

**NUNAVUT BROADBAND DEVELOPMENT CORPORATION
PRESIDENT'S REPORT
ANNUAL GENERAL MEETING ON April 8, 2010**

As the President of Nunavut Broadband Development Corporation, I am pleased to report on the activities of NBDC, the QINIQ network that was initiated by NBDC in 2005, the current round of investment in broadband for Nunavut, NBDC's administrative status and various other initiatives.

But first, I would like to clarify the role that NBDC plays in Nunavut and the relationship that NBDC has with the QINIQ network.

NBDC and QINIQ

NBDC is a not-for-profit corporation established to ensure that people have reliable, affordable access to broadband in every single Nunavut community.

As part of this mandate, NBDC initiated the QINIQ network using funds obtained from the Government of Canada, agencies of the Government of Nunavut and the Inuit land claim organizations. Through a formal public RFP, NBDC selected SSI Micro Ltd to operate the QINIQ network.

QINIQ GROWTH

The QINIQ network was launched in May 2005. The project was originally funded by the Government of Canada to accommodate up to 2,000 subscribers. This was quickly surpassed, with approximately 4500 subscribers today and an anticipated 6800 by 2013. Due to this growth, \$9.3 million for more satellite capacity and \$750,000 for capital upgrades was committed in August 2008 as part of the Infrastructure Canada funding.

This investment, matched by SSI Micro and customer revenue under the project title QINIQ 2000+, has been received by NBDC and delivered to SSI Micro. From September to December, 2009, SSI's technicians travelled to every Nunavut community to upgrade base stations, install new hardware, tune satellite dishes and conduct routine maintenance. By December 11th the upgraded QINIQ network went live, resulting in more bandwidth, improvements in speed, the ability for users to move more data, and fewer outages.

INFRASTRUCTURE II PROJECT - BACKGROUND

On March 31, 2008 a Business Plan entitled "Managing Bandwidth – Nunavut's Road Ahead" was submitted to Infrastructure Canada proposing additional funding for QINIQ and support for new public broadband services. This plan was approved on July 14, 2008, announced on August 29, 2008 and the related Contribution Agreement was completed in January 2009.

Addressing User Needs Up to 2013

Aside from the additional support for QINIQ, Infrastructure II addresses three key generic needs identified in the Business Plan.

1) Meet Online

This describes the need for audio, video and shared document capabilities for education and training, healthcare, management and governance, business and private use.

2) Time Shift

This service allows users to transfer large files such as maps, X-rays, and videos at a time most convenient for both the sender and the network, and to do so via dedicated bandwidth and at off peak hours via regular QINIQ bandwidth. It requires servers in each community for storage and local access to previously delivered material.

3) Local Connect

Several separate networks exist in Nunavut including QINIQ, NorthwesTel DSL, GN and other private networks. Email and other traffic between these networks, even if it is just going across the street, moves to Yellowknife, Iqaluit or Ottawa to be sorted and re-routed back to the same community. The Local Connect project is intended to provide the technology (servers and routers) in the largest Nunavut communities to allow different networks to interconnect locally and thus avoid unnecessary satellite traffic.

Funding for Connecting Classrooms

In addition to supporting the new applications for both public and private users, the Infrastructure II investment includes \$2.1 million of funding for connecting classrooms – students and teachers – to the Internet. This funding is to be matched, ideally by the Government of Nunavut.

INFRASTRUCTURE II PROJECT - RFP PROCESS

To select one or more competitive private sector vendors to meet the network needs described above, NBDC issued a Request for Proposals (RFP) on February 23rd, 2009. NBDC convened an Evaluation Committee, which reviewed all proposals by June 15th. For three of the four new applications,

Time Shift, Local Connect and Classrooms, a compliant proposal was received from only one bidder, SSi Micro. Following contract negotiations, a contract for those services was awarded to SSi Micro. For Meet Online, only one bidder, also SSi Micro, submitted a proposal but it was not complete in all respects. The NBDC Board authorized negotiations with SSi, resulting in a revised Meet Online proposal which also led to a contract by December, 2009.

INFRASTRUCTURE II PROJECT - STATUS

Communications to the Public

In the past year, significant communication has been made to the Nunavut public regarding the development of the Infrastructure II project.

Meet Online, Time Shift, Local Connect and Classroom Connect – A public presentation on these planned services was made by Lorraine Thomas and Adamee Itorcheak at the 2009 Nunavut Trade Show in May. As well, information and illustrations were made available at the trade show booth. Stakeholder and website updates were issued in April, July and November. Information and illustrations were made available at the Northern Lights Trade Show in Montreal in January 2010. Public presentations were made by Patrick Doyle and Darrell Ohokannoak at the Kitikmeot Business Conference and Kitikmeot Trade Show in Cambridge Bay in February 2010. And information was available at the trade show booth.

QINIQ Network Upgrade – On December 3rd, 2009 a joint news release was issued by NBDC, the Government of Canada and SSi Micro Ltd. announcing the QINIQ upgrades, resulting in positive press articles in

Nunatsiaq Online and News North Online. As well, stakeholder and member updates were issued by email in November and December, accompanied by updates on the NBDC website.

Delivery of Services

Meet Online, Time Shift, Local Connect – Originally planned to launch in October 2009, the release of these services was postponed to March 18th, 2010. But at the request of the vendor, SSi Micro, this has been further postponed with no new date set at this time. This recent development is due directly to issues concerning the timing and speed of funding flow from Infrastructure Canada, complicated by matters beyond our control in the Northwest Territories. We are doing whatever we can to expedite a solution and remain hopeful for a June launch date pending successful resolution.

Classroom Connect – With the full cooperation of the GN Department of Education, a pilot project involving six schools was started in early January for the purpose of testing the upgraded QINIQ network and establishing a typical classroom Internet usage profile. Two communities from each region are participating, those being Arctic Bay and Sanikiluaq in the Qikiqtani, Baker Lake and Rankin Inlet in the Kivalliq, and Taloyoak and Kugluktuk in the Kitikmeot. Each school received a QINIQ modem with a custom service plan, wireless networking equipment, and is providing a minimum of 5 computers for the project. SSi Micro is tracking all classroom traffic.

The feedback from participating schools has been overwhelmingly positive and many have requested that the pilot continue. As a result, NBDC will be

extending the pilot until the end of the school year (June 30, 2010).

Comments from participating schools include:

Almost every student in the school logs on to the computer network at least once a week and accesses the Internet

I can't speak for other teachers, but for myself it has made a big difference for my classroom teaching, for science and media classes. For example I just did a unit on the circulatory system in Science and it was great to be able to take advantage of excellent videos on the internet that demonstrated what I was trying to get across. A tremendous difference maker for the students and I.

Initially it was anticipated that the pilot would transition to full rollout in all 42 schools. However, it has come to our attention that the Department of Education does not have the matching funds to commit to Classroom Connect for the next school year. Because connectivity for students in Nunavut's schools remains a high priority for NBDC an important component of the Infrastructure II Project, we will continue to work towards making it a reality.

NBDC ADMINISTRATION

Northern Capacity

After an extensive 3-month process involving over 80 applicants from northern and southern Canada, the USA and abroad, the position of CEO and Executive Director was awarded to Patrick Doyle in September and the position of Project Manager for the Infrastructure Phase II project was

awarded to Oana Spinu in October. Both jobs and are based in Iqaluit. After a number of transitional years without a full time northern presence, this provides NBDC an active administrative office in Nunavut. With the creation of the Iqaluit office and the transition of the Northern Project Manager, a formal Project Management Office is in development with the tools and methodology to handle multiple projects such as we hope to undertake in the coming years.

OTHER INITIATIVES

Infrastructure II Risk Profile Report – At the request of the CEO/Executive Director, a risk profile was prepared by Interis Consultants in Ottawa for the purpose of identifying and assessing the key risks to which the Infrastructure II Project and NBDC are exposed. Risk factors such as change, complexity, dependency, knowledge, compliance requirements and geographic dispersion were analyzed. In summary, the report determined that Infrastructure II is exposed to six strategic risks that could potentially impact the ability to enable affordable broadband access in all Nunavut communities. The one with the greatest likelihood of occurring and the greatest impact is labeled “Sustainability of Funding for Nunavut Connectivity” – the risk that funding to support ongoing development beyond *Infrastructure II (2012-2013 fiscal year end) will not be available. The* report also recommends actions to mitigate this and each of the other five risks. The full report is available to the board of directors and membership upon request.

5-Year Strategic Plan – A new 5-year Strategic Plan is in early draft stage and will evolve over the next months, pending input and approval by the Board.

Bilingual Website – In January of this year, the NBDC website (www.nunavut-broadband.ca) was upgraded such that all HTML text pages, as well as most of the downloadable documents, are now available in Inuktitut. All website updates will now be done in both languages.

Outcomes and Benefits Study – Interis Consultants in Ottawa have been contracted to produce an outcomes and benefits study to quantify the benefits for Nunavut of the Infrastructure II Project based on the outcomes in the Contribution Agreement. The study will provide NBDC management a foundation tool for measuring and tracking public benefits resulting from federally invested funds, which in turn will support future funding proposals.

This concludes my President's Report for the 2010 Annual general meeting.

Thank you.

Darrell Ohokannoak
President
Nunavut Broadband Development Corporation
April 8, 2010