



KPMG LLP
Chartered Accountants
Suite 2000
100 Elgin Street
Ottawa ON K2P 2P9
Canada

Telephone 1813 212-KPMG (5764)
Fax 1813 212-2898
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Trustees of Nunavut Trust

We have audited the accompanying financial statements of Nunavut Trust, which comprise the balance sheet as at December 31, 2010, the statements of operations, changes in capital and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nunavut Trust as at December 31, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

June 2, 2011

Ottawa, Canada

Balance Sheet

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Invested assets:		
Cash and treasury bills (note 2)	\$ 29,418,492	\$ 26,962,735
Investments (notes 3 and 10)	1,008,389,899	1,030,531,956
	1,037,808,391	1,057,494,691
Accrued investment income	3,485,560	3,868,772
Amounts receivable (note 4)	16,369	104,409
Fixed assets (note 5)	67,107	79,146
	\$ 1,041,377,427	\$ 1,061,547,018
Liabilities and Capital		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,157,263	\$ 1,257,612
Capital	1,039,220,164	1,060,289,406
Commitments (note 8)		
	\$ 1,041,377,427	\$ 1,061,547,018

See accompanying notes to financial statements.

Statement of Operations

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
Interest	\$ 11,845,513	\$ 14,804,043
Dividends	20,756,812	19,398,043
Net realized gain on sales of investments	14,732,230	—
Foreign exchange gains	—	671,485
Pooled fund distributions	1,814,355	3,787,173
Other	134,537	182,252
	49,283,447	38,842,996
Expenses:		
Professional fees	5,283,254	4,114,259
Net realized loss on sales of investments	—	7,341,860
Unrealized impairment allowance on investments	8,470,907	10,591,635
Foreign taxes paid	1,314,449	1,242,801
Foreign exchange losses	175,226	—
Salaries and benefits	632,438	534,385
Travel and accommodations	193,601	160,800
Communications	3,857	3,023
Printing	27,114	46,153
Trustee fees	32,750	28,500
Rent	128,447	117,473
Translation	2,302	4,675
Office and administration	37,308	47,072
Professional development	4,830	2,777
Depreciation	12,039	14,043
	16,318,522	24,249,456
Excess of revenue over expenditures	\$ 32,964,925	\$ 14,593,540

See accompanying notes to financial statements.

Statement of Changes in Capital

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Capital, beginning of year	\$1,060,289,406	\$1,089,096,277
Excess of revenue over expenses	32,964,925	14,593,540
Distribution to beneficiaries (note 6)	(32,523,421)	(33,670,744)
Capital loans to beneficiaries (note 7)	(21,510,746)	(9,729,667)
Capital, end of year	\$1,039,220,164	\$1,060,289,406

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 32,964,925	\$ 14,593,540
Depreciation, which does not involve cash	12,039	14,043
Unrealized impairment allowance on investments	8,470,907	10,591,635
Amortization of bond premiums	1,134,909	1,068,300
Loss (gain) on sale of investments	(14,732,230)	7,341,860
	27,850,550	33,609,378
Decrease in accrued investment income	383,212	611,961
Decrease (increase) in amounts receivable	88,040	(53,309)
Increase (decrease) in accrued liabilities	899,651	(589,348)
	29,221,453	33,578,682
Investments:		
Purchases of investments	(374,930,017)	(312,228,875)
Proceeds from sale of investments	402,198,488	315,209,411
	27,268,471	2,980,536
Financing:		
Distribution to beneficiaries	(32,523,421)	(33,670,744)
Loans to beneficiaries	(21,510,746)	(9,729,667)
	(54,034,167)	(43,400,411)
Increase (decrease) in cash and treasury bills	2,455,757	(6,841,193)
Cash and treasury bills, beginning of year	26,962,735	33,803,928
Cash and treasury bills, end of year	\$ 29,418,492	\$ 26,962,735

The Trust considers cash and treasury bills to be highly liquid investments
See accompanying notes to financial statements.

Notes to Financial Statements

Year ended December 31, 2010

The Trust was created on April 23, 1990 by deed of trust. The purpose of the Trust is to manage on behalf of the beneficiaries, capital transfers paid to the Inuit of Nunavut pursuant to the Nunavut Land Claims Agreement with the Government of Canada.

1. Significant accounting policies:

(a) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Significant estimates include assessment of investment impairment. Such assessments are based on an analysis of current and past market values, the intent and ability of the portfolio to hold the investments until maturity or forecasted recovery, fundamental characteristics of the issuer as well as the economy and industry segment within which it operates. Actual results could differ from those estimates.

(b) Treasury bills:

Treasury bills are securities of such high liquidity and safety that they are virtually as good as cash and are recorded at cost. Interest is accrued as earned.

(c) Investments:

Bonds and stocks are recorded as of the settlement date and are carried at cost. Interest is accrued as earned and dividends are accrued when declared. The net realized gain on sales of investments is the difference between proceeds received and the average cost of investments sold. Investments are evaluated for impairment in their values that may be considered other than temporary which would then be recognized in the statement of operations in the year identified but which would not be reversed with subsequent increases in value. Foreign exchange forward contracts are marked to market with gains and losses on these contracts included in the statement of operations.

(d) Foreign Currency:

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in the statement of operations.

(e) Fixed Assets:

Fixed assets are stated at cost. Depreciation is provided using the following rates and basis:

Asset	Basis	Annual Rate
Sculptures	Not being depreciated	
Office furniture and equipment	Declining balance	20%
Leasehold improvements	Straight-line	Lease term

Notes to Financial Statements page 2

Year ended December 31, 2010

(f) Revenue recognition:

Revenue consists primarily of investment income, which is reported on the accrual basis. Investment income includes interest income, dividends and distributions from pooled fund investments. Distributions from pooled fund investments include the Trust's proportionate share of interest, dividends and realized gains.

(g) Future accounting standards:

International Financial Reporting Standards ("IFRS"):

The Canadian Accounting Standards Board has confirmed that all publicly accountable enterprises will be required to report under IFRS for years beginning on or after January 1, 2011. The Trust has determined it meets the definition of a publicly accountable enterprise and will, therefore, adopt IFRS effective January 1, 2011. Currently the Trust is evaluating the impact of these new standards on its financial statements.

2. Cash and treasury bills:

	2010	2009
Cash	\$ 19,433,312	\$ 22,599,650
Treasury bills	9,985,180	4,363,085
	\$ 29,418,492	\$ 26,962,735

Notes to Financial Statements page 3

Year ended December 31, 2010

3. Investments:

Investments as at December 31, 2010 and December 31, 2009 are as follows:

	Cost 2010	Market 2010	Cost 2009	Market 2009
Bonds	\$ 237,628,946	\$ 246,552,952	\$ 271,578,231	\$ 284,998,489
Stocks	710,779,982	806,398,082	708,514,246	753,048,450
Pooled Funds	59,980,971	59,609,568	50,439,479	46,336,731
	\$1,008,389,899	\$1,112,560,602	\$1,030,531,956	\$1,084,383,670

The Trust's investment policies, as established by the Trustees, reduce risk by diversifying the investments in two ways. Investments are diversified by asset class and then portions of each asset class are allocated to different, uncorrelated investment managers who use varying investment styles. This multi-manager strategy allows the Trust to invest in a broad range of securities which do not move in the same direction as the general market at the same time.

The investment policies manage the risks and returns of the investments over the long term and accept that there will be short-term volatility in investment returns. The values of the bonds are subject to changes in market interest rates. At December 31, 2010 the bond portfolio had maturity dates between 2011 and 2050 (2009 – between 2010 and 2049) and carried an average effective yield of 4.275% (2009 – 3.86%). The values of the stocks are subject to market value changes and exchange rate fluctuations resulting from the Trust holding stocks denominated in currencies other than the Canadian dollar.

Fair values for bonds and equities were determined using year end quoted market prices. Pooled fund investments are valued at the unit values supplied by the pooled fund manager, which represent the Trust's proportionate share of underlying net assets at fair values determined using closing market prices.

Notes to Financial Statements page 4

Year ended December 31, 2010

4. Amounts receivable:

	2010	2009
Due from Inuit Implementation Fund Trust	\$ 1,034	\$ 1,034
Due from Nunavut Hunters Income Support Trust	—	103,375
Other	15,335	—
	<u>\$ 16,369</u>	<u>\$ 104,409</u>

5. Fixed assets:

	2010		2009	
	Cost	Accumulated depreciation	Net book value	Net book value
Office furniture and equipment	\$ 210,195	\$ 178,146	\$ 32,049	\$ 40,062
Leasehold improvements	107,043	88,253	18,790	22,816
Sculptures	16,268	—	16,268	16,268
	<u>\$ 333,506</u>	<u>\$ 266,399</u>	<u>\$ 67,107</u>	<u>\$ 79,146</u>

Cost and accumulated depreciation at December 31, 2009 amounted to \$333,506 and \$254,360 respectively.

6. Distribution to beneficiaries:

Pursuant to the deed of trust, net income for tax purposes of the Trust as defined by the agreement is to be distributed to the beneficiaries unless otherwise directed by the Trustees. The beneficiaries are Nunavut Tunngavik Incorporated, Nunavut Economic and Social Development Trust Inc. and Nunavut Elders' Pension Trust.

7. Capital loans to beneficiaries:

The Trust has capital loans outstanding from beneficiaries as follows:

	2010	2009
Due from Nunavut Tunngavik Incorporated	\$ 76,703,951	\$ 57,465,705
Due from Nunavut Elders' Pension Trust	33,276,629	31,004,129
	<u>\$ 109,980,580</u>	<u>\$ 88,469,834</u>

The capital loans are secured by promissory notes and are due thirty days after repayment has been demanded. Interest at the rate of one percent per annum above the prime rate of the Trust's bank is payable after the expiry of the thirtieth day after demand. These loans have been recorded as a reduction in capital.

Notes to Financial Statements page 5

Year ended December 31, 2010

8. Commitments:

(a) The Trust has committed to provide funding to the Nunavut Elders' Pension Trust for the operation of the Nunavut Elders' Benefit Plan.

(b) The Trust is committed to the following payments under leases for office space:

Each of the years 2011 through August 31, 2015	60,350
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(c) The Trust's investment policy has a long-term target allocation of 10% to alternative investments. As of December 31, 2010, the Trust had committed \$27,500,000 CAD and \$25,000,000 US to limited partnerships as part of this allocation. These commitments are called upon as they are required for the limited partnerships to purchase assets in accordance with their limited partnership agreements.

More specifically, the Trust has committed to purchase 275,000 units in the LaSalle Canadian Income & Growth Fund III Limited Partnership at a price of \$100 per unit. As of December 31, 2010 \$21,979,780 of this commitment remains uncalled. The timing of future drawdowns against the outstanding commitment is not known at this date.

Likewise, the Trust has committed to purchase \$25,000,000 US worth of units in the Brookfield Americas Infrastructure Fund. As of December 31, 2010 \$22,175,471 US of this commitment remains uncalled. The timing of future drawdowns against the outstanding commitment is not known at this date.

9. Fair value of financial instruments:

The fair value of the Trust's cash and treasury bills, accrued investment income, amounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short period to maturity of the instruments. The fair value of investments is disclosed in note 3.

10. Security Lending Arrangement:

The Trust participates in a security lending program with its custodian, whereby certain investments owned by the Trust are loaned to certain reputable brokers/dealers and financial institutions in return for a fee which is shared between the Trust and its custodian. Security lending revenue is reported as part of interest revenue in the amount of \$199,861 (2009 - \$264,346). At December 31, 2010 securities out on loan had a value of \$181,862,561. This program exposes the Trust to the risk that the borrower fails to return the borrowed security. To minimize this risk, the borrower is required to provide non-cash collateral, replacement securities, with an aggregate market value never less than the percentage of the aggregate market value of the loaned securities which is the highest of (a) the minimum percentage required by any applicable pension legislation or regulatory authority or by the Income Tax Act (Canada), the regulations thereunder of Interpretation Bulletins issued by Canada Customs and Revenue Agency (b) the minimum percentage required by any legislation applicable to or regulatory authority having jurisdiction over the securities dealers who borrowed the securities; or (c) 105%.

The collateral received is non-cash in nature and is comprised of bonds issued by the Government of Canada, Government of Canada Agencies, the Government of the United States, the governments of other OECD countries, the governments of certain Canadian provinces as well as certain corporate-issued bonds and convertible corporate-issued bonds. The collateral held at December 31, 2010 had a value of \$190,944,086. As part of its service, the custodian monitors and calculates the aggregate market value of the loaned securities and of the collateral on a daily basis and follows up with the borrowers for immediate replenishment of collateral securities when the value of the collateral falls below the value of the securities out on loan. Securities out on loan can be recalled at any time and the terms of the agreement with the custodian can be terminated upon one day's notice.

Notes

ዲፎኔሽንና ልማት ሚኒስቴር
Kinauyait Naunaiyautait

በኅዳር 31, 2010, የፊደራል ሚኒስቴር ልማት ሚኒስቴር በኅዳር 31, 2009-፲
December 31mut, 2010, aatjikutiliugutainik naunaiyautait December 31mi, 2009

	2010	2009
ዲፎኔሽንና ልማት ሚኒስቴር Pihimayait		
የፊደራል ሚኒስቴር ልማት ሚኒስቴር: Tutkukhimayut pihimayait:		
ፆታዊ ልማት ሚኒስቴር ልማት ሚኒስቴር ልማት ሚኒስቴር (ዲፎኔሽንና ልማት 2)		
Kinauyait ovalo Kinauyaligiyyit kinauyait (titigak 2)	\$ 29,418,492	\$ 26,962,735
የፊደራል ሚኒስቴር ልማት ሚኒስቴር (ዲፎኔሽንና ልማት 3 ልዩ 10)		
Tutkukhimayut (titigak 3 ovalo 10)	1,008,389,899	1,030,531,956
	1,037,808,391	1,057,494,691
የፊደራል ሚኒስቴር ልማት ሚኒስቴር ልማት ሚኒስቴር		
Katitikhimayut tutkukhimayait kinauyaliugutait	3,485,560	3,868,772
ፆታዊ ልማት ሚኒስቴር (ዲፎኔሽንና ልማት 4)		
Naunaiyautait pilaaktut (titigak 4)	16,369	104,409
የፊደራል ሚኒስቴር ልማት ሚኒስቴር ልማት ሚኒስቴር (ዲፎኔሽንና ልማት 5)		
Inikhimayut pihimayait (titigak 5)	67,107	79,146
	\$ 1,041,377,427	\$ 1,061,547,018
የፊደራል ሚኒስቴር ልማት ሚኒስቴር ልማት ሚኒስቴር Akiliktigutait ovalo Kinauyait		
የፊደራል ሚኒስቴር ልማት ሚኒስቴር: Akiliktigutait:		
የፊደራል ሚኒስቴር ልማት ሚኒስቴር ልማት ሚኒስቴር		
Kinauyait akiliktakhait ovalo katitikhimayut akiliktakhait	\$ 2,157,263	\$ 1,257,612
ፆታዊ ልማት ሚኒስቴር Kinauyait	1,039,220,164	1,060,289,406
የፊደራል ሚኒስቴር ልማት ሚኒስቴር ልማት ሚኒስቴር (ዲፎኔሽንና ልማት 8)		
Piyakhait (titigak 8)		
	\$ 1,041,377,427	\$ 1,061,547,018

ርዕስ ስም ልማት ሚኒስቴር ልማት ሚኒስቴር ልማት ሚኒስቴር
Takulugit ilauyut titigait Kinauyaligiyyit Atugutikhait.

**◀▷ረረሎች ለበጎህግግር
Ukautait Havagutainikt**

በደንበኞች በሰላሳ 31,2010, የግብርናው ስርዓት ለግብርናው በሰላሳ 31, 2009-ፎ
Ukiumi iniktigutait December 31mut, 2010 aatjikutiliugutainik naunaiyutait ukiumi 2009mi

	2010	2009
▷በጎህግግር: Kinauyait:		
ፈረገገግግር Kaangani Akiit	\$ 11,845,513	\$ 14,804,043
ፈረገገግግር Aviktukhimayait	20,756,812	19,398,043
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Ataani Taimaihimayait niuviktigutainik angilitigutait tutkukhimayait	14,732,230	—
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Hilataanit himautait angilitigutait	—	671,485
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Katitukhimayut Kinauyait aviktugutait	1,814,355	3,787,173
ፈረገገግግር Aalat	134,537	182,252
	49,283,447	38,842,996
◀▷ግብርናው ስርዓት: Akiliktitigutait:		
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Ayongitut akiit	5,283,254	4,114,259
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Ataani tamaihimayait niuviktigutainik tutkukhimayait	—	7,341,860
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Naluyait ihuinaakhimayut tutkukhimayait	8,470,907	10,591,635
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Hilataanit taksiiit akilihimayait	1,314,449	1,242,801
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Hilataanit himautait tamaihimayait	175,226	—
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Kinauyaliukhimayait ovalo ikayugutait	632,438	534,385
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Autlaagutait ovalo hiniktakviit	193,601	160,800
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Tuhaktituiyit	3,857	3,023
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Titigagutait	27,114	46,153
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Katimayit akiit	32,750	28,500
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Titigakviit akiit	128,447	117,473
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Himuktitigutait	2,302	4,675
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Titigakviit ovalo munagiyiit	37,308	47,072
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Ayongitut hanatiligiyiit	4,830	2,777
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Nungutigutait	12,039	14,043
	16,318,522	24,249,456
ግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው Avataanut kinauyait kaanganut akilikhimayait	\$ 32,964,925	\$ 14,593,540

ርዕድ ስርዓት ለግብርናው ስርዓት ለግብርናው ስርዓት ለግብርናው
Takulugit ilauyut titigait Kinauyaligiyit Atugutikhait.

ბიუჯეტის შესახებ განმარტების დამატებითი ინფორმაციის განცხადება
 Ukautait Aalangukhimayut Kinauyait

ნოემბერი 31, 2010-ის იმდროინდელი მდგომარეობის განმარტების შესახებ ნოემბერი 31, 2009-ის იმდროინდელი
 Ukiumi iniktigutait December 31mut, 2010, aatjikutiliugutait naunaiyutait 2009

	2010	2009
ბიუჯეტის შესახებ განმარტების, ბიუჯეტის დანახარჯები		
Kinauyait, atulihaaktitlugit ukiut	\$ 1,060,289,406	\$ 1,089,096,277
სამართლებრივი დანახარჯები და სხვა დანახარჯები		
Avataanut kinauyait kaanganut akilikhimayait	32,964,925	14,593,540
დასახელებული ინვესტიციების (დასახელება 6)		
Aviktukhimayait ilaukatauyunut (tigak 6)	(32,523,421)	(33,670,744)
შესახებ განმარტების დანახარჯები და სხვა დანახარჯები (დასახელება 7)		
Kinauyait atukhimayait ilaukatauyunut (titigak 7)	(21,510,746)	(9,729,667)
შესახებ განმარტების, დანახარჯების		
Kinauyait, iniktigutainik ukiut	\$ 1,039,220,164	\$ 1,060,289,406

ცხადდება შესახებ განმარტების ინვესტიციების დანახარჯები.
 Takulugit ilauyut titigait Kinauyaligiyyit Atugutikhait.

