- ♦ Retail operations

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- ♦ Medical services and staffing
- ◊ Transportation services (Aviation)
- ♦ Petroleum distribution
- ♦ Dew Line maintenance and operation
- ♦ Security services

See the chart annexed to this report for a snapshot view of the overall corporate structure.

Governance

Qikiqtaaluk Corporation is incorporated under the Canada Corporations Act and is governed by its By-Laws and Qikiqtani Inuit Association (QIA) Corporate Governance of Controlled Organizations Policy. Qikiqtaaluk Corporation is a wholly owned subsidiary of QIA, created as its development arm. Members of the QC Board of Directors are appointed by the QIA Board. They are:

Board of Directors 2010/2011

Chair Person	George Qulaut
Director	Moses Appaqaq
Director	Joe Arlooktoo
Director	Loseosie Paneak
Director	Ludy Pudluk

Officers

President	Harry Flaherty
Vice-President	Lynn Kilabuk
Secretary Treasurer	John Baker

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Professional Advisors

Legal Dubuc Osland Audit KPMG

Investment Review Committee

Harry Flaherty
Lynn Kilabuk
Greg Lindsay
John Baker

Alain Dubuc
Harvey Sands
Peter Tumilty
Glenn Cousins

Terry Audla / Joanasie Akumalik

Finance Division

In March 2011, John Baker, the Director of Finance retired after 10 years of service. He saw the company through many challenges and helped bring it through to the success it has now achieved. As well, the Finance Division has had a change of Auditors for this year. KPMG was awarded the contract to perform this annual function.

Fisheries Division

In addition to its' shrimp quotas of approximately 4,000 mt, Qikiqtaaluk Corporation harvested its' entire turbot allocation of 700mt in the Northwest Atlantic Fisheries Organization (NAFO) division OA and 590mt in the OB fishery. Additionally, QC harvested turbot quotas allocated to Cumberland Sound and Baffin Fisheries under a royalty charter regime between August 17 and November 19. Over this fishing period the Saputi fished four complete trips and a combined 5th trip for both turbot and shrimp.

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Qikiqtaaluk Fisheries Corporation (QFC) invested in a new propeller for its fishing vessel, Saputi. The investment is expected to increase fuel efficiency, reduce oil consumption and produce higher thrust at lower speeds. All indications are positive.

Qikiqtaaluk Corporation is affiliated with the following organizations in order to promote training, research and development of the Fisheries Industry in Nunavut:

- Nunavut Exploratory Fisheries Fund
- ♦ Nunavut Fisheries Training Consortium
- ♦ Northern Shrimp Research Foundation
- ♦ North Atlantic Coldwater Shrimp Association
- ♦ Baffin Fisheries Coalition

Retail Division

The Retail Division oversees the management of corporate retail interests. Those currently consist of the following:

- ♦ Baffin Gas Bar and Convenience
- \diamond Baffin Deli and Coffee Shop
- ♦ Frobuild 2006 Ltd.

Information Technology Division

This division is responsible for providing services and equipment related information technology including acting as the Community Service Provider in Iqaluit for Qiniq.

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Real Estate Division

In addition to the building of the new commercial complex the division has successfully provided property management and maintenance support to the 22 QIA staff housing units. The QPI industrial and commercial properties are 100% leased. The Division through QPI also provides tenants with custodial services. This team is 90% staffed by Inuit employees.

Assessment Services

Qikiqtaaluk Corporation (QC) continued to provide property assessment services for the Government of Nunavut. Assessment Rolls and Notices of Assessment are produced annually in accordance with the deadlines set out in the Property Assessment and Taxation Act. All deadlines and contract requirements were met for the reporting period.

Each year the Assessment Office must review 800 accounts within the General Taxation Area and 200 accounts within Iqaluit. The assessors fulfilled the 2010 field inspections and the revised assessments incorporated into the respective assessment rolls.

Community Donations

Each year QC dedicates up to \$50,000 to support individual, community groups and municipalities in worthwhile cultural, sporting and other projects. Each municipality in the Baffin region has for the last 10 year received s \$500.00 donation to assist them with their winter

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celebrations. In $2010/11~\mathrm{QC}$ issued additional contributions of \$32,734.98.

Community Participation

- Most Outstanding Float in the Iqaluit Canada Day Parade
- ♦ Staff participated in the Annual Community Clean-up
- ♦ Consultation on the Iqaluit Zoning Bylaw and the Utility Rate Review Council regarding Qulliq Energy Company's rate increase.
- The Joint Health and Safety Committee reviewed the Draft Nunavut Safety Act and prepared comments for the Workers Safety Compensation Commission.



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SUBSIDIARIES REPORTS

Qikiqtaaluk Corporation has five wholly owned subsidiaries. These are:

- Qikiqtaaluk Logistics: Fostering a thriving economic environment in Nunavut by providing professional services to its clients and creating sound employment and training opportunities for our Inuit workforce.
- Qikiqtaaluk Properties Inc.: to provide safe, secure, functional and attractive accommodation for our tenants. QPI provides residential, commercial and industrial leasing opportunities.
- Baffin Gas Limited: To fulfill the needs of retail customers for the Iqaluit community, while providing the most targeted service for bringing selected goods and benefits to Nunavut's communities."
- Qikiqtaaluk Information Technology: To understand the needs of users and provide cutting-edge technology as the primary supplier of Information Technology services in Iqaluit and the Baffin region.
- 3379442 Canada Inc.: To provide a company for specific large industrial projects or public-private partnership projects that require a distinct corporate and financial structure.

A summary of each of their activities follows:

SPPSOCIPE HOUNGE (QL)

QIKIQTAALUK LOGISTICS (QL)



Δらイトやつ 2010 / Bridge Construction 2010

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Qikiqtaaluk Logistics was faced with two major challenges this year. The downturn in the economy was impacting the issuance of government contracts and mining. Despite this the company successfully completed a number of projects and left a legacy gift of a bridge in Clyde River. Using this time to good advantage by conducting a significant number of training programs to ensure access to a skilled work force for the future.

QL employed beneficiaries from seven of the thirteen Baffin communities (Pond Inlet,

Igloolik, Arctic Bay, Pangnirtung, Qikiqtarjuaq, Clyde River and Iqaluit) and once again achieved very high Inuit employment rates.

Projects in this year included:

- ♦ Cape Christian Completed
- ♦ Peregrine Diamonds warehousing and logistics ongoing support
- ♦ Mary River Ongoing and increasing activity
- Natural Resources Canada warehousing and logistics -Completed
- ♦ Cape Dyer In preparation Contract Awarded
- ♦ Cape Hooper Camp Support Completed
- ♦ Old Town Clyde River Studies Completed
- ♦ Catering Qikiqtani General Hospital Ongoing
- ♦ Lot #3 Purchase of Warehouse- Completed
- ♦ Bonding Application Completed

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This latter item was essential in our ability to compete as the primary contractor on the Cape Dyer contract and others like it.

QL is now also providing operational support to Qikiqtaaluk Environmental in a new business area. We are now actively involved in providing clean up of spills from aging fuel tanks in Iqaluit.

All in all, Qikiqtaaluk Logistics has much to be proud of this year. In addition to the completion of several projects, obtaining bonding and learning of new contract awards for the coming year, we are building a trained workforce for the future.

Financial

QL reported a modest rebound this year by reducing administrative overhead and showing a better profit on its projects through increases in service rates and more activity in the mining sector.

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Ρονταντηγοία ο Δο Φλιτε Let 31, 2011-Γ / Financial Summary at March 31, 2011		
	2010	2011
ሶ쇼▷ታ∿Ċ∩ታ▷ረL⊀°/Revenue	\$6,040,899	\$7,392,907
ρσρλιφότοντης (Δασρίνους τους ζείς) / Expenses (before tax)	7,137,874	7,182,065
	(1,000,055)	210.042
ሶ ወ ⊳ኑሮላህ/Lጚ ለኑΔ/Lሮኈበኄጋር / Net Income	(1,096,975)	210,842
∧ʿdᡤc / Assets	3,562,327	3,376,148
ΔCΓϧργረΠċ-c σۍΓσۍρς//Shareholder Equity	(1,096,974)	(886,132)

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QIKIQTA ALIJK PROPERTIES INC.

QPI along with QC own and operate \$43.1 M in commercial, industrial and residential property, with a new

\$9 M building in Igaluit to be ready for the fall of 2011.

Construction is being done by NCC, a company noted for their quality work in a northern environment. Can Nor is the anchor tenant for this property. There considerable interest by two other companies for the remaining space.

Planning has started on the long awaited hotel development in Igaluit. Market conditions at this time are ideal for this kind of development. Much of the hotel infrastructure in the city is aging or insufficient to meet market demand for meeting and conference facilities and accommodation.

Working with the QIA Lands Division and QC Subsidiaries; we facilitated the process of providing input into the City of Iqaluit's new Zoning Bylaw and General Municipal Plan.

QPI continues to focus on developing capacity in its Inuit employees. Training programs are continually underway for developing management potential. The Health and Safety Program Manual was completed this year and emphasis is being placed on ensuring casual employees are well briefed on safety matters.

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A reorganization of personnel is being undertaken to increase efficiencies and save on operations and maintenance costs. The employees are primarily Inuit, paid competitive wages and attrition is very low.

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With the development of competency and building of operational foundations the staff will now turn their attention to the development of Inuit Owned Lands. Though some of these parcels have significant development challenges QPI will ensure creative solutions are found to make these developments are acceptable and profitable for Inuit.

QPI $4 \text{PC}^{4} \text{PC}^{5} \text{PC}^{5$

Financial

QPI continues to perform very well. In addition to healthy shareholders equity, the appraised value of holdings has increased over \$10,000,000 in the last 5 years. * 2010 was restated to reflect a different treatment of the prepaid equity land lease costs and contributed surplus from the initial merger.

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ΡοΝτουμη at March 31, 2011 / Financial Summary at March 31, 2011		
	2010*	2011
Ρ΄ΦΡΥΝĊΛΥΡΥΓΚς / Revenue	\$3,937,593	\$3,964,418
ραρϧͽϽϹϷϟͰϟͼ (ΔϲϲϲϷϧϷϲϲϷͽϢͼϲϦͼ Ϲͼϟͼ) / Expenses (before tax)	2,939,856	2,987,641
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∧⁵dÔ° / Assets	15,445,710	19,819,347
ΔCΓነρነተበር	7,463,848	8,179,467

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BAFFIN GAS LIMITED

Baffin Gas Bar

This past year Baffin Gas Ltd. has explored moving to a new location as well as the possibility of expanding into

Apex.

The staffing has been very stable, which allows for increased training opportunities. The Baffin Gas Health and Safety Manual is in draft form and well on its way to completion. Young workers are more prone to injury so it is hoped this focused training and manual will reduce that possibility.

Two sea lifts were used to restock the store and provide personal and other corporate orders.

The main challenge this year is the new Nutrition North Program which may have an impact on the ability of the Gas Bar to remain competitive, as inevitably shipping costs will increase.

Baffin Deli and Coffee Shop

Baffin Deli continues to increase its business in the catering market. Lunch menu continues to do well for the operation.

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There are plans for interior renovations to improve the atmosphere of the Deli and increase the capacity of the Deli

to serve customers. Comments from the onsite suggestion box have been very helpful in planning for efficiencies and remodelling.

The main challenge this year was the arrival of Tim Horton's. Though initially there was a slight drop in coffee sales, it is hoped that this will stabilize over time.



Baffin Gas Limited, both operations continue to perform well, despite the economic downturn, changes in government policy and new competition. Baffin Gas Limited is a major employer in Iqaluit for young Inuit.

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Pob৮c ი სკენა ი აბბ აგენა 31, 2011 / Financial Summary at March 31, 2011		
	2010	2011
፟፟፟ዾዾ፟፟፟፟፟ኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯኯ	\$7,836,761	\$7,344,648
Paph%)Cb/L长(᠘᠘᠆᠆ᠪ᠈ᡃᠵ᠍ᠥ᠘᠖ᡙ᠙᠘ᢉ᠂ᡬ᠖᠘᠘	7,564,273	6,977,139
Expenses (before tax)		
፟፟፟፟፟፟፟፟፟፟፟፟፟፟፟፟፟፟፟፟፟፟፟ዾዾኯ፟ጜፙኯዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀዀ	189,080	246,827
∧⁵d∩̀° / Assets	2,674,508	2,493,061
Δ⊂ቦታ▷ϞΛ፦	1,301,544	1,548,371

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QIKIQTAALUK INFORMATION TECHNOLOGY CORPORATION



Qikiqtaaluk Information Technology Corporation (QITC) has had a very challenging year. The equipment was out-dated and unresponsive to client needs. There had been little investment in equipment since before QC bought the companies several years ago. Regardless of this the team kept on top of things.

Grade A Tech out of Ottawa was called in to assess equipment needs and make recommendations for a complete system overhaul, which is scheduled to take place in the summer of 2011.

There was a fairly large turnover of staff as employees moved on to other positions. Inuit employment in this company is low, but QITC is considering training options and supports to encourage beneficiaries to enter this field. Maple Soft Consulting was brought in to fulfill the role of Senior Technician for the Corporation. Their efforts have gone a long way to restoring customer confidence.

With the new hardware and software upgrades it is anticipated that the staffing compliment will not have to be as extensive and a recruitment program is underway. With that QITC has examined its operational protocols and improved on the systems that were in place.

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A real emphasis is being placed on rebuilding customer confidence and with that looking at areas for growth, for example in providing security monitoring systems.

Despite the much needed cash injection into equipment and software, QITC has worked diligently to build a foundation for the future. By the end of the year customers were indicating how pleased they were with the changes. Strategic planning for equipment replacement in the future, building employee capacity and marketing the company promise a much better year to come.

Financial

The increased losses can be largely attributed to a reduction in revenues, but they are moving toward a leaner more focused operation and hope to break even in the coming year.

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Paphca ⁵ 代이[ጵ aΔά ⁶ /L代 LY 31, 2011 / Financial Summary at March 31, 2011		
	2010	2011
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P = P + P = P + P = P + P = P + P = P =	1,115,979	1,093,777
Expenses (before tax)		
Paphcdህ/Lt ለballcውበ / Net Income	(250,608)	(467, 325)
∧ʿdÒc / Assets	377,130	286,784
ΔCΓንΡንረበርር ሲኖΓσኖቦር / Shareholder Equity	(432,175)	(899,500)

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3379442 CANADA INC.

α_οΔ⁶CP/Lσ⁶U: C⁶dNJa 3379442 baC NΓ⁶U, ⁶PP⁶C D⁶ dd>λ 5⁶d⁶ d⁶PP⁶C⁶D⁶, dP⁶C⁶D⁶ d⁶PP⁶C⁶D⁶ 5⁶D⁶ 5⁶D⁶C⁶D⁶

ΔΡωσιρίτων βιαντική διαντική διαν

Mission: To support large industrial projects or Public-Private Project development (3Ps) that requires a distinct

corporate and financial structure.

Description: Through 3379442 Canada Inc., QC develops, manages and coordinates construction projects.

The company managed the construction project for the Qikiqtani General Hospital in Iqaluit

Financial:

There was little activity in this company.*2010 is restated to reflect a holdback that was not recognized in revenues.

3379442 b 🍲 מר חרף אין 3379442 Canada Inc		
Podatancial Summary at March 31, 2011 / Financial Summary at March 31, 2011		
	2010*	2011
₽ФЪЪ₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽₽	\$46,484	\$12,206
Pᡆ᠌᠌Þᢣᢛ᠋᠌ᢗᠪᢣ᠘ᡶᡳ᠂᠘ᡄᡊᢧ᠈ᢣ᠍ᠥᡄ᠌᠌᠌ᠵᢛᢕᢛᡆᡳ᠌᠌ᠸ᠘ᡪ᠈	46,484	12,206
Expenses (before tax)		
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∧ᠳᠬ° / Assets	435,874	403,037
ΔCΓንΡን≺ΛĊ C ∿Γσ∿Γο/Shareholder Equity	13,678	13,678

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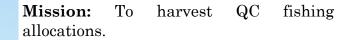
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JOINT VENTURES MAJORITY OWNED

Qikiqtaaluk Fisheries Corporation (QFC)



Description: Qikiqtaaluk Fisheries Corporation (QFC) is a Joint Venture between QC and Nataaqnaq Fisheries to fish Turbot and Shrimp. QC owns 51% of the fishing vessel Saputi.

It fishes the licenses long held by QC issued by the Department of Fisheries and Oceans for shrimp and turbot, as well as, turbot quotas allocated to Cumberland Sound and Baffin Fisheries under a royalty charter regime. An average trip has a crew compliment of approximately 24 and can complete up to 18 trips a year.

Qikiqtaaluk Environmental Inc. (QE)

Mission: To become a leader in waste management and site remediation within Nunavut (focus primarily on environmental projects).

Description: Qikiqtaaluk Environmental Inc. (QE) is an Aboriginal consulting and engineering firm specializing in site assessment and remediation, hazardous materials management, air quality, quantification of greenhouse

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gases, sustainability consulting, and training.

Qikiqtaaluk Medical Corporation (QMC)

Mission: To offer medical support and training services across Nunavut while developing local capacity through the profitable hiring and training of an Inuit workforce.

Description: Qikiqtaaluk Medical Corporation (QMC) offers Medic and Nurse services to industry operating in Nunavut, including:

- ♦ First Aid training / Wilderness First Aid Certification
- Wilderness Readiness Certification: survival and emergency equipment usage, helicopter safety, search and rescue
- provides highly trained personnel (nurses, paramedics, and medics) for companies and communities across Nunavut, on a rotation basis, along with medical supplies and complete logistics

Tulaktarvik Inc.

Mission: To provide Nunavut clients with world-class integrated marine services while creating meaningful economic, employment and career development opportunities for Inuit.

Description: Tulaktarvik is an Inuit Joint Venture between QC and Ocean Group that provides specialized marine services for communities and heavy industrial projects in Nunavut.

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QC/Scarlet Security

Our specialized northern site security program is fully customized to meet your specific requirements. Our flexible, turnkey solutions to your security needs are delivered by our highly trained, carefully selected staff

Qikiqtani First Aviation Ltd. (QFAL)

A Joint Venture between QC and First Air, that provides a range of aviation services throughout the Qikiqtani Region. This dynamic partnership combines QC's market knowledge with First Air's many years of Northern operations.

Utilizing First Air's fleet of Boeing 737, 767, ATR 42, ATR

72 and Hercules Aircraft, this partnership enables Qikiqtani Inuit to participate immediately in the many opportunities and future development of the region air transportation.



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JOINT VENTURES PARTNERSHIPS

Frobuild (2006) Ltd.

This joint venture with Nunasi Corporation provides a lumber and hardware store in Iqaluit. Frobuild provides contractors and the public with all the necessary tools and materials to get the job done. It responds to tenders across Nunavut for construction materials.

As a Tim-Br Mart vendor, Frobuild can offer access to thousands of products, including top brands in hundreds of categories, at prices that a single independent dealer could never negotiate.

Unaaq Fisheries Inc.

Unaaq Fisheries Inc. is held equally between Qikiqtaaluk Corporation and Makivik Corporation and holds a license to fish for shrimp in the Northern Shrimp Fishery in Canadian waters.

Unaaq Fisheries has a fishing agreement with Clearwater Deep Sea Trawlers to fish Unaaq Fisheries shrimp quotas.

Larga Baffin Ltd.

Larga Baffin provides boarding rooms and other services for Nunavut patients to Ottawa, Ontario. Larga Baffin is a

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$\triangle^{\mathsf{L}} \supset \subset \triangleright^{\mathsf{Sb}} \cap^{\mathsf{C}} \text{ (NIG) (NCC)}$

joint venture between Nunasi Corporation and Qikiqtaaluk Corporation.

Larga Baffin is now located at 1071 Richmond Road in Ottawa, ON, 613-248-3552

Nunavut Petroleum Corporation (NPC)

This company is a joint venture with Nunasi Corporation. It was established to supply and delivery of refined petroleum products in and around Iqaluit.

Uqsuq Corporation

Uqsuq Corporation is a joint venture between Nunavut Petroleum Corporation and Frontec Service Limited. Uqsuq was formed for the purpose of carrying on a business in the supply and delivery of refined petroleum products in and around Igaluit.

Qikiqtani Employment Training Consortium

Qikiqtani Inuit Association, QC, Kakivak and Baffinland Iron Mines Corporation are collaborating through QETC, in a new joint venture to build Inuit capacity by developing training programs and providing employment opportunities for Inuit in Nunavut.

Nunavut Investment Group Inc. (NIG) (NCC)

Qikiqtaaluk Corporation, Sakku Investments Corporation, Kitikmeot Corporation and Nunasi Corporation are the owners of the Nunavut Investment Group.

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Nunavut Construction Corporation (NCC)

is the major holding of the group. It has now diversified into two distinct divisions which is proving highly successful. They are currently building Inuksugait IV for Qikiqtaaluk Properties Inc.

Toromont Arctic Ltd.

A joint venture between QC, Sakku Investment Corp., Kitikmeot Corp., and Toromont Cat, that was set up to sell, rent, and provide customer support services for new and used equipment.

Eastern Arctic sales for Toromont have been increasing annually for the past three years, led in the past year by QC's purchases and leases of equipment for Dew Line clean -up projects and contracts.

Nunavut Eastern Arctic Shipping Inc. (NEAS)

Nunavut Eastern Arctic Shipping is a partnership of three Inuit firms – QC, Sakku Investments Corp and Makivik Corporation along with Logistec Corporation of Montreal and the North West Company.

Pan Arctic Inuit Logistics Corporation (PAIL)

PAIL is a joint venture between Nunasi Corporation, Makivik Corporation, Inuvialuit Development Corporation, Labrador Inuit Development Corporation, Kitikmeot Corporation, Sakku Investment Corporation and Qikiqtaaluk Corporation. The intent and purpose of PAIL ΔΡΕστημον Διω Αίτρο Είνου Αρτον Δρισν Αρτον Αρτον

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is to monitor the contract for the operation and maintenance of the North Warning System on behalf of the Inuit owners.

QC/Canadian Helicopters

QC is a commercial partner with Canadian Helicopters Ltd (CHL), the largest helicopter operator in Canada, to provide transportation services in the Qikiqtani Region.

Canadian Helicopters is also a key partner in mining operations and other industrial projects requiring logistical support for airlifting structural elements and equipment on industrial worksites.



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STAFF LIST

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Administration

President	Harry Flaherty
Vice President	Lynn Kilabuk
Corporate Secretary	Eva Onalik
Receptionist	Nala Sagiatook
Director, Marine Development	Peter Keenainak

Finance

Director of Finance	John Baker		
Controller	Greg Lindsay		
Assistant Controller	Monica Cousins		
Finance Officer	Herta Plaza		
Finance Clerk	Harry Pearce		

Real Estate Division

Director	Johnny Kolola	
Property Administrator	Napatchie De Couto	
Property Maintenance	Mark Pitseolak	
Property Maintenance	Sam Curley	
Finance Officer	Fiona Hunt	
Client Services	Bernice Neufeld	

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Property Assessment

Contract Property Assessor Gerry Towns Property Assessor Jody Baldwin

Sr. Prop. Assessment Technician

Brenda Kilabuk Property Assessment Technician

vacant

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Environmental Services

Project Manager Jeremiah Groves Project Coordinator Caroline Rennie **Expeditor Coordinator** Samasuni Fortin Office Administrator Tudia Noah Expeditor Alex Choquette

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Retail Services

Director Retail Operations Chris West Manager Baffin Gas Ltd. Dallas Le Templier Assistant Manager Doug Verge Everett Derkson Deli Manager

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Information Technology

Maple Soft Consulting Consultant Sr. Technician Graham Scott Jr. Technician John Thomas Jr. Technician Preston Bromley

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Page 32 of 35

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CONSOLIDATED FINANCIAL STATEMENTS

2011 Financial Statements (Enclosed)

- ♦ Qikiqtaaluk Corporation
- ♦ Qikiqtaaluk Logistics
- ♦ Qikiqtaaluk Properties Inc.
- ♦ Qikiqtaaluk Information Technology Corp.
- ♦ Qikiqtaaluk Fisheries Corporation
- ♦ Qikiqtaaluk Environmental

Financial Summary

Despite the downturn in the economy, QC had another successful year. The growth in earnings was largely due to increased revenues from the Joint Ventures through dividends, royalties and management fees; in particular, management fees and healthy royalties from Qikiqtaaluk Fisheries Corporation.

QC overhead has held steady despite the increased costs of consulting and professional fees.

Qikiqtaaluk Properties Inc. and Baffin Gas Limited remain steady. Qikiqtaaluk Logistics turned around from the loss last year and returned to profitability.

However there are continued challenges with two investments that have experienced losses for a few years now

Page 33 of 35

[Qikiqtaaluk Information Technology Corporation and Frobuild (2006) Ltd.]. Provision was made for this in this years' financial statement.

Overall, it was another good year despite the unfavourable economic conditions. It is difficult to predict the financial future with rapid change that can occur in the various sectors; however QC remains cautiously optimistic.

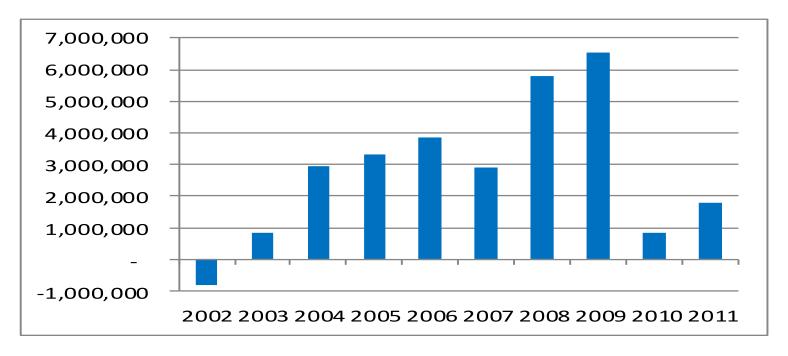


Figure 1 bበርኮፖLቲና ለአንኮፖL፫%በና ሶፌኮን፫ፈና Consolidated Net Income

「PPいĊ」 dd>宀Կ / Qikiqtaaluk Corporation bハCトノレマ a Δ a いっとして / Consolidated Summary 2007-2011

Ρογοας/ INCOME	2007	2008	2009	2010*	2011
$\Delta Z^{Sb} \supset^{C} \dot{P}$ $\Phi D^{b} \subset A^{C} / Revenue$	\$48,260,635	\$106,097,532	\$80,509,311	\$75,182,984	\$74,449,925
⟨۱۹۵۲ / Expenses	46,674,214	96,280,925	72,712,890	72,286,500	71,084,633
ዻሥ ^{∩c} Pobcdc / Other Income (◁₽ႠႪჄႶ)	3,535,383	(572,361)	2,631,555	0	0
Ċ ^b r ^{jc} / Income Taxes	1,841,248	3,299,727	2,219,760	1,458,238	1,141,321
ᢥᢣ᠘᠘᠆ᢛᠬᠲ᠘᠙᠂ᢆPᡆ᠌Þᢣᠸ᠘᠂Net Income	2,899,369	5,805,762	6,539,514	822,058	1,792,536
bበ°σ∿ቦ°σь ወጋወΔ‰ፖኣብና / BALANCE SHEET					
Λ⁵d宀 / ASSETS Ű௳ / Current b∩°σ°し / Total	23.362,011 102,851,075	39,649,372 74,333,815	41,923,594 78,847,639	37,747,144 107,664,157	41,359,406 111,224,824
	48,920,954	29,769,393	26,447,748	36,834,426	32,098,065
ხ∩°თ∿ს / Total	84,684,303	50,671,281	48,978,924	79,423,347	81,036,104
በJГ፭ኈበውና ሲ℉σናხናხር▷JႶና / SHAREHOLDERS EQUITY	18,166,772	23,662,534	29,868,715	28,240,810	30,188,720

^{*} ፭ᢑዖՐፈቴርፆታሲፈቴሪዶቴንና ፈኑትሶኄዮ°ፚኄዮ°ዾና ፈኮርርፆፚኄዮና ቮ፬ፆታሮፆናረላ₽ርፆፈና ፅጋኔትቴበሶዮፚቴሪና ቮ፬ፆታሮፈህፈና ፈዛጔ ፈሊኄና ፈረታኔናፚዾፈና ወጋ፬᠘ቴርፆረLፈና ር९ዼፚ.

^{*} Restated due to a difference in the handling of Joint Venture income and other changes as noted.