

**NUNAVUT BROADBAND DEVELOPMENT CORPORATION
PRESIDENT'S REPORT
February 17, 2006**

As the President of Nunavut Broadband Development Corporation, I am very pleased to be able to report on the success of our new broadband network called QINIQ.

After our formal launch in May, 2005, we brought each of the 25 Nunavut communities on line and by August, we had subscribers in every community using the new network. Now, as of the end of January 2006, I am proud to report that more than 2,000 Nunavut subscribers use QINIQ.

After less than one year of operation, more than 1 out of 4 households in Nunavut are connected using QINIQ broadband. This makes us one of the most "connected" communities in the world. This achievement was recently recognized by the Intelligent Community Forum of New York where QINIQ was recognized as one of the "Smart 21" communities in the world.

In describing this remarkable achievement, I would like to mention some of the key people and organizations that made this possible:

- First it is important to recognize the advice and direction we have received from our Board. These volunteer members have provided the advice and the encouragement needed to continue whenever difficulties arose;

- Second, without the extraordinary effort and dedication of Lorraine Thomas, this network would not have happened. Nunavut is fortunate that Lorraine was available during the last three years and that she was prepared to make the personal efforts necessary to see this through;
- Third, and for a remarkable performance, I would like to mention the efforts of SSI Micro Limited and the President of SSI, Jeff Philipp. SSI completed the construction and launch of this network in 25 Nunavut communities in a single construction season and since launch has provided a superior level of network stability while growing to 2,000 subscribers.
- Finally, I would like to mention the initial and ongoing efforts of our 25 Community Service Providers. These people and organizations ensure that every Nunavut community has a local QINIQ presence and that QINIQ subscribers can be assured that local community interests are being strongly represented.

During the past few months we have installed the basic QINIQ infrastructure and achieved the market penetration necessary to ensure success in the future. The QINIQ network is now in place and successful with the implementation completed exactly on budget. But the next phase has begun and we have whole new challenges ahead of us.

Over the next few years we expect to move QINIQ from a basic broadband network to an integral part of the social and economic activity in Nunavut. This growth will move us from just Internet and email access to a service that includes many new significant applications. Of course all these new applications will be available in all Nunavut communities with exactly the same service levels and prices no matter where you are. And of course, you can roam to any Nunavut community with your QINIQ modem if you need to travel.

Examples of QINIQ projects already underway include:

Video-conferencing

Our current service allows two subscribers to talk to each other while watching a video picture of each other on the computer screen. The next step is to offer multi-point video conferencing – this is many people from several communities all sharing a common voice and picture capability while looking at common documents. This application will be invaluable for business meetings, education and training, meetings of NGOs and personal and family communications. Our network is specifically designed to deliver this kind of application with a single satellite “hop” between all Nunavut communities.

Building Security Monitoring

Property managers will be interested in the security monitoring application to be launched later this year. Installation of this service will improve safety and security in Nunavut communities, reduce insurance premiums and create jobs in Nunavut for work that that would otherwise have been done in the south.

Visitor Access to QINIQ

To date QINIQ accounts can only be sold to Nunavut residents to ensure that the QINIQ benefits remain in Nunavut. Later this year we expect to launch a service that will allow visitors to purchase 801.11 wireless QINIQ access on a daily basis with a credit card. This offering will create additional network revenue and most important will allow local hotels, restaurants and building managers to share in the revenue generated on their premises by visitors.

Voice over IP (VOIP)

During 2006 we expect to launch voice services for QINIQ subscribers allowing local and long distance services that provide an alternative to the telephone system. This kind of service is growing rapidly in the south with Bell Canada and others making major investments in VOIP services for both consumers and business. There is no reason that Nunavut should not share in this new technology with lower cost services and more features such as voice mail.

Other Applications

Initial investigations and prototypes are being undertaken in the next few months that cover training and distance education applications, portability of the QINIQ modem for use on the land, and initiatives to improved banking services for Nunavut residents. Training modules on how to use new applications are also being developed for delivery via the Internet.

Customer Satisfaction

NBDC welcomes any and all ideas for improving and extending the QINIQ service. Please see the NBDC or the QINIQ web sites to contact either NBDC, SSI Micro or your CSP with any suggestions and ideas you may have for the future. And of course we wish to hear immediately of any problems or improvements that are necessary in our ongoing service. The QINIQ network is for the benefit of all Nunavut residents and organizations. Your feedback is welcomed and will be carefully considered.

As outlined above we have a challenging set of applications to launch in the next few months. I expect that we will continue to evolve the QINIQ network and we appreciate the assistance and support provided by members of NBDC and by QINIQ customers.

I have been pleased and honored to be associated with this effort. Thank you very much.

David E. Smith
President
Nunavut Broadband Development Corporation
February 17, 2006