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# Business Plan

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*“Pijitsirniq: serving and providing for family and community”*

# NUNAVUT RAVEN LOGISTICS INC.

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Executive Summary .....	7
Objectives / Description of the Project.....	7
Business History / Nature of Operations .....	7
Product / Value Proposition.....	7
Pricing.....	7
Economic Moat.....	8
Project Financing.....	8
Risk Assessment & Contingency Plan .....	8
Existing Equity & Investment .....	8
Financial Snapshot.....	9
Financial, Legal, and Accounting Contacts .....	10
Financial Institution.....	10
Legal Representation .....	10
Accountant.....	10
Introduction.....	11
Company Profile .....	11
Business Ownership.....	11
Food Safety in Canada .....	11
Transportation Infrastructure in Nunavut .....	13
Transportation Industry in Nunavut.....	13
Legislation.....	14
General Federal Regulation – Food and Drugs Act .....	14
Specific Federal Regulation.....	14
Nunavut .....	15
Nunavut Land Claims Agreement .....	15
Nunavut Wildlife Management Board .....	15
Annex on Trade to the Memorandum of Understanding on Cooperation .....	16
Northwest Territories (NWT) .....	16

# NUNAVUT RAVEN LOGISTICS INC.

BUILDING 607 | SUITE 101 | IQALUITT | NU

Yukon .....	17
Maritimes .....	17
Nunavummi Nangminiqaqtunik Ikajuuti Policy .....	17
Technology Background .....	18
Food System Background .....	18
Major Demographic, Economic, Social, and Cultural Factors .....	19
Trends .....	19
The Problem .....	20
The Company .....	21
The Platform .....	21
Markets .....	22
Customer Market Segments .....	22
Geographic Market Segments .....	22
Market Size .....	23
Market Needs .....	26
Marketing Strategy .....	26
Advertising .....	27
Advertising Budget .....	27
Operating Plan .....	28
Policies and Procedures .....	28
Hour of Operation .....	28
Number of Employees .....	28
Vacation .....	28
Training and Development .....	28
Remuneration and Benefits .....	28
Action Plan .....	28
Additional Information .....	29
Risks .....	29
Strategic Risks .....	29

# NUNAVUT RAVEN LOGISTICS INC.

BUILDING 607 | SUITE 101 | IQALUITT | NU

Compliance Risks .....	29
Operational Risk .....	30
Financial Risk .....	30
Reputational Risk .....	30
SWOT Analysis .....	31
Three Year Pro-Forma Financial Statements.....	32
Balance Sheet .....	32
Income Statement .....	33
Income Statement – Monthly Visual.....	34
Statement of Cash Flows .....	35
Statement of Cash Flows – Monthly Visual .....	36
Ratio Analysis .....	37
Break Even Analysis.....	38
Objectives, Outcomes, and Benefits .....	38
Mission.....	38
Vision.....	39
Competitive Advantage .....	39
Funding Requirements .....	39
SIA's One Time Minimum Viable Product (MVP) Investment Summary:.....	40
First Four Month Cash Flow Projection .....	40
Conclusion .....	41
Appendix 1: Graphic User Interface .....	43
Page 1 Welcome/Login .....	43
Page 2: Home with Alert Dashboard and Launch for Order, Trace, Scan/Receive .....	44
Page 3: Alert Details .....	44
Page 4: Trace Details .....	45
Page 5: Product Details.....	45
Page 6: Place an Order.....	46
Appendix 2: Steps in the Blockchain Solution .....	47

# NUNAVUT RAVEN LOGISTICS INC.

BUILDING 607 | SUITE 101 | IQALUITT | NU

Appendix 3: Historical Financial Statements .....	48
Balance Sheet .....	48
Income Statement .....	49
Statement of Cash Flows .....	50
Appendix 4: Share Ownership & Organizational Structure .....	51
Appendix 5: Executive Team – Overview .....	52
Joseph Toal – CEO .....	52
Jonathan Park – Chief Legal Officer .....	52
Douglas Workman – Investor Relations .....	52
Brent Bruno – V.P. Strategic Sales .....	52
Shawn Bruno – V.P. Business Development .....	53
Christian Attong – V.P. of Advanced Technology .....	53
Appendix 6: Government of Nunavut Country Food Tracking Regulations .....	54
Tracking Form .....	54
Tracking Table .....	55
Safe Food Packaging Guidelines .....	56
Food Safe Labelling and Tracking .....	57
Appendix 7: Sample Magazine Covers .....	58
Above and Beyond .....	58
Up Here .....	59
Appendix 8: Assumptions for Financial Projections .....	60
Appendix 9: Assumptions for Financial Projections – Notes .....	61
Appendix 10: SIA’s Proposed Solution .....	63
Technology Overview .....	63
Solution Components Overview .....	64
Arctic Chef System .....	65
Asset Track System .....	66
Order Tracking System .....	67

### Executive Summary

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#### Objectives / Description of the Project

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Nunavut Raven Logistics Inc.'s (NRLI) goal over the next three years is to use a blockchain solution to safely move country food (hunted game) from its origin to destination markets. NRLI will target Nunavut first, then expand to the NWT, Yukon, Eastern Canada and Southern Restaurants. The Company will grow sales from \$620K in 2019 to \$3.3M in 2021. All prices in this proposal are in CAD.

#### Business History / Nature of Operations

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NRLI was formed in 2017 as a partnership between Joseph (Joe) Toal and four other Nunavut investor/operators who each bring unique skills to the company. Early in 2017, Joe recognized that there was a significant opportunity for a firm that could guarantee the safety of country food to institutional clients such as the Qikitani General Hospital. By mid-October, Nunavut Raven Logistics Inc. had formed.

#### Product / Value Proposition

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<sup>1</sup>Nunavut Raven Logistics Inc. is in the process of developing a smartphone app that tracks country food from origin to destination. Called “Arctic Chef,” and built with IBM’s blockchain technology, anyone with access to the blockchains’ key on the app will be able to see all relevant details of a specific shipment of country food. Examples include the name of the hunter who harvested the animal, the temperature it was stored, and the shipping temperature. NRLI drives value for customers by providing an easy-to-see record of country food’s history, from the land to the table.

The core ideas are to ensure country food quality, simplify the country food ordering process, and control country food safety and storage. *Arctic Chef* will allow (for example), a government employee to validate food quality and instantly isolate contaminated batches, Arctic College students to access the full traceability/origin of what they are preparing when needed, or a hospital employee to order country food without having to contact the Arctic College.

#### Pricing

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For every kilogram of meat processed, NRLI will charge \$1.00. In addition, establishments deriving value from the blockchain will be charged an annual fee ranging from \$1000 to \$10 000

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<sup>1</sup> See Appendix 1 for more detail regarding the Graphic User Interface. Appendix 2 describes the Steps in the Blockchain Solution.

# NUNAVUT RAVEN LOGISTICS INC.

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to be a node (touchpoint) on the blockchain. In the first year, fee revenue will be the most significant source of cash. By year three, the volume on the blockchain network will have increased substantially and the annual fee revenue will diminish in importance (but still double over that time).

## Economic Moat

A significant source of NRLI's competitive advantage is the distribution agreement with IBM: any company interested in utilizing IBM's proprietary software will need to go through NRLI for the next five years.

## Project Financing

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Completion of the blockchain solution:	\$	94, 560
First four months of operating expenses:		<u>55, 440</u>
<b>Total Required:</b>	<b>\$</b>	<b>150,000</b>

NRLI is seeking to issue preferred shares in order to fund the remaining development of the solution. Preferred shares will pay a fixed dividend rate of 15% of the principal, paid monthly. At the beginning of the third year of operations, NRLI will redeem these preferred shares for their face value. All sale of shares is administered though NRLI's Ottawa lawyer, BLG. Contact information is provided in this proposal.

## Risk Assessment & Contingency Plan

As much as possible, NRLI intends to partner with customers to ensure mutual success. This means establishing long-term relationships, based on developing trust and exceeding expectations. NRLI will sacrifice short term results for long-term profitable partnerships.

## Existing Equity & Investment

To date NRLI has financed the business through the sale of preferred shares. Should cash flow not meet the Company's projections, NRLI has ~\$280K in physical assets that can be sold and used as collateral.

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## Financial Snapshot (year end)

Key Results	Year 1	Year 2	Year 3
<b>Sales</b>	\$620,000	\$1,358,700	\$3,334,000
<b>Operating Profit</b>	\$79,800	\$647,225	\$2,459,226
<b>Net Income</b>	\$68,229	\$553,377	\$2,102,638
<b>Gross Margin on Variable Sales %</b>	90.00%	91.00%	92.00%
<b>Units (kg) Moved</b>	250000	908200	2535000
<b>Sales/Assets</b>	1.18	1.19	1.26
<b>Profit/Sales</b>	11.00%	40.73%	63.07%
<b>Assets/Equity</b>	2.69	1.57	1.34
<b>Return on Equity</b>	34.86%	76.16%	107.12%
<b>Return on Assets</b>	12.95%	48.54%	79.67%
<b>ROI</b>	34.86%	76.16%	107.12%
<b>Current Ratio</b>	19.07	9.48	6.83
<b>Debt:Equity Ratio</b>	0.00	0.00	0.00
<b>Net Cash Flow</b>	\$159,460	\$588,241	\$1,339,399
<b>Current Assets</b>	\$220,710	\$889,419	\$2,433,835
<b>Total Assets</b>	\$527,007	\$1,140,161	\$2,639,169
<b>Current Liabilities</b>	\$11,571	\$93,848	\$356,588
<b>Net Working Capital</b>	\$209,139	\$795,571	\$2,077,247
<b>Long Term Debt</b>	\$0	\$0	\$0
<b>Share Capital</b>	\$150,000	\$150,000	\$0
<b>Retained Earnings</b>	\$45,729	\$576,607	\$1,962,874
<b>Total Owner's Equity</b>	\$195,729	\$726,607	\$1,962,874
<b>Dividends</b>	\$22,500	\$22,500	\$716,371

# NUNAVUT RAVEN LOGISTICS INC.

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## Financial, Legal, and Accounting Contacts

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### Financial Institution

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Name:	First Nations Bank of Canada
Branch:	Iqaluit Branch
Address:	630 Queen Elizabeth
City:	Iqaluit
Province/Territory:	Nunavut
Postal Code:	X0A 0H0
Telephone:	867-975-3700
Name & Title of Contact:	John Wolfe, General Manager

### Legal Representation

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Name:	BLG (Borden Ladner Gervais)
Branch:	Ottawa Branch
Address:	World Exchange Plaza, 100 Queen Street, Suite 1300
City:	Ottawa
Province/Territory:	Ontario
Postal Code:	K1P 1J9
Telephone:	613-230-8842
Name & Title of Contact:	Andrew Paterson, Associate

### Accountant

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Name:	Lester Landau Chartered Professional Accountants
Branch:	Iqaluit Branch
Address:	917 Nunavut Drive
City:	Iqaluit
Province/Territory:	Nunavut
Postal Code:	X0A 0H0
Telephone:	867-979-6603
Name & Title of Contact:	Ralph Cormack, CPA

# NUNAVUT RAVEN LOGISTICS INC.

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## Introduction

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Nunavut Raven Logistics Inc. uses cutting edge technology to track the movement of harvested meat, or as it's known in the Arctic, *traditional country food*. NRLI will use IBM Watson and blockchain technology, together with smart devices, to drive solutions for Northerners. NRLI's first project is safely shipping country food from its origination market to its consumption market. NRLI will move country food from hunters in Clyde River (represented by the Hunter's and Trapper's Association) through a processor to the Qikitani General Hospital in Iqaluit. The fee to move country food will be \$1.00 per kilogram. In addition, fixed annual fees will be charged to users. With NRLI, you can imagine a Nunavut where no one is poisoned by country food.

## Company Profile

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Nunavut Raven Logistics Inc. is a business incorporated in Ottawa and headquartered in Iqaluit. It commenced operations on October 16<sup>th</sup>, 2017, and has a fiscal year-end of July 31<sup>st</sup>. A complete set of financial statements is included in Appendix 3 to this application. NRLI is located at suite #101 in building 607, Iqaluit, Nunavut.

## Business Ownership

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NRLI is owned by the following six founders (management) and one investor. All have contributed cash. See Appendix 4 for the company's ownership structure and Appendix 5 for notes about The Corporation's management:

Joseph Toal,	CEO
Shawn Bruno,	Strategic Business Operations
Christian Attong,	Strategic System Solutions
Brent Bruno,	Strategic Sales & Business Development
Jonathan Park,	Legal Conformity
Douglas Workman,	Investor Relations
Glen Malloy,	Investor

## Food Safety in Canada

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While food safety has been steadily improving over the last hundred years, contaminated food continues to have a significant detrimental impact on the health of Canadians. According to the Government of Canada, 4 million Canadians every year get sick from contaminated food<sup>2</sup>. This

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<sup>2</sup> [https://www.canada.ca/en/public-health/services/publications/food-nutrition/infographic-food-related-illnesses-hospitalizations-deaths-in-canada.html?\\_=undefined&wbdisable=true](https://www.canada.ca/en/public-health/services/publications/food-nutrition/infographic-food-related-illnesses-hospitalizations-deaths-in-canada.html?_=undefined&wbdisable=true)

represents 1 in 8 Canadians. Of these illnesses, 11,500 result in hospitalization and 240 people die annually from food-related illness<sup>3</sup>. While Canada may be a world leader in food safety and quality, there is still significant work to be done to bring Canada's food safety rate closer to 100%. In addition to the impact on health, sick employees can't work, businesses have increased legal costs, and hospitals must expend resources on patients made ill by contaminated food. Below is an infographic outlining some of the major statistics on food safety in Canada:



4

According to the Government of Canada, food can be safer if it is handled properly<sup>5</sup>. Specifically noted methods of keeping food safe include ensuring that surfaces are clean, foods are kept separate (especially raw food like meat and eggs), food is cooked to a safe internal temperature and properly chilled when not being cooked or consumed<sup>6</sup>.

<sup>3</sup> [https://www.canada.ca/en/public-health/services/publications/food-nutrition/infographic-food-related-illnesses-hospitalizations-deaths-in-canada.html?\\_=undefined&wbdisable=true](https://www.canada.ca/en/public-health/services/publications/food-nutrition/infographic-food-related-illnesses-hospitalizations-deaths-in-canada.html?_=undefined&wbdisable=true) Ibid

<sup>4</sup> Ibid

<sup>5</sup> Ibid

<sup>6</sup> Ibid

### Transportation Infrastructure in Nunavut

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Nunavut relies heavily on its airports to move people and perishable goods from Southern Canada to communities<sup>7</sup>. For durable goods, the beaches are used as informal ports during the annual sealift<sup>8</sup>. Snow machines and dog teams occasionally make the trip between communities, but otherwise there is no surface transportation infrastructure.

Air transportation works on a hub-and-spoke model in the territory<sup>9</sup>. These hubs are Iqaluit, Rankin Inlet and Cambridge Bay, where the airports are larger and can accommodate aircraft such as the Boeing 737-200<sup>10</sup>. From these airports, passengers and perishable goods then take smaller regional aircraft to “spoke” communities.

Most of the airports and marine infrastructure was built during the 1970s<sup>11</sup>. As Nunavut has grown in the ensuing 40+ years, the capacity has become strained and the buildings themselves have deteriorated<sup>12</sup>.

### Transportation Industry in Nunavut

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Transportation related jobs are a significant source of employment in Nunavut. The Iqaluit Airport alone supports nearly 300 jobs, and each community has at least 4 or 5 full time staff devoted to airport operations<sup>13</sup>. As population and incomes increase, the demand for goods and travel – transportation – will increase in-step.

Tracking goods remains in the hands of individual organizations. Some, like Canada Post/Amazon, have assigned tracking numbers to parcels which allows customers to see where their product is at any given time. However, most shipments still rely on pen-and-paper waybills to track goods. Receiver staff visually inspect shipments to ensure that everything on the waybill is on the physical shipment – using a paper checklist. Such manual processes are prone to error.

Goods are shipped informally between communities using the Airlines’ cargo system, often coordinated over social media. This leads to issues like fraud (taking money and not delivering the goods), spoiled food, and illegally shipping drugs and alcohol.

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<sup>7</sup>[https://gov.nu.ca/sites/default/files/ingirrasiliqta\\_lets\\_get\\_moving\\_nunavut\\_transportation\\_strategy.pdf](https://gov.nu.ca/sites/default/files/ingirrasiliqta_lets_get_moving_nunavut_transportation_strategy.pdf). Communities refer to smaller centres in Nunavut (every town excluding Iqaluit, Rankin Inlet, and Cambridge Bay)

<sup>8</sup> Ibid

<sup>9</sup> Ibid

<sup>10</sup> ibid

<sup>11</sup> ibid

<sup>12</sup> ibid

<sup>13</sup> ibid

## Legislation

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### General Federal Regulation – Food and Drugs Act

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The regulation of meat in Canada is legislated by the *Food and Drugs Act*<sup>14</sup>. The Act prohibits the sale of unsafe food products in Canada<sup>15</sup>. Because there is potential for food to spoil in transit, NRRI will assist food processors with complying with the *Food and Drugs Act*. For food shipped between provinces/territories, it must be inspected in a federally registered establishment in its originating province/territory<sup>16</sup>. Criteria for federally regulated establishments are set out by the *Canadian Food Inspection Agency*<sup>17</sup>.

Country food also qualifies for a subsidy under the *Nutrition North Canada* program. However, it is often limited because of the aforementioned requirement for preparation in a federally regulated establishment<sup>18</sup>. Few of these establishments exist in Nunavut.

### Specific Federal Regulation

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Over the past 30 years devolution agreements in the Northwest Territories and Yukon, in addition to the formation of the Government of Nunavut, have shifted the influence from the federal to the territorial governments<sup>19</sup>. However, some federal policies still play a role in how country food is harvested and consumed in Canada's Territories<sup>20</sup>. The most significant include:

- 1) Federal treaties that outline the harvesting rights of indigenous people not covered by a Land Claims Agreement<sup>21</sup>.
- 2) Certain lands are administered by the Minister of Environment, per the *Canada Wildlife Act*<sup>22</sup>.
- 3) The *Migratory Birds Convention Act* and the *Species at Risk Act* supersede territorial laws regarding harvesting birds and animals deemed at-risk<sup>23</sup>.

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<sup>14</sup> <http://www.inspection.gc.ca/food/information-for-consumers/fact-sheets-and-infographics/products-and-risks/meat-and-poultry-products/meat-inspection-system/eng/1374559586662/1374559587537>

<sup>15</sup> Ibid.

<sup>16</sup> [http://gordonfoundation.ca/app/uploads/2018/02/TGF\\_FoodPolicy\\_SixSummaries\\_digital.pdf](http://gordonfoundation.ca/app/uploads/2018/02/TGF_FoodPolicy_SixSummaries_digital.pdf).

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

- 4) The Minister of the Environment manages public land and sets limits on exporting harvested meat<sup>24</sup>.
- 5) The *Oceans Act* and *Coastal Fisheries Protection Act* can restrict access to country food for territories with a coastline<sup>25</sup>.
- 6) The Department of Fisheries and Oceans, through the *Fisheries Act*, regulates fishing in each province and territory<sup>26</sup>.
- 7) The *Canada National Parks Act* restricts the harvesting of country food in national park boundaries, but contains exemptions for indigenous groups<sup>27</sup>.

## Nunavut

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In Nunavut specifically, there is a requirement for country food to be safely handled and packaged according to Government of Nunavut guidelines (see Appendix 6). This regulation is a framework for the parameters that NRLI's solution will meet.

## Nunavut Land Claims Agreement

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Inuit have the right to harvest a significant amount of country food: up to their full level of need for economic, cultural, and social reasons<sup>28</sup>. Hunters and Trappers Associations set the 'level of basic need' in each community<sup>29</sup>. This provision includes commercial sale<sup>30</sup>. Inuit can sell, trade or give their fish or meat<sup>31</sup>. Non-Inuit hunting rights are governed by the *Nunavut Wildlife Act*, through licenses, permits, and bag and catch limits<sup>32,33</sup>.

## Nunavut Wildlife Management Board

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The Nunavut Wildlife Management Board (NWMB) was established in accordance with the *Nunavut Agreement*, and is mandated to be the main regulator of wildlife in Nunavut<sup>34</sup>. This organization effectively provides uppermost limit for country food that can be harvested in

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<sup>24</sup> [http://gordonfoundation.ca/app/uploads/2018/02/TGF\\_FoodPolicy\\_SixSummaries\\_digital.pdf](http://gordonfoundation.ca/app/uploads/2018/02/TGF_FoodPolicy_SixSummaries_digital.pdf)

<sup>25</sup> Ibid

<sup>26</sup> Ibid

<sup>27</sup> Ibid

<sup>28</sup> <http://www.tunngavik.com/documents/publications/2004-00-00-A-Plain-Language-Guide-to-the-Nunavut-Land-Claims-Agreement-English.pdf>

<sup>29</sup> Ibid

<sup>30</sup> [http://gordonfoundation.ca/app/uploads/2018/02/TGF\\_FoodPolicy\\_SixSummaries\\_digital.pdf](http://gordonfoundation.ca/app/uploads/2018/02/TGF_FoodPolicy_SixSummaries_digital.pdf)

<sup>31</sup> Ibid

<sup>32</sup> 'Bag and catch limits' refers to the daily maximum allowable quantity of fish or other harvest of a given species

<sup>33</sup> [http://gordonfoundation.ca/app/uploads/2018/02/TGF\\_FoodPolicy\\_SixSummaries\\_digital.pdf](http://gordonfoundation.ca/app/uploads/2018/02/TGF_FoodPolicy_SixSummaries_digital.pdf)

<sup>34</sup> <https://nwmb.com/en/>

Nunavut. Through the issuance of quotas, the decisions of this board will have a significant impact on the volume of country food transported in the Territory (and on the blockchain).

### **Annex on Trade to the Memorandum of Understanding on Cooperation**

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Developed by the governments of Nunavut and Greenland (through the *Canada food Inspection Agency* and the *Danish Veterinary and Food Administration*, respectively) the *Memorandum* seeks to enhance the trade of artic food between Nunavut and Greenland<sup>35</sup>. Musk-ox, reindeer, and fish have been specifically identified<sup>36</sup>.

### **Northwest Territories (NWT)**

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Like Nunavut, the Northwest Territories has special rights for beneficiaries of land claims agreements<sup>37</sup>. Outside of aboriginal or treaty rights, ‘gifted’ meat weighing more than 5kg must come with a receipt to be in legal possession<sup>38</sup>. Guidelines are as follows:

- 1) For a gift less than 10 kg but greater than 5 kg: A receipt with information including the name of the harvester, the Aboriginal organization, license number, date, species, and weight must be included with the meat<sup>39</sup>.
- 2) Gifts exceeding 10 kg and leaving the NWT require an export permit<sup>40</sup>. It is the responsibility of the person exporting the meat to comply with the destination jurisdiction’s requirements<sup>41</sup>.

Various regional Wildlife Management Boards regulate animals in the settlement areas in the NWT. Each have the power to determine levels of commercial and personal harvest, which together make up the Total Allowable Harvest for a region<sup>42</sup>.

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<sup>35</sup> [http://gordonfoundation.ca/app/uploads/2018/02/TGF\\_FoodPolicy\\_SixSummaries\\_digital.pdf](http://gordonfoundation.ca/app/uploads/2018/02/TGF_FoodPolicy_SixSummaries_digital.pdf)

<sup>36</sup> Ibid

<sup>37</sup> Ibid

<sup>38</sup> Ibid

<sup>39</sup> Ibid

<sup>40</sup> Ibid

<sup>41</sup> Ibid

<sup>42</sup> Ibid

## **Yukon**

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Yukon First Nations people are allowed to hunt in accordance with the *Umbrella Final Agreement*, without a license in traditional territory. The *Yukon Wildlife Act* sets various restrictions on hunting for Yukon's non-indigenous residents<sup>43</sup>.

Selling wild meat is prohibited in the Yukon<sup>44</sup>. However, licensed game farmers can raise elk and bison for consumption, provided they are processed at a licensed slaughterhouse<sup>45</sup>. Between members of a First Nation, trade for subsistence is allowed<sup>46</sup>. Between a First Nations member and a non-member, certain restrictions apply<sup>47</sup>.

## **Maritimes**

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For NRLI's potential lobster business in the Maritime provinces, regulation is governed generally by the *Food and Drugs Act*. In addition, companies must comply with the *Fish Inspection Regulations*, as well as ensuring that the lobster meets the criteria for the importing regions' regulations<sup>48</sup>.

### **Nunavummi Nangminiqaqtunik Ikajuuti Policy**

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Lastly, as a business headquartered in Nunavut, NRLI will be subject to the Nunavut Land Claims Agreement's Article 24: Nunavummi Nangminiqaqtunik Ikajuuti Policy (or casually known as the NNI Policy, relating to procurement)<sup>49</sup>. This article is meant to give priority on government contracts to majority-Inuit owned firms, but also favours Nunavut-based businesses<sup>50</sup>, like Nunavut Raven Logistics Inc. Specifically, if a business is Nunavut-owned, there is a 7% adjustment made to the bid price, and if the business is local to the location where

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<sup>43</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

<sup>45</sup> Ibid.

<sup>45</sup> Ibid.

<sup>46</sup> Ibid.

<sup>47</sup> Ibid.

<sup>48</sup> <http://www.inspection.gc.ca/food/fish-and-seafood/exports/tomalley-guidance-document/eng/1304444268047/1304475429125>

<sup>49</sup> [http://labradoropportunities.ca/news/report-on-economic-activity-in-nunavut-and-identification-of-related-opportunities-for-newfoundland-and-labrador/#\\_Toc427250183](http://labradoropportunities.ca/news/report-on-economic-activity-in-nunavut-and-identification-of-related-opportunities-for-newfoundland-and-labrador/#_Toc427250183)

<sup>50</sup> [http://labradoropportunities.ca/news/report-on-economic-activity-in-nunavut-and-identification-of-related-opportunities-for-newfoundland-and-labrador/#\\_Toc427250183](http://labradoropportunities.ca/news/report-on-economic-activity-in-nunavut-and-identification-of-related-opportunities-for-newfoundland-and-labrador/#_Toc427250183)

the contracting is required, there is another 7% adjustment<sup>51</sup>. NRLI can therefore expect a 14% adjustment to any bids it makes on government contracts<sup>52</sup>.

## Technology Background

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Across the world, blockchain technology is changing the way people solve problems. In its most basic form, blockchain allows information to be distributed but not copied<sup>53</sup>. Blockchain is well known for its original purpose: Bitcoin and other digital currency<sup>54</sup>. However, the underlying technology is being used for applications ranging from verifying student transcripts to tracking diamonds and fighting voter fraud<sup>55</sup>.

Blockchain allows for all users on the blockchain, or ‘ledger’ to be able to see what has happened in the past. Blockchain is like carving into stone in a public place: everyone can see what has happened and nothing can be changed<sup>56</sup>. Transactions occur in real time with a high level of security.

Like telecommunications or modern vehicles, individuals don’t need to be intimately knowledgeable about the technology to understand the benefits it can bring. Blockchain will provide a more secure future where information can be independently verified.

## Food System Background

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The global food supply chain has been shaped by a number of factors: a rising population, rising incomes, and improvements to production and transportation technology. In the late 1990’s a typical grocery store had 7000 different items<sup>57</sup>. Today, that number is closer to 50,000<sup>58</sup>.

Major players in the food industry are starting to take notice of the need for better supply chain management. Frank Yiannas, Vice-President of Food Safety for Walmart, summed it up well: “blockchain is the equivalent of FedEx tracking of food”, in the sense that it’s location can be

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<sup>51</sup> [http://labradoropportunities.ca/news/report-on-economic-activity-in-nunavut-and-identification-of-related-opportunities-for-newfoundland-and-labrador/#\\_Toc427250183](http://labradoropportunities.ca/news/report-on-economic-activity-in-nunavut-and-identification-of-related-opportunities-for-newfoundland-and-labrador/#_Toc427250183)

<sup>52</sup> Ibid

<sup>53</sup> <https://blockgeeks.com/guides/what-is-blockchain-technology/>

<sup>54</sup> <https://blockgeeks.com/guides/what-is-blockchain-technology/>

<sup>55</sup> <https://www.forbes.com/sites/bernardmarr/2018/07/16/here-are-10-industries-blockchain-is-likely-to-disrupt/#34b675bcb5a2>

<sup>56</sup> <https://www.coindesk.com/understand-google-docs-can-understand-blockchain/>

<sup>57</sup> <https://www.marketwatch.com/story/grocery-stores-carry-40000-more-items-than-they-did-in-the-1990s-2017-06-07>

<sup>58</sup> Ibid

tracked in real time<sup>59</sup>. Currently, links (producers, shippers, and consumers) in the food supply chain act independently of one another, with records often kept on paper.

The unspoken expectation is that food in grocery stores or provided by government facilities is safe. Tracking fresh food already has precedence. Using the same IBM technology that NRLI is licensed to use, Walmart and IBM were able to trace a package of mangoes from the farm to the store in seconds: down from days or weeks without blockchain technology<sup>60</sup>.

### **Major Demographic, Economic, Social, and Cultural Factors**

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NRLI's blockchain solution fits into the social and economic fabric of Nunavut. In 2008, Inuit received 16.1% of their daily energy from country food<sup>61</sup>. Country food provides excellent nutrition, plays a critical role in Inuit culture, and contributes to self-reliant communities<sup>62</sup>. A secure food system in Nunavut depends on access to country food<sup>63</sup>. The prospects of country food provided safely remains strong in Nunavut. Due to country food's enduring appeal, the business is well protected against fluctuations in the business cycle. NRLI expects that the blockchain's guarantee of safety will provide institutional customers the confidence to serve country food.

### **Trends**

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Country food has been consumed in Nunavut for millennia. In the last 70 years, freezers and cargo flights have facilitated the ability to move country food far from its place of origin.

More recently, communication technology has assisted with coordinating the movement of country food. The progression has gone from telephones to email, and within the last 10 years social media platforms such as Facebook have created a market where buyers and sellers can coordinate the movement of country food. However, all these methods involve significant trust and risk. There are many anecdotal examples of people who have paid for country food but received nothing.

The movement of Inuit from Nunavut has created demand for country food beyond the Territory. For example, a community of approximately 3300 Inuit live in Ottawa; enough for Iqaluit

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<sup>59</sup> [https://foodsafetytech.com/feature\\_article/the-future-of-food-safety-a-qa-with-walmarts-frank-yiannas/](https://foodsafetytech.com/feature_article/the-future-of-food-safety-a-qa-with-walmarts-frank-yiannas/)

<sup>60</sup> <https://www-03.ibm.com/press/us/en/pressrelease/53487.wss>

<sup>61</sup> [https://www.nunavutfoodsecurity.ca/Country\\_Food](https://www.nunavutfoodsecurity.ca/Country_Food)

<sup>62</sup> [https://www.nunavutfoodsecurity.ca/Country\\_Food](https://www.nunavutfoodsecurity.ca/Country_Food)

<sup>63</sup> Ibid

businessman Joe Hess to supply his Maclaren store with arctic char<sup>64</sup>. Non-resident Inuit staying in Ottawa temporarily also drive demand for country food<sup>65</sup>. Hess is quoted as saying he would be interesting in selling other types of meat – but it's too hard to get<sup>66</sup>.

The Government of Nunavut is beginning to take country food safety more seriously<sup>67</sup>. Early in 2018, Country Food Safety Guidelines were established for the safe shipping of country food between communities<sup>68</sup>. The intention is for a slow roll out – an experiment will take place in Iqaluit and Kimmirut while the government gathers feedback<sup>69</sup>. However, expanding the program in the near future is the government's intention<sup>70</sup>.

Lastly, there is a trend towards using artificial intelligence and advanced analytics to assist with human decision making<sup>71</sup>. IBM's Chef Watson is making a major impact on how food is prepared<sup>72</sup>. In the future, the Government of Nunavut may be interested in utilizing this technology in combination with other food policy.

### The Problem

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Organizations across the North recognize the demand for country food, but don't want to carry the liability of food-borne illness<sup>73</sup>. For example, when there is an outbreak of foodborne illness such as E. coli, the outbreak is impossible to track precisely. This leads to vast amounts of food being destroyed even though only a small fraction was harmful. Human and financial losses are staggering: serving tainted food can result in losses between \$4000 and \$1.9 million for a fast food restaurant<sup>74</sup>. While E. coli isn't a significant concern for serving country food, salmonella and trichinella have been found in country food and can be very harmful to human health<sup>75</sup>.

Especially for organizations that want to prove their commitment to Northern stakeholders (such as hospitals and mines) serving country food is desirable but out of reach.

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<sup>64</sup> <http://www.centretownbuzz.com/2016/03/11/a-little-piece-of-the-arctic-nunavut-country-food-brings-the-north-to-the-south/>

<sup>65</sup> Ibid

<sup>66</sup> Ibid

<sup>67</sup> <https://foodsafetymarket.com/blog/nunavuts-new-food-safety-guidelines/>

<sup>68</sup> Ibid

<sup>69</sup> Ibid

<sup>70</sup> Ibid

<sup>71</sup> <https://www.bonappetit.com/entertaining-style/trends-news/article/how-ibm-chef-watson-works>

<sup>72</sup> Ibid

<sup>73</sup> <https://foodsafetymarket.com/blog/nunavuts-new-food-safety-guidelines/>

<sup>74</sup> <http://fortune.com/2018/05/30/romaine-lettuce-e-coli-outbreak-impacts/>

<sup>75</sup> <https://www.cbc.ca/news/canada/north/walrus-parasite-sanikiluaq-1.4840835>

### The Company

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NRLI utilizes blockchain technology to solve unique Northern problems. Nunavut Raven Logistics is building a blockchain solution to safely ship country food (locally hunted seal, walrus, caribou, char, etc.) between communities.

Specifically, NRLI will use this cutting-edge technology to provide real-time traceability of country food throughout the supply chain, using a smartphone app. NRLI will be able to guarantee that food meets the criteria set out by the Nunavut Food Safety Coalition's *Serving Country Food in Government-Funded Facilities and Community Programs*<sup>76</sup>. This process will provide accountability and transparency into how food is handled, from the Experienced Hunter to the end Facilities. Until now, this process has been error-prone due to the piecemeal nature of documents (i.e. food is handled by airlines, hunters, and cargo trucks each with their own verification system).

### The Platform

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In conjunction with industry partners IBM and SIA Innovations Inc., NRLI is developing a secure platform that fulfills the following requirements of its mission:

- Provide a secure and decentralized storage of data (i.e. proof of safe handling of food) and,
- Give users access to a simple, user-friendly smartphone graphic interface

Currently, the Government of Nunavut relies on trust to safely kill, slaughter, store, and transport country food<sup>77</sup>.

*Arctic Chef* will be administered by NRLI, with access granted to any user who meets NRLI's criteria. Users will be granted a key (or password) which will allow them to access information on the blockchain. Examples of users would be established organizations such as hospitals, mines, elder's homes, and Hunter's and Trapper's Organizations. A more detailed list is explored in the *Markets* section of this business plan. This is known as a semi-private blockchain, and is best suited to this particular application<sup>78</sup>.

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<sup>76</sup> <http://caid.ca/SerCouFoo2017.pdf>

<sup>77</sup> <https://www.cbc.ca/news/canada/north/country-food-safety-guideline-nunavut-1.4406193>

<sup>78</sup> <https://www.agon.com/pdf/Iagon%20BusinessPlan%20v3.6.pdf>

### Markets

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As noted in the *Nunavut Economic Development Strategy* (2003), fish and other country food are integral to Nunavut's future prosperity<sup>79</sup>. Broadly speaking, NRLI's target market is any touchpoint on the country food supply chain. Once the blockchain is fully operational, it will (for example) link hunters in Arctic Bay to high-end restaurants in Toronto.

Country food is unique. As the food that many Inuit grew up eating, it is especially enjoyed in a way that no other food can replicate. For restauranteurs, serving country food may be a way to stand out in a crowded market and offer an experience that other establishments can't match.

The solution will be marketed as a business-to-business solution to anyone who would benefit from being a node on the blockchain. NRLI has identified seven distinct segments of the market, spread across five jurisdictions.

### Customer Market Segments

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- 1) Independent Restaurants (Ontario only)
- 2) Chain Restaurants (Ontario only)
- 3) Food Processors
- 4) Government Institutions
- 5) Mines
- 6) Non-Indigenous Individual Purchasers and,
- 7) Community Freezers

### Geographic Market Segments<sup>80</sup>

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- 1) Nunavut
- 2) The Northwest Territories
- 3) Yukon
- 4) The Maritimes
- 5) Ontario (restaurants only)

In Nunavut alone, the value of country food produced in 2006 was approximately \$40 million<sup>81</sup>.

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<sup>79</sup>[https://gov.nu.ca/sites/default/files/ingirrasiliqta\\_lets\\_get\\_moving\\_nunavut\\_transportation\\_strategy.pdf](https://gov.nu.ca/sites/default/files/ingirrasiliqta_lets_get_moving_nunavut_transportation_strategy.pdf)

<sup>80</sup> Through the *Annex on Trade to the Memorandum of Understanding on Cooperation*, NRLI may pursue Greenland as a geographic market in the future

<sup>81</sup> <https://www150.statcan.gc.ca/n1/pub/89-619-x/2006001/4079314-eng.htm>

### Market Size

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Based on the above mentioned 2006 study that fixed the value of harvested country food at \$40M CAD per year, NRLI estimates that the volume of country food moved annually in Nunavut is 2,000,000 kilograms per year. This is based on a very conservative assumption that each kilogram of country food harvested can be sold for \$20, where fisheries studies have noted the value of arctic char at \$11 per kilogram<sup>82</sup>. Based on a population of 38,000, approximately 52 kilograms of country food is harvested per person, per annum.

NRLI intends to target the institutions that will be responsible for handling country food. In Nunavut's communities, the most significant partner are the Hunter's and Trapper's Associations. Nodes also include health centres and hospitals. In addition, NRLI will pursue the three operating mines in Nunavut and thousands of restaurants in Southern Canada that would be interested in the solution.

In the Northwest Territories, 40-50% of residents in small communities rely on country food for most (>/=75%) of their meat and fish<sup>83</sup>. Based on a population of 44,500, the NWT's market size for country food is approximately 2,314,000 kilograms per year<sup>84</sup>. The Yukon's population is 34,000, implying a market size of 1,768,000 kilograms on an annually<sup>85</sup>.

The East Coast harvests 75M kilograms of lobster on an annual basis<sup>86</sup>.

The number of restaurants in Ontario exceeds 36,000, split between independent and chain restaurants<sup>87</sup>. NRLI intends to have a market share of 200 independent restaurants and 4 chains with a total of 32 chain restaurants. Both estimates represent vanishingly small percentages of Ontario's restaurant market. Independent restaurants will be charged \$2500 per annum, and chains will be charged \$5000 plus \$1000 per location.

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<sup>82</sup>

<http://www.nunavuteconomicforum.ca/public/files/library/FISHERIE/An%20Overview%20of%20Nunavut%20Fisheries%20%28March%202004%29.pdf>

<sup>83</sup> <https://www.enr.gov.nt.ca/en/state-environment/183-country-food-use-nwt-ecozones>

<sup>84</sup> <https://www.statsnwt.ca/>

<sup>85</sup> <https://www12.statcan.gc.ca/census-recensement/2011/as-sa/fogs-spg/Facts-pr-eng.cfm?Lang=Eng&GC=60>

<sup>86</sup> <http://www.dfo-mpo.gc.ca/fm-gp/sustainable-durable/fisheries-peches/lobster-homard-eng.htm>

<sup>87</sup> [http://www.restaurantscanada.org/wp-content/uploads/2016/07/ON\\_Infographic\\_2016.pdf](http://www.restaurantscanada.org/wp-content/uploads/2016/07/ON_Infographic_2016.pdf)

Nunavut's five food processors include Kivalliq Arctic Foods, Kitikmeot Arctic Foods, Pangnirtung Fisheries, Clyde River Fisheries, and Whale Cove Fisheries. Each processor will be charged \$5000 per year.

Each of Nunavut's 22 community freezers will be charged \$1000 per year.

NRLI expects interest from non-indigenous consumers of country food. The Company is currently estimating 250 users in the first year and growing to 1000 by year three. Each non-indigenous consumer will be charged \$100 per year<sup>88</sup>. People who identify as First Nations, Indigenous, or Aboriginal will be allowed to use the platform for free.

An important customer segment is institutional clients such as hospitals, elders' homes, prisons, half-way homes, homeless shelters, boarding homes and student residences. NRLI intends to target these clients for large volumes of country food in addition to an annual fee of \$2500 per institution. NRLI will have 10 clients in the first year of operations and 20 by the third.

There are currently three mines actively operating in Nunavut. These are Meadowbank near Rankin Inlet, Baffinland on Baffin Island, and the Hope Bay Gold Mine near Cambridge Bay<sup>89</sup>. NRLI anticipates strong interest from the mines as they are required to engage with and support the communities near their operations. Mines will be charged \$10 000 per year.

Lastly, NRLI is currently in discussion with various partners to provide sponsorship for the project. Sponsorship revenue in the amount of \$100 000 is currently pending as of December, 2018.

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<sup>88</sup> Indigenous, First Nations, Land Claims Beneficiaries will be permitted to access the blockchain without charge.

<sup>89</sup> <http://www.miningnorth.com/mines>

# NUNAVUT RAVEN LOGISTICS INC.

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## Fee Schedule

All proforma financial statements reflect the volume and fees as estimated. Below is a table displaying the proposed fee schedule:

Nunavut Raven Logistics Inc.			
Critical Assumptions	Year 1	Year 2	Year 3
Price	\$1	\$1	\$1
Cost of Goods Sold Input 1	\$0.10	\$0.09	\$0.08
<b>Annual Fee Revenue</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Stand-Alone Restaurants</b>			
Number of Stand-Alone Restaurants	50	100	200
Price Charged Per Restaurant	\$2,500	\$2,500	\$2,500
Revenue From Stand-Alone Restaurants	\$125,000	\$250,000	\$500,000
<b>Chain Restaurants</b>			
Number of Distinct Chain Restaurants	1	2	4
Base Fee Per Chain Restaurant	\$5,000	\$5,000	\$5,000
Base Fee Revenue for Chain Restaurants	\$5,000	\$10,000	\$20,000
Number of Franchises Per Chain	8	8	8
Fee Per Franchise	\$1,000	\$1,000	\$1,000
Revenue Per Franchise	\$8,000	\$16,000	\$32,000
Revenue From Chain Restaurants	\$13,000	\$26,000	\$52,000
<b>Food Processors</b>			
Number of Food Processors	5	5	5
Price Charged Per Processor	\$5,000	\$5,000	\$5,000
Revenue from Food Processors	\$25,000	\$25,000	\$25,000
<b>Potential Sponsorship Revenue</b>	\$100,000.00	\$0.00	\$0.00
<b>Government Institutions</b>			
Number of Government Organizations	10	15	20
Price Per Government Institution	\$2,500.00	\$2,500.00	\$2,500.00
Revenue from Government Institutions	\$25,000	\$37,500	\$50,000
<b>Mines</b>			
Number of Mines	3	3	3
Price Per Mine	\$10,000.00	\$10,000.00	\$10,000.00
Revenue from Mines	\$30,000	\$30,000	\$30,000
<b>Non-Beneficiary Individual Purchaser</b>			
Number of Non-Beneficiary Purchasers	250	500	1,000
Price Charged per Non-Beneficiary Purchaser	\$100	\$100	\$100
Revenue from Non-Beneficiary Purchasers	\$25,000	\$50,000	\$100,000
<b>Community Freezers</b>			
Number of Community Freezers	22	22	22
Price Charged Community Freezer	\$1,000	\$1,000	\$1,000
Revenue from Community Freezers	\$22,000	\$22,000	\$22,000
<b>Total Annual Fee Revenue</b>	<b>\$370,000.00</b>	<b>\$450,500.00</b>	<b>\$799,000.00</b>

### Market Needs

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At this time, there is no way to verify that food was safely handled between harvest and consumption. This is an issue. For Northerners who want country food badly enough, they will purchase it from unregulated and potentially dangerous sources, such as finding sellers on social media. Institutions like the Qikitani General Hospital, Arctic College, and Tammaativvik Boarding Home rarely serve country food due to concerns about food safety and the potential for liability. This is unfortunate given that residents would appreciate country food on the menu.

*Arctic Chef* will improve the health and wellness of people who would prefer to consume country food – often when they’re in a vulnerable state at the hospital or boarding home - and have no access to it. The root cause of the lack of country food on menus and in homes is the difficulty in obtaining it safely.

A secondary issue is the financial instability endured by the Arctic’s hunters. Hunting is a key component of cultural identity among Northerners generally and indigenous people specifically. With a larger market (the ability to sell beyond their home community), hunters would have more security in demand for their products. Shipping country food safely out of the community and into the hands of those who enjoy it will benefit hunters.

### Marketing Strategy

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The future demand for country food is strong. As people become more mobile and consumption of country food becomes more widespread, demand for shipping country food can only be expected to grow in the future.

Like a network operator such as Visa or Mastercard, NRLI will charge customers based on the volume on the network. NRLI will charge \$1.00 per kilogram of country food shipped. The benefit is twofold: firstly, it is a small amount on a per-transaction basis and the price tag is unlikely to deter potential customers. Secondly, NRLI will be able to capture significant upside potential once the network grows and greater volumes of country food flow through the network. In addition, NRLI will generate annual revenue in fees (as set out *Market Size* section) from users on the blockchain. NRLI wholly controls pricing for the solution, and can increase or decrease based on market factors or conditions.

The gross margin is roughly 90%, which increases as the volume of country food on the blockchain increases. While there will be costs associated with adding nodes to the blockchain, charging for an addition kilogram of food on the network carries a cost of \$0.10 per kilogram.

# NUNAVUT RAVEN LOGISTICS INC.

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Advertising will be done in person for the first few clients on the blockchain. Joe Toal will meet with key people in Northern organizations to demonstrate the benefits of the blockchain.

Information will also be presented to potential clients and stakeholders online. This way, people and organizations interested in the Arctic Chef will be able to interact with NRLI and NRLI's staff without having to come to the office in-person.

Based on the *Food and Drugs Act*, more federally registered establishments would allow the sale of meat outside of the territory of Nunavut. NRLI will engage with local processors and show them the benefits of becoming federally registered, as it would greatly expand their market share as well as NRLI's.

## Advertising

Promoting the blockchain is based on a three-pronged approach: commissions, magazines, and SalesForce. The project manager(s) will be paid 2% of gross sales as a commission in order to incentivize sales. NRLI will also advertise in the magazines of Nunavut's regional airlines, First Air and Canadian North: Above and Beyond and Up Here, respectively<sup>90</sup>. Running a one-page advertisement in each magazine will cost \$2500/magazine per quarter.

Lastly, NRLI will utilize SalesForce Einstein's Customer Relationship Management platform to provide insight into customers and potential leads.

## Advertising Budget

### Nunavut Raven Logistics Inc.

Promotion	<u>Year 1 Summary</u>	<u>Year 2 Summary</u>	<u>Year 3 Summary</u>
<b>Sales</b>	\$250,000.00	\$908,200.00	\$2,535,000.00
<b>Commissions</b>	\$5,000.00	\$18,164.00	\$50,700.00
<b>Magazine</b>	\$15,000.00	\$20,000.00	\$20,000.00
<b>Internet (SalesForce)</b>	\$14,000.00	\$27,000.00	\$36,000.00
<b>Other</b>			
<b>Total Promotion</b>	\$34,000.00	\$65,164.00	\$106,700.00
<b>Promotion % of Sales</b>	13.60%	7.18%	4.21%

<sup>90</sup> See Appendix 7 for samples of magazine covers

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## Operating Plan

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### Policies and Procedures

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### Hour of Operation

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9 AM – 5 PM, Monday through Friday. NRLI will also open the office on request.

### Number of Employees

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NRLI will have one full time employee on-site during regular business hours. It is NRLI's intention to hire a Nunavut Land Claims Beneficiary for this position. NRLI will also periodically have five other staff (officers of the company) in the office at any given time. As business activity increases, there will be a need to hire a project manager in years 2 and 3.

### Vacation

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NRLI will provide paid 3 weeks of paid vacation for the full-time employee.

### Training and Development

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Training will be provided on-site by Joe Toal.

### Remuneration and Benefits

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Benefits and salaries are comparable to similar office-based jobs in Iqaluit, NU. NRLI's first full-time employee will be paid a base salary of \$69k per year, plus benefits. Project managers will be paid \$100K plus a 2% commission on gross sales.

### Action Plan

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Action	Date
1. Engage with vendor SIA to complete a workable blockchain solution:	Dec, 2018
2. Begin sales and outreach initiatives	Jan, 2019
3. Receive funding for solution:	March, 2019
4. Build out solution (per SIA's timeline, below)	July, 2019

## Proposed Approach

### Project Timeline

	Month 1				Month 2				Month 3				<u>NRLI Resources</u>
	1	2	3	4	5	6	7	8	9	10	11	12	
<b>Deployment schedule</b>													
Arctic Chef Project													
Detailed design													Project Manager, Sponsor Users
Pipeline & Infrastructure Setup													Project Manager, Sponsor Users
Arctic Chef System Development													Project Manager
Order Tracking System Development													Project Manager
Asset Tracking System Development													Project Manager
Integration & Tests													Project Manager, Sponsor Users
Project Management													Project Manager

The timeline includes activities to deliver the first and primary MVP. This includes infrastructure & delivery pipeline setup, product development, integration test and production deployment.

5. Move country food from Clyde River to the Qikitani General Hospital: Aug, 2019
6. Sign agreements with 5 major clients: Oct, 2019
7. Hire a project manager: Nov, 2019
8. Expand into the Yukon and NWT Jan, 2020

### Additional Information

For the first half of 2019, NRLI will focus on bringing a viable product to market and generating sales. In the ensuing 3 years, activities will be focussed on market development, strengthening and expanding the blockchain, and launching new products (i.e. regional blockchain solutions).

### Risks

#### Strategic Risks

The foundation of a successful business is a well-developed idea, anchored by a business plan. At the World Economic Forum in Davos, Justin Trudeau said that “the pace of change has never been this fast, yet will never be this slow again<sup>91</sup>”. This quote has tremendous implications for business models: an idea can quickly become outdated. NRLI runs the risk of not adapting to even newer technology or potential disruptors.

#### Compliance Risks

NRLI intends to offer blockchain solutions in The Territories as well as the Maritime Provinces. Each province and territory has slightly different regulatory requirements surrounding food

<sup>91</sup> <https://www.weforum.org/agenda/2018/01/pm-keynote-remarks-for-world-economic-forum-2018/>

handling and accounting/tax laws. Properly complying with these laws may add significant costs, and fines if not handled properly. In addition, NRLI may be impacted by new rules that are imposed by regulatory bodies.

### **Operational Risk**

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NRLI is also exposed to company-specific risk. Anything that disrupts NRLI's core business can be considered an operational risk. Failure or bugs in the blockchains' software can cause the business to fail to operate as designed/promised. This can result in a loss of revenue and reputation. In addition, control failures may result in theft of company assets which would also curtail operations.

### **Financial Risk**

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NRLI runs the risk of running out of cash to fund the operation. This can result in sales not meeting expectations, customers paying later than anticipated/budgeted, and/or large and unexpected expenses.

### **Reputational Risk**

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Lawsuits, underperformance of the product, negative publicity, and criticisms of the company can all lead to a damaged reputation. With a damaged reputation, potential customers may stay away, existing customers may leave, and employees may seek other employers. A tarnished reputation will have an impact on the company's ability to generate cashflow.

## SWOT Analysis

Strengths, Weaknesses, Opportunities, and Threats Analysis	
<b>Strengths</b>	<b>Nunavut Raven Logistics Inc.</b>
What are your business advantages?	NRLI holds the exclusive rights for using IBM's blockchain technology in the Territories and Maritime provinces for the next five years
What are your core competencies?	NRLI has experience in supply chain management using blockchain solutions. While this helps us safely move country food, it may also be useful when other opportunities arise in Nunavut that require secure, real-time supply chain management
What are you doing well?	Strong, dedicated senior management team consistently meeting goals and objectives
<b>Weaknesses</b>	
Where do you lack resources?	NRLI is currently running low on cash
What are you doing poorly?	NRLI is having difficulty explaining and demonstrating the benefits of the blockchain solution to potential clients
Where are you losing money?	As a pre-revenue company, NRLI is burning through cash each month as we generate leads and make sales
What needs improvement?	The company needs a focused and easy-to-understand method of demonstrating the technology's benefits without overwhelming potential clients with too much information
<b>Opportunities</b>	
Any beneficial trends?	There is a strong and persistent demand for country food in Nunavut. In addition, hunting and the consumption of country food has been identified as healthy and culturally important - and is supported by Inuit Organizations and the Government of Nunavut
Niches that competitors are missing?	The market for country food outside of Nunavut is largely underserved. There are significant numbers of Inuit living in Canada's larger cities such as Ottawa and Edmonton who have no access to country food. There is the potential to partner with a retailer and use NRLI's technology to ship country food to Southern Canada
New technologies?	Blockchain technology is currently disrupting existing supply chains by linking all touchpoints on a single, easy-to-use smart phone app
New needs of customers?	Customers are demanding that all food is safe and properly handled between origination and consumption markets
<b>Threats</b>	
Obstacles to overcome?	NRLI needs to excite potential clients with what the technology can do for them rather than how it works
Negative economic conditions?	N/A: the demand for country food is effectively not related to the business cycle
Government regulation?	Changing government regulations may have an adverse impact on the ability of companies to ship food, leading to no use for NRLI's blockchain solution
Vulnerabilities?	The citizens of Nunavut may not be technologically savvy enough to adopt the technology very quickly, leading to lower-than-projected sales

# NUNAVUT RAVEN LOGISTICS INC.

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## Three Year Pro-Forma Financial Statements<sup>92</sup>

### Balance Sheet

Nunavut Raven Logistics Inc.		<u>Beginning of Year 1</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Balance Sheet		<u>Month 1</u>	<u>Month 12</u>	<u>Month 12</u>	<u>Month 12</u>
<b>Assets</b>					
<b>Current Assets</b>					
- Cash		\$40,000.00	\$199,460.02	\$787,700.67	\$2,127,100.05
- Accounts Receivable		\$0.00	\$21,250.00	\$101,718.40	\$306,735.00
<b>Total Current Assets</b>		<b>\$40,000.00</b>	<b>\$220,710.02</b>	<b>\$889,419.07</b>	<b>\$2,433,835.05</b>
<b>Fixed Assets</b>					
- Minor Office Assets		\$2,131.94	\$2,131.94	\$2,131.94	\$2,131.94
- Blockchain		\$0.00	\$78,598.79	\$64,242.88	\$52,509.04
less Accumulated Depreciation		\$0.00	\$17,271.19	\$31,387.84	\$42,926.11
Blockchain Net Value		\$0.00	\$77,288.81	\$63,172.16	\$51,633.89
- Equipment (Ford F150 truck)		\$66,442.00	\$55,226.95	\$45,139.86	\$36,895.16
less Accumulated Depreciation		\$0.00	\$12,135.50	\$22,054.47	\$30,161.76
Truck Net Value		\$0.00	\$54,306.50	\$44,387.53	\$36,280.24
- Drone		\$211,132.49	\$175,494.47	\$143,440.76	\$117,241.59
less Accumulated Depreciation		\$0.00	\$38,562.92	\$70,082.41	\$95,844.92
Drone Net Value		\$0.00	\$172,569.57	\$141,050.08	\$115,287.57
<b>Total Fixed Assets</b>		<b>\$279,706.43</b>	<b>\$306,296.81</b>	<b>\$250,741.71</b>	<b>\$205,333.64</b>
<b>Total Assets</b>		<b>\$319,706.43</b>	<b>\$527,006.83</b>	<b>\$1,140,160.78</b>	<b>\$2,639,168.68</b>
<b>Liabilities and Equities</b>					
<b>Current Liabilities</b>					
- Income Taxes		\$0.00	\$11,571.06	\$93,847.63	\$356,587.80
<b>Total Current Liabilities</b>		<b>\$0.00</b>	<b>\$11,571.06</b>	<b>\$93,847.63</b>	<b>\$356,587.80</b>
<b>Long-Term Liabilities</b>					
<b>Owners' Equity</b>					
- Preferred Share Investment		\$319,706.43	\$319,706.43	\$319,706.43	\$319,706.43
- Retained Earnings		\$0.00	\$150,000.00	\$150,000.00	\$0.00
<b>Total Owners' Equity</b>		<b>\$319,706.43</b>	<b>\$45,729.34</b>	<b>\$576,606.72</b>	<b>\$1,962,874.45</b>
<b>Total Liabilities and Equities</b>		<b>\$319,706.43</b>	<b>\$515,435.77</b>	<b>\$1,046,313.15</b>	<b>\$2,282,580.88</b>

<sup>92</sup> See Appendix 8 for assumptions to these financial statements, and Appendix 9 for notes on these assumptions. Subsequent to the prior year end, a cash-equity investment was made in the company.

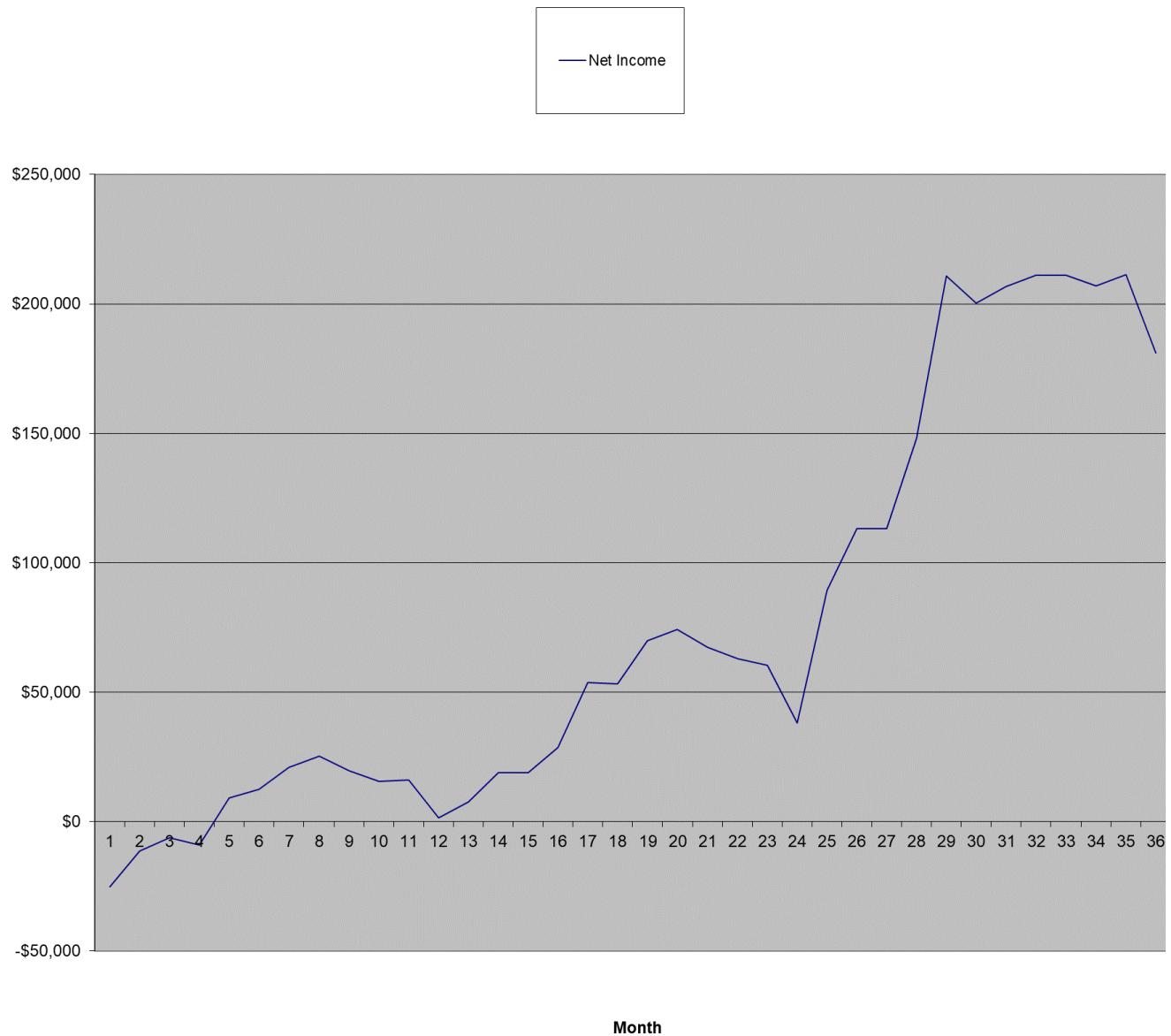
# NUNAVUT RAVEN LOGISTICS INC.

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## Income Statement

<b>Nunavut Raven Logistics Inc.</b>			
<b>Income Statement</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Sales</b>	\$620,000.00	\$1,358,700.00	\$3,334,000.00
<b>Blockchain Specific Costs</b>	\$25,000.00	\$81,738.00	\$202,800.00
<b>Gross Margin</b>	<b>\$595,000.00</b>	<b>\$1,276,962.00</b>	<b>\$3,131,200.00</b>
<b>Operating Expenses</b>			
- Advertising & Promotion	\$34,000.00	\$65,164.00	\$106,700.00
- Salaries & Fringe Benefits	\$105,183.68	\$191,113.27	\$193,091.10
- Depreciation	\$67,969.62	\$55,555.10	\$45,408.07
Utilities & Office Costs (NWTel)	\$7,200.00	\$7,440.00	\$7,680.00
Insurance	\$600.00	\$618.00	\$648.00
Sales Expenses	\$5,000.00	\$10,000.00	\$15,000.00
Rent	\$48,000.00	\$49,200.00	\$50,400.00
Travel	\$6,000.00	\$8,500.00	\$10,000.00
Office Expense	\$9,000.00	\$9,600.00	\$10,200.00
Maintenance	\$3,000.00	\$3,300.00	\$3,600.00
<b>Total Operating Expenses</b>	<b>\$515,199.60</b>	<b>\$629,736.99</b>	<b>\$671,973.80</b>
<b>Operating Profit</b>	<b>\$79,800.40</b>	<b>\$647,225.01</b>	<b>\$2,459,226.20</b>
<b>Income Taxes</b>	<b>\$11,571.06</b>	<b>\$93,847.63</b>	<b>\$356,587.80</b>
<b>Net Income</b>	<b>\$68,229.34</b>	<b>\$553,377.38</b>	<b>\$2,102,638.40</b>

### Income Statement – Monthly Visual



NUNAVUT RAVEN LOGISTICS INC.  
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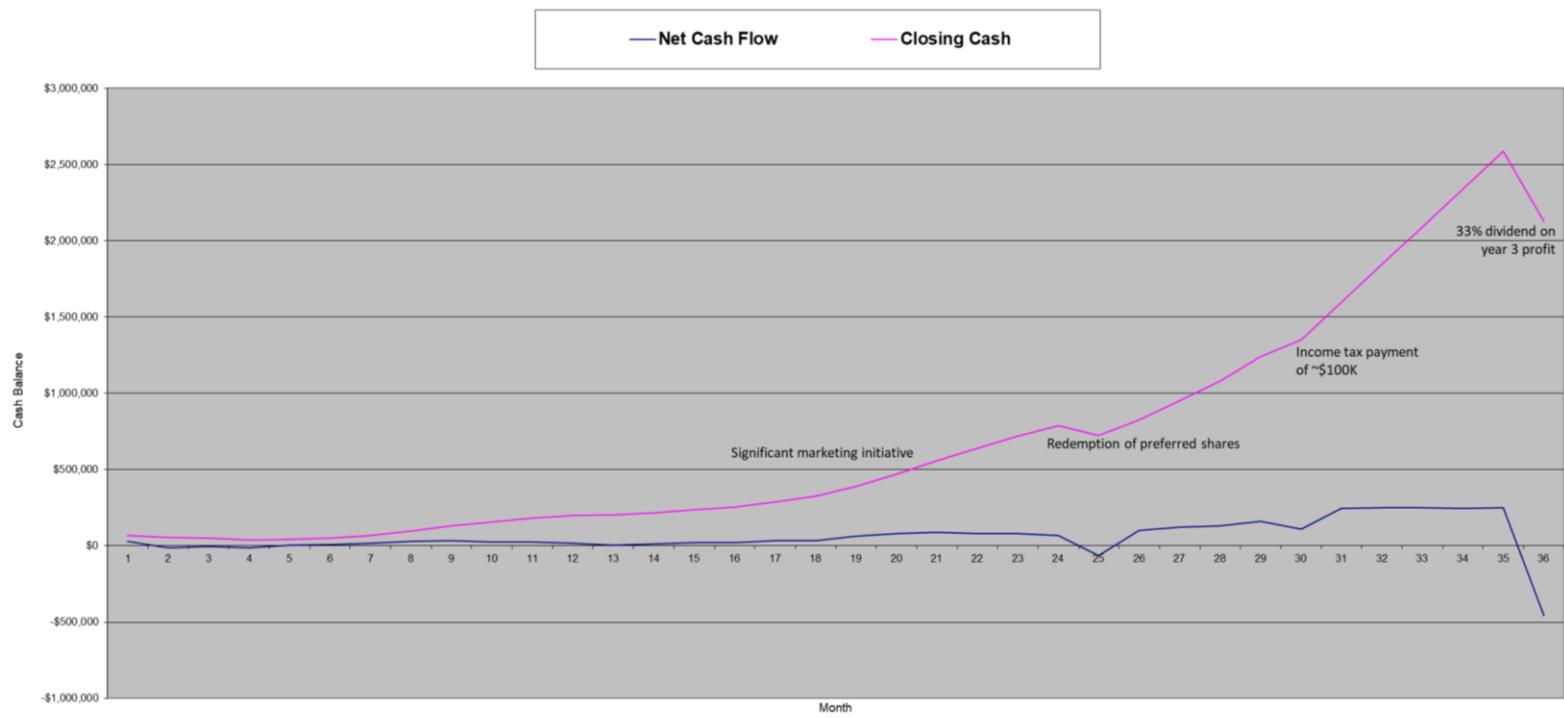
Statement of Cash Flows

**Nunavut Raven Logistics Inc.**

**Cash Flow**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<b>Opening Cash</b>	\$40,000.00	\$159,460.02	\$747,700.67
<b>Cash Flow from Operations</b>			
Net Income	\$68,229.34	\$553,377.38	\$2,102,638.40
Plus Depreciation	\$67,969.62	\$55,555.10	\$45,408.07
(Increase)/Decrease in Accounts Receivable	-\$21,250.00	-\$80,468.40	-\$205,016.60
Increase/(Decrease) in Income Taxes Payable	\$11,571.06	\$82,276.57	\$262,740.17
<b>Total Cash Flow from Operations</b>	<b>\$126,520.02</b>	<b>\$610,740.65</b>	<b>\$2,205,770.05</b>
<b>Cash Flow from Investing Activities</b>			
(Increase)/Decrease in Blockchain	-\$94,560.00	\$0.00	\$0.00
<b>Total Cash Flow from Investing Activities</b>	<b>-\$94,560.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Cash Flow from Financing Activities</b>			
Increase/(Decrease) in Pref. Shares	\$150,000.00	\$0.00	-\$150,000.00
(Dividend Payments)	-\$22,500.00	-\$22,500.00	-\$716,370.67
<b>Total Cash Flow from Financing Activities</b>	<b>\$127,500.00</b>	<b>-\$22,500.00</b>	<b>-\$866,370.67</b>
<b>Net Cash Flow</b>	<b>\$159,460.02</b>	<b>\$588,240.65</b>	<b>\$1,339,399.38</b>
<b>Closing Cash</b>	<b>\$159,460.02</b>	<b>\$747,700.67</b>	<b>\$2,087,100.55</b>

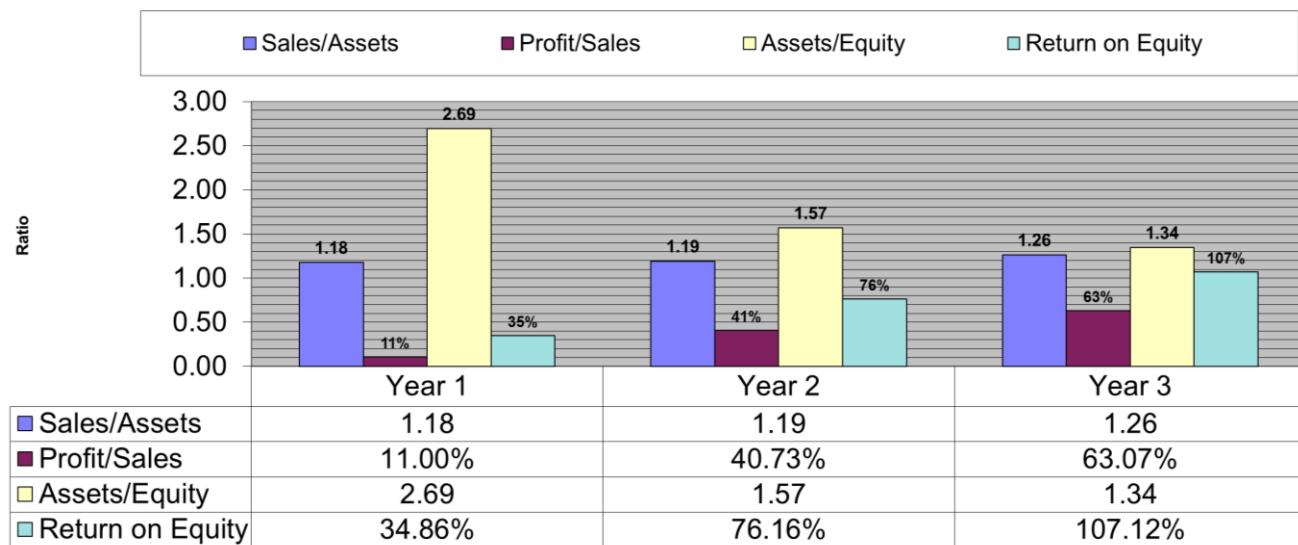
Statement of Cash Flows – Monthly Visual<sup>93</sup>



<sup>93</sup> Cash never drops below \$0.00. At a minimum, NRLI's cash balance is ~\$37K in year 1, month 4

## Ratio Analysis

## Dupont Ratio Analysis



Break Even Analysis<sup>94</sup>

## Nunavut Raven Logistics Inc.

<u>Breakeven Analysis</u>	Year 1	Year 2	Year 3
<b>Selling Price</b>	\$1.00	\$1.00	\$1.00
<b>Variable Cost</b>	\$0.10	\$0.09	\$0.08
<b>Contribution</b>	\$0.90	\$0.91	\$0.92
 <b>Fixed Expenses</b>	 \$515,200	 \$629,737	 \$671,974
 <b>Breakeven Volume (kg)</b>	 572444.00	 692018.68	 730406.30
<b>Projected Volume (kg)</b>	250000.00	908200.00	2535000.00
<b>Breakeven?</b>	No	Yes	Yes

## Objectives, Outcomes, and Benefits

<b>Objective</b>	➔ Safely transport country food from origination to destination
<b>Outcome</b>	➔ Verifiably safe country food becomes available in areas far from origination, leading to widespread availability of traditional Inuit cuisine
<b>Economic Impact</b>	➔ Economic: larger markets and greater income/financial security for hunters
<b>Economic Impact</b>	➔ Wealth and jobs are created in Iqaluit, NU (at least one full-time beneficiary position)
<b>Cultural Impact</b>	➔ Residents at the hospital/boarding home/college etc., have access to a familiar diet. “Comfort Food” during a difficult time may make their stay easier

## Mission

Our mission is to provide a transparent means of verifying that country food was handled safely, per Government of Nunavut specifications, for wide disbursement – within Nunavut and beyond.

<sup>94</sup> Very conservative. This assumes that NRLI generates \$0.00 in fee revenue.

## Vision

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We envision a solution where hunters have a stable demand for their catch, and people who enjoy it are able to do so safely.

## Competitive Advantage

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Underlying technology will be provided in partnership by industry giant IBM. Nunavut Raven Logistics Inc. has a contract with IBM for the next five years: anyone interested in utilizing this technology must go through NRLI. Being a first-mover creates a significant competitive advantage.

## Funding Requirements

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NRLI is seeking \$150,000 through the issuance of preferred shares. All sale of shares is completed though NRLI's Ottawa lawyer, BLG. Contact information is in the "Financial, Legal, and Accounting Contacts" at the beginning of the document. It is NRLI's intention that these preferred shares carry a 15% dividend on their face value (\$1,875.00 per month) and are redeemed for face value by NRLI at the beginning of year three.

NRLI's funding requirements are broken into two components: the initial investment to build the minimum viable product (MVP), and the first four months of operating expenses.

Funding required for the MVP is \$94,640 (see MVP Investment Summary, below). NRLI is also requesting \$55,360 to assist with covering the first four months of operating expenses, for a total of \$150,000. See "First Four Month Cash Flow Projection," below for a monthly breakdown in anticipated cash requirements. Over the first four months, NRLI expects to burn through \$55,439 due to cash flow from operations. During this time, the company will be generating sales, and expects a delay between making a sale and collecting on a receivable. Collection rates are detailed in appendices 8 and 9.

The company's ~\$40,000 cash on hand is intended to be a buffer in the event that sales or receivables do not meet expectations. Cash is never anticipated to drop below \$37,500<sup>95</sup>, which occurs at the end of the fourth month, after which cash flow from operations is positive. NRLI will be beginning the project with \$190,000 in cash; \$40K in existing cash and \$150,000 from the sale of preferred shares. See the "Risks" section for more detail.

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<sup>95</sup> \$37,500 takes into consideration the payment of preferred share dividends of \$1875, which is a financing cash flow item (not an operating cash flow item)

SIA's One Time Minimum Viable Product (MVP) Investment Summary:

**Investment Summary**

**Professional Services for MVP Build-up**

Arctic Chef – Certified! MVP Development	Estimate (days)	Estimate (\$ Amount)
Arctic Chef and Order Tracking System Design	4	\$6,560.00
Arctic Chef System Development - responsive web application (6 screens)	24	\$35,520.00
Order Tracking System Development – database setup and Web services creation	8	\$11,840.00
<b>Subtotal MVP Project Development:</b>		<b>\$53,920.00</b>
Configuration and Onboarding		
Pipeline & Infrastructure Setup	2	\$2,960.00
Asset Track System Configuration & Development	-	\$18,000.00
Integration Testing	6	\$8,880.00
Project Management	5	\$10,800.00
<b>Subtotal Configuration and Onboarding:</b>		<b>\$40,640.00</b>
<b>TOTAL MVP PROJECT ONE-TIME COSTS:</b>		<b>\$94,560.00</b>



Page 12

First Four Month Cash Flow Projection

**Nunavut Raven Logistics Inc.**

**Cash Flow**

	<b>Year 1</b>	<b>Year 1</b>	<b>Year 1</b>	<b>Year 1</b>
	<b>Month 1</b>	<b>Month 2</b>	<b>Month 3</b>	<b>Month 4</b>
<b>Opening Cash</b>	\$40,000.00	\$67,989.14	\$55,738.28	\$49,387.42
<b>Cash Flow from Operations</b>				
Net Income	-\$25,246.53	-\$11,307.15	-\$6,175.74	-\$9,145.19
Plus Depreciation	\$6,202.24	\$6,098.87	\$5,997.22	\$5,897.27
(Increase)/Decrease in Accounts Receivable	-\$2,250.00	-\$3,250.00	-\$3,250.00	-\$5,500.00
(Increase)/Decrease in Inventory	\$0.00	\$0.00	\$0.00	\$0.00
Increase/(Decrease) in Accounts Payable	\$0.00	\$0.00	\$0.00	\$0.00
Increase/(Decrease) in Income Taxes Payable	-\$4,281.57	-\$1,917.59	-\$1,047.35	-\$1,550.94
<b>Total Cash Flow from Operations</b>	<b>-\$25,575.86</b>	<b>-\$10,375.86</b>	<b>-\$4,475.86</b>	<b>-\$10,298.86</b>
<b>Cumulative Cash Flow from Operations:</b>	<b>-\$25,575.86</b>	<b>-\$35,951.72</b>	<b>-\$40,427.59</b>	<b>-\$50,726.45</b>
<b>Cash Flow from Investing Activities</b>				
(Increase)/Decrease in Blockchain	-\$94,560.00	\$0.00	\$0.00	\$0.00
<b>Total Cash Flow from Investing Activities</b>	<b>-\$94,560.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Cash Flow from Financing Activities</b>				
Increase/(Decrease) in Pref. Shares	\$150,000.00	\$0.00	\$0.00	\$0.00
(Dividend Payments)	-\$1,875.00	-\$1,875.00	-\$1,875.00	-\$1,875.00
<b>Total Cash Flow from Financing Activities</b>	<b>\$148,125.00</b>	<b>-\$1,875.00</b>	<b>-\$1,875.00</b>	<b>-\$1,875.00</b>
<b>Net Cash Flow</b>	<b>\$27,989.14</b>	<b>-\$12,250.86</b>	<b>-\$6,350.86</b>	<b>-\$12,173.86</b>
<b>Closing Cash</b>	<b>\$67,989.14</b>	<b>\$55,738.28</b>	<b>\$49,387.42</b>	<b>\$37,213.55</b>

## Conclusion

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*Arctic Chef* will verify food safety at every link in the logistics chain. At harvest, the hunter will authenticate that the meat was provided to the cargo handler at a given temperature. There will be sensors in the storage facility and on the plane to track the meat's temperature from origination to destination. All this information will be tracked using blockchain technology, and any risks will be identified immediately. Nunavut Raven Logistics Inc. would therefore be able to guarantee the safety of food – removing the main barrier to serving/selling country food. The people who benefit most from this technology are the consumers of country food and the hunters who will be able to sell their catch into larger markets. Specifically, the project will begin with one community, one airline, and one end destination. As NRLI becomes familiar with the process and technology, more communities, airlines, and end-users will be added.

*Arctic Chef* will be relying on input from a number of stakeholders to succeed. Engagement from each party is necessary, and to date Nunavut Raven Logistics is in discussion with big business, private enterprise, charities, and the Nunavut civil service to move forward.

By utilizing technology to solve the unique Northern issue of food-transport safety, *Arctic Chef* will solve a long-standing issue that's been around since Northerners left their home communities. In addition, food and food security in Nunavut are pressing issues – hopefully NRLI's project will inspire others to address food issues across the Arctic. It is our intention that NRLI's solution will be utilized for decades to come, spreading country food far from originating communities and providing financial security for hunters.

NUNAVUT RAVEN

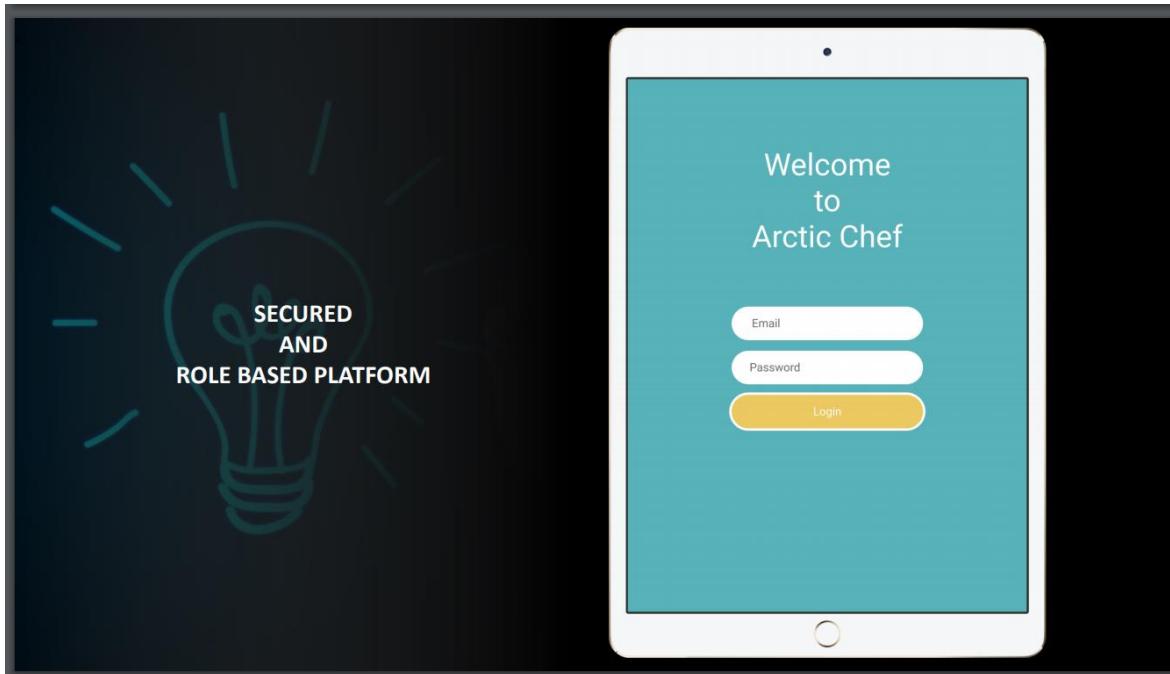


LOGISTICS INC.



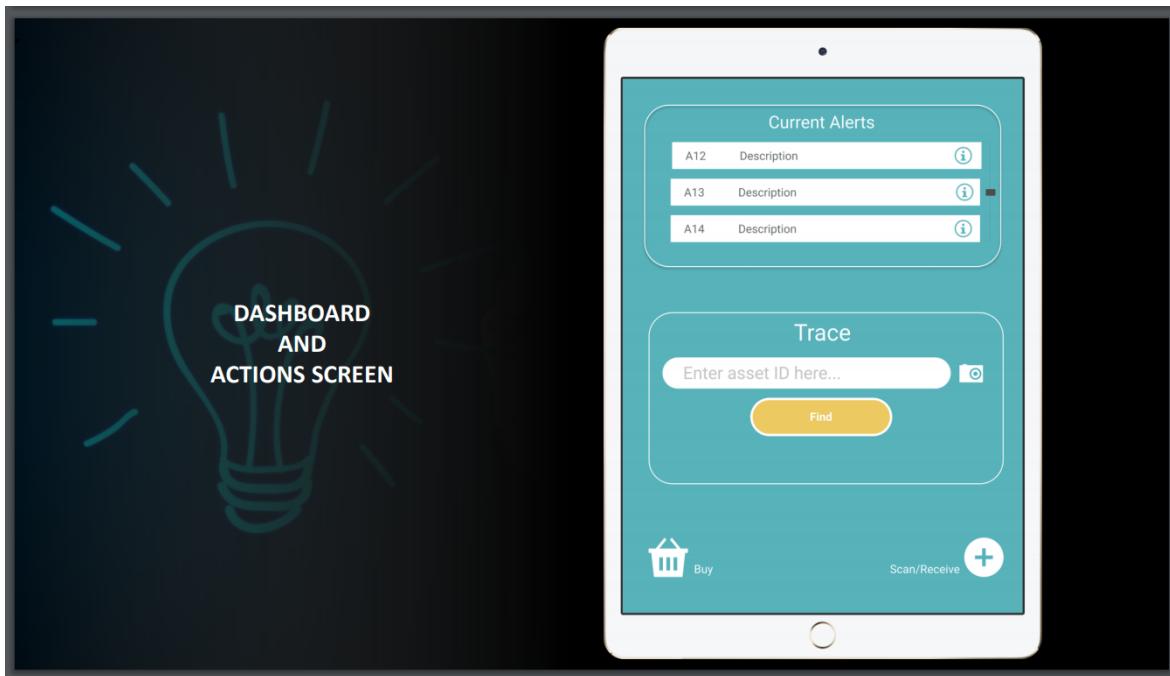
Appendix 1: Graphic User Interface<sup>96</sup>

Page 1 Welcome/Login

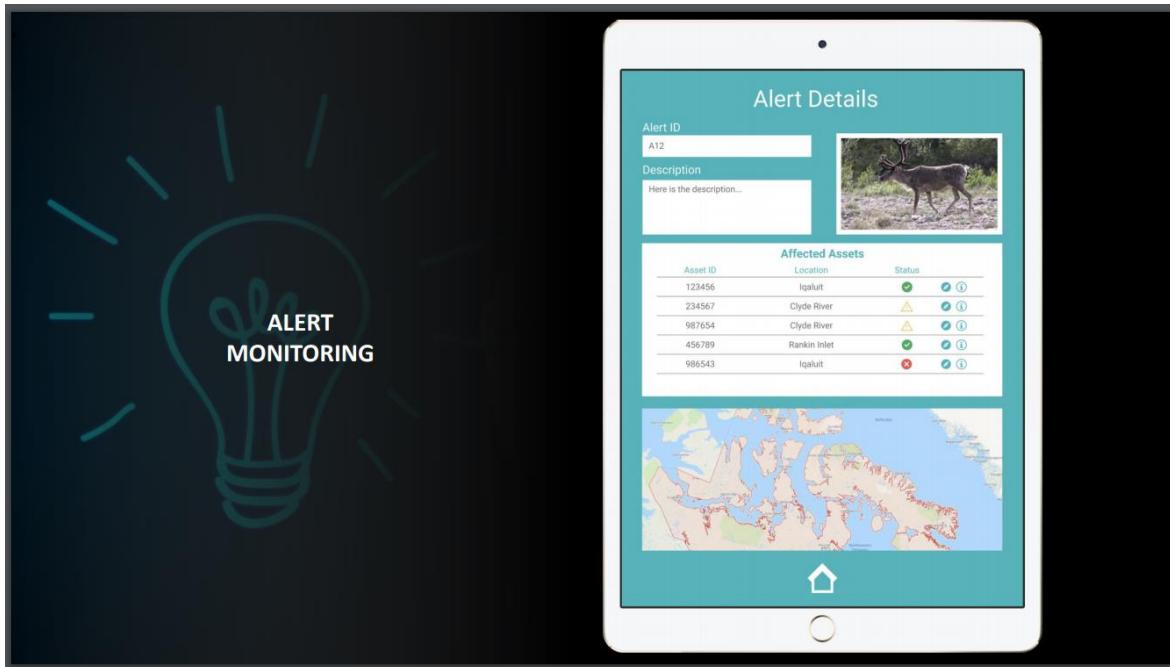


<sup>96</sup> See Appendix 10 for more information on the business logic for each page

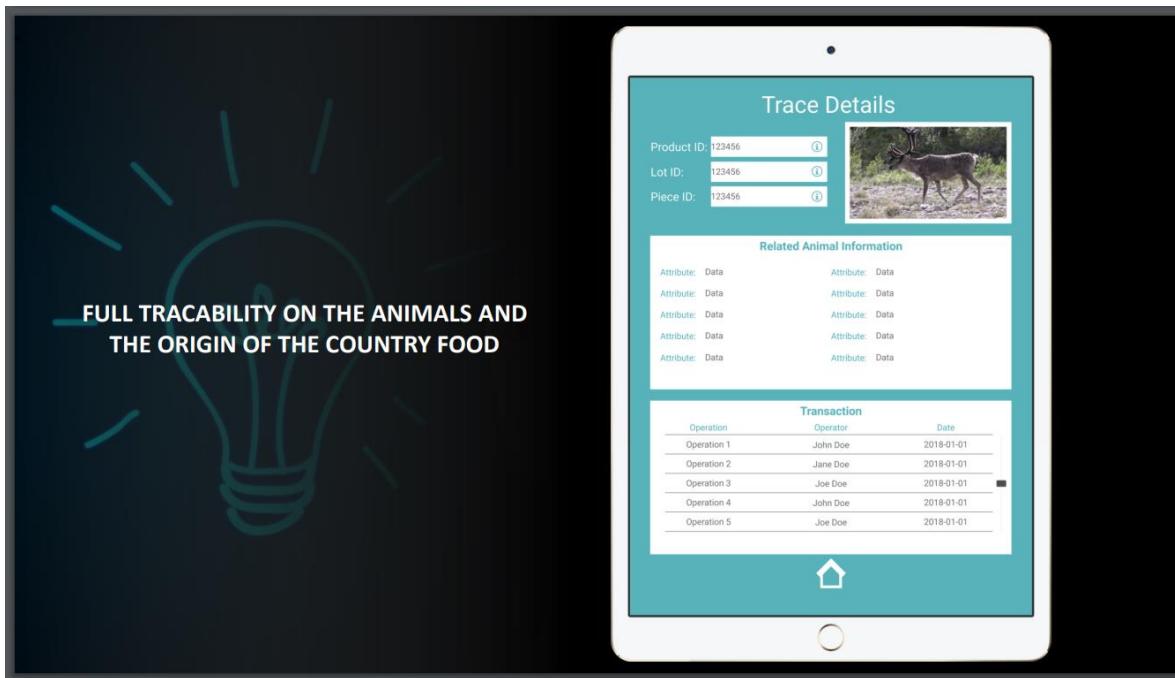
Page 2: Home with Alert Dashboard and Launch for Order, Trace, Scan/Receive



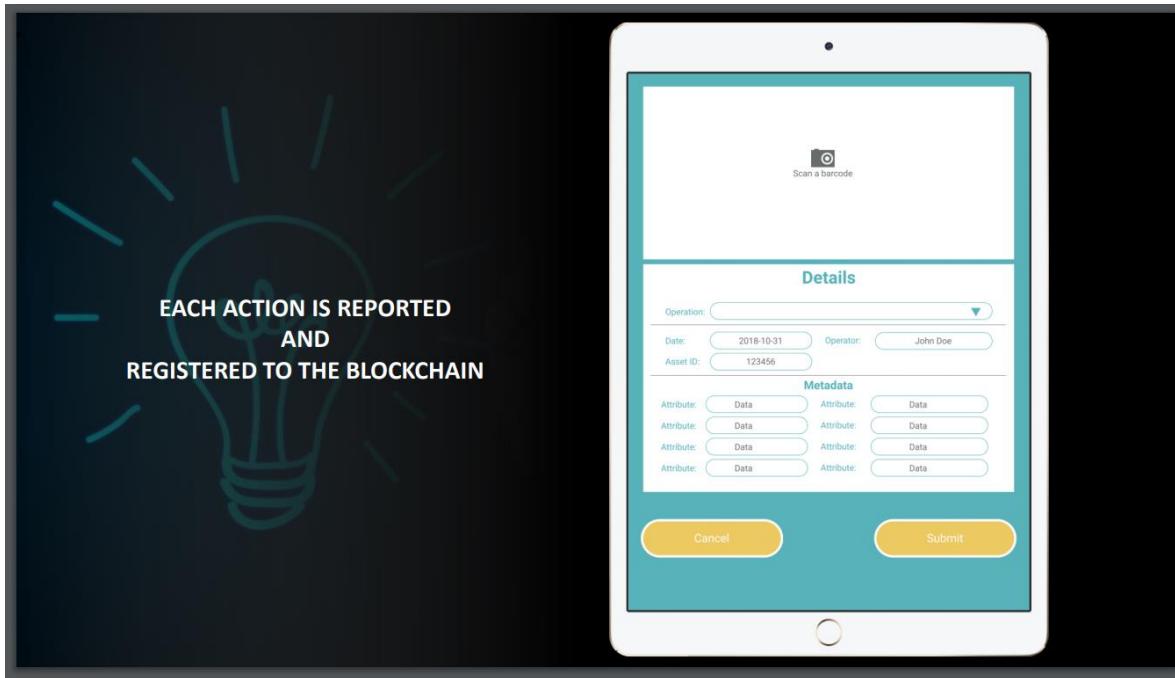
Page 3: Alert Details



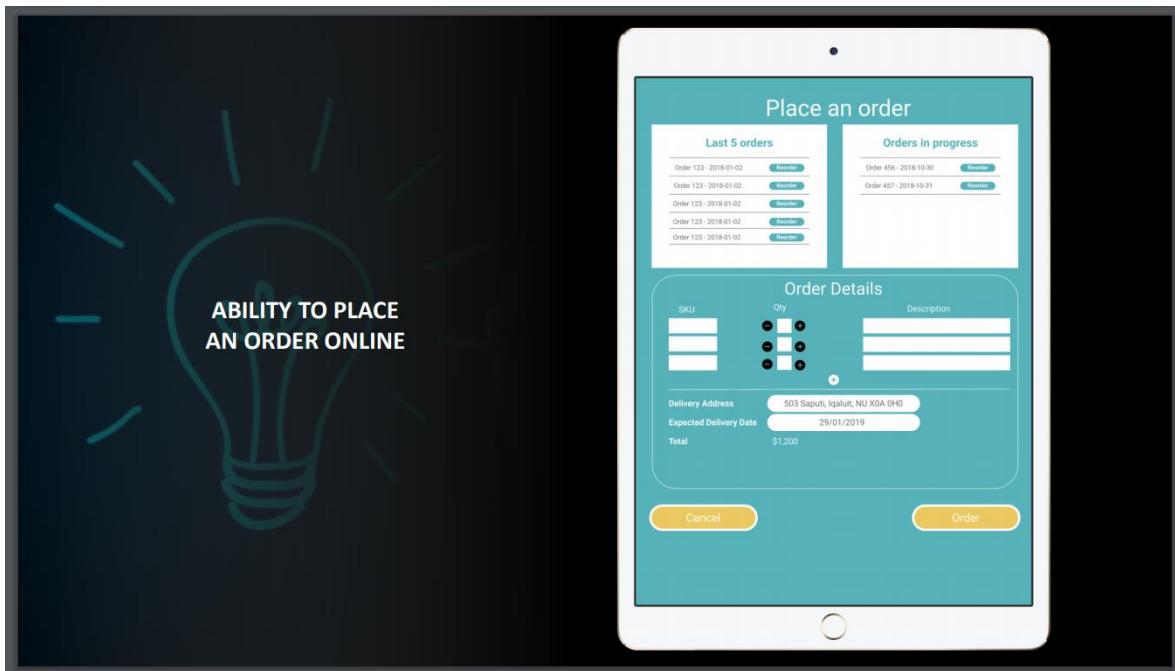
Page 4: Trace Details



Page 5: Product Details



Page 6: Place an Order



## Appendix 2: Steps in the Blockchain Solution

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Step 1: Determine who is an Experienced Hunter as determined by the local Hunters and Trapper's Organization (HTO)<sup>97</sup>.

Step 2: Have the Experienced Hunter fill out a Country Food Tracking Form, which includes information such as the Experienced Hunter's Name, the name of the facility and community where the food is destined to go, the location of the harvest (GPS coordinates), the date the animal was harvested, whether the food is a donation or a purchase, who butchered the meat (if applicable), temperature of the food at origination and testing for trichinella if the food is walrus meat<sup>98</sup>. At this point other observations can be made and noted on the Tracking Form. A photo is taken and uploaded to the blockchain via the app.

Step 3: Ensure that the Country Food was stored at a temperature at or below 4°C while in transit<sup>99</sup>. This is accomplished by taking a photograph of the thermometer that is kept with the country food.

Step 4: Label (See "Food Safe Label," below) and store the country food at the appropriate temperature. Photograph.

Step 5: Order. Re-order as necessary.

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<sup>97</sup> <http://caid.ca/SerCouFoo2017.pdf>, pg 5

<sup>98</sup> <http://caid.ca/SerCouFoo2017.pdf>, pg 42

<sup>99</sup> <http://caid.ca/SerCouFoo2017.pdf>, pg 8

NUNAVUT RAVEN LOGISTICS INC.  
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Appendix 3: Historical Financial Statements

Balance Sheet

**Nunavut Raven Logistics Inc.**  
**Balance Sheet As at Jul 31, 2018**

<b>ASSET</b>	
<b>Current Assets</b>	
Chequing Bank Account	961.27
Total Cash	961.27
Prepaid Expenses	279.04
<b>Total Current Assets</b>	<b>1,240.31</b>
<b>Capital Assets</b>	
Office Furniture & Equipment	1,852.90
Net - Furniture & Equipment	1,852.90
Vehicle	66,442.00
Drones	211,132.49
Net - Vehicle	277,574.49
<b>Total Capital Assets</b>	<b>279,427.39</b>
<b>Other Non-Current Assets</b>	
Computer Software	2,666.00
<b>Total Other Non-Current Assets</b>	<b>2,666.00</b>
<b>TOTAL ASSET</b>	<b>283,333.70</b>
<b>LIABILITY</b>	
<b>Current Liabilities</b>	
GST/HST Paid on Purchases	-10,612.22
GST/HST Owing (Refund)	-10,612.22
<b>Total Current Liabilities</b>	<b>-10,612.22</b>
<b>TOTAL LIABILITY</b>	<b>-10,612.22</b>
<b>EQUITY</b>	
<b>Share Capital</b>	
Common Shares	325,000.00
Preferred Shares	100,000.00
<b>Total Share Capital</b>	<b>425,000.00</b>
Current Earnings	-131,054.08
<b>TOTAL EQUITY</b>	<b>293,945.92</b>
<b>LIABILITIES AND EQUITY</b>	<b>283,333.70</b>

# NUNAVUT RAVEN LOGISTICS INC.

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## Income Statement

### Nunavut Raven Logistics Inc. Income Statement Oct 16, 2017 to Jul 31, 2018

<b>REVENUE</b>	
<b>TOTAL REVENUE</b>	<b>0.00</b>
<b>EXPENSE</b>	
<b>Cost of Goods Sold</b>	
Subcontracts	80,071.29
Freight Expense	36.26
<b>Total Cost of Goods Sold</b>	<b>80,107.55</b>
<b>General &amp; Administrative Expe...</b>	
Accounting & Legal	11,393.03
Advertising & Promotions	3,240.03
Business Fees & Licenses	68.40
Courier & Postage	240.81
Insurance	10,095.38
Interest & Bank Charges	8,501.66
Office Supplies	887.01
Motor Vehicle Expenses	3,674.82
Miscellaneous Expenses	1,459.60
Rent	2,337.97
Repair & Maintenance	75.02
Telephone	1,500.00
Travel & Entertainment	4,434.47
Travel & Ent:Non-Reimbursable	3,038.33
<b>Total General &amp; Admin. Expen...</b>	<b>50,946.53</b>
<b>TOTAL EXPENSE</b>	<b>131,054.08</b>
<b>NET INCOME</b>	<b>-131,054.08</b>

# NUNAVUT RAVEN LOGISTICS INC.

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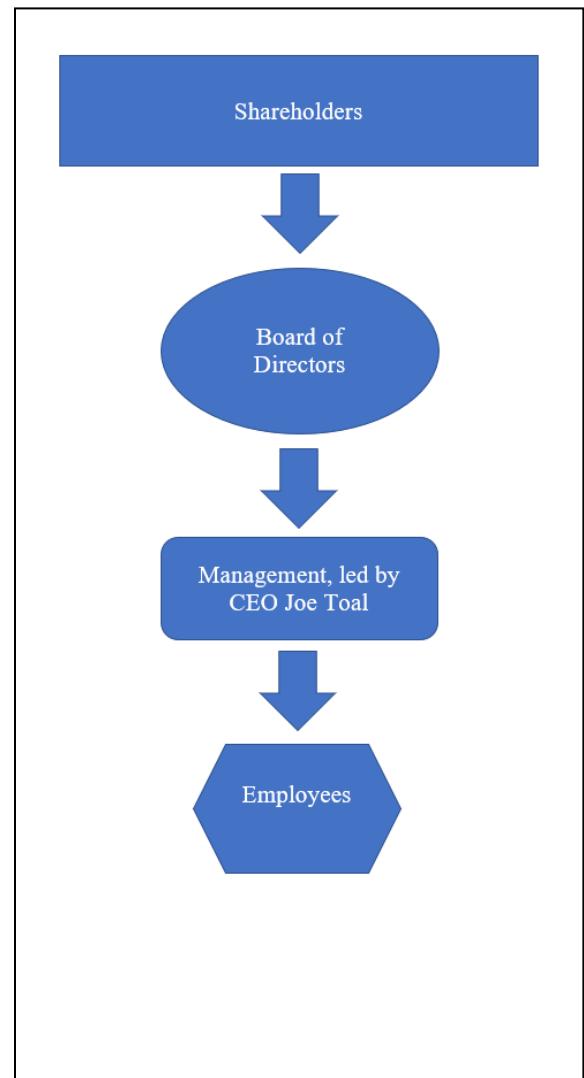
## Statement of Cash Flows

### Nunavut Raven Logistics Inc. Statement of Cash Flows Oct 16, 2017 to Jul 31, 2018

<b>Cash Flows from (used in) Operating Activities</b>	
Net Income (Loss)	-131,054.08
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Decrease (Increase) in Operating Assets	
Drones	-211,132.49
Prepaid Expenses	-279.04
Increase (Decrease) in Operating Liabilities	
GST/HST Paid on Purchases	-10,612.22
<b>Net Cash provided by (used in) Operating Activities</b>	<b>-353,077.83</b>
 <b>Cash Flows from (used in) Investing Activities</b>	
(Increase) in Capital Asset	
Office Furniture & Equipment	-1,852.90
Vehicle	-66,442.00
(Increase) in Other Non-Current Asset	
Computer Software	-2,666.00
<b>Net Cash provided by (used in) Investing Activities</b>	<b>-70,960.90</b>
 <b>Cash Flows from (used in) Financing Activities</b>	
Increase in Share Capital	
Common Shares	611,300.00
Preferred Shares	150,000.00
(Decrease) in Share Capital	
Common Shares	-286,300.00
Preferred Shares	-50,000.00
<b>Net Cash provided by (used in) Financing Activities</b>	<b>425,000.00</b>
 Increase (Decrease) in Cash and Cash Equivalents	 961.27
 Cash and Cash Equivalents at Beginning of Period	 0.00
 Cash and Cash Equivalents at End of Period	 <b>961.27</b>

Appendix 4: Share Ownership & Organizational Structure 100

		# of Shares Issued	
Value of NRLI COMMON	\$0.10	1000	
Value of NRLI PREFERRED	\$10.00	100000	NRLI
Shareholder	Common	Preferred	
Joseph Toal	375	5000	
Share Value ( \$ )	\$37.50	\$50,000.00	
Doug Workman	250	25000	
Share Value ( \$ )	\$25.00	\$250,000.00	
Brent Bruno	0	2000	
Share Value ( \$ )	\$0.00	\$20,000.00	
David Tisseur	50	2000	
Share Value ( \$ )	\$5.00	\$20,000.00	
Jonathan Park	50	2000	
Share Value ( \$ )	\$5.00	\$20,000.00	
Rob Pumphrey	0	1000	
Share Value ( \$ )	\$0.00	\$10,000.00	
Pascal Chayer-Martel	0	2500	
Share Value ( \$ )	\$0.00	\$25,000.00	
Bekinkanyiso Khumalo	0	1250	
Share Value ( \$ )	\$0.00	\$12,500.00	
Glenn Malloy	125	5000	
Share Value ( \$ )	\$12.50	\$50,000.00	
Shawn Bruno	75	5000	
Share Value ( \$ )	\$7.50	\$50,000.00	
Christian Attong	75	5000	
Share Value ( \$ )	\$7.50	\$50,000.00	



<sup>100</sup> Up to 100 000 preferred shares may be provided by the company at \$10.00 each. However, investors who received preferred shares didn't necessarily provide cash. Some preferred shares were provided to officers for work to be carried out as the company progresses. To date, 55 750 preferred shares have been issued, representing a \$557 500 in equity. At the end of the first year, \$425,000 of cash had entered the company via preferred sale shares. The balance of \$132 500 is owed to the company in services.

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## Appendix 5: Executive Team – Overview

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### Joseph Toal – CEO

Mr. Toal is the Chief Executive Officer of the Corporation. Together with Jonathan Park, Douglas Workman, Brent Bruno, and Christian Attong, Mr. Toal developed the initial concept for the corporation in 2017. Mr. Toal has held the position of CEO since inception.

Joe's role is overseeing the building and success of the enterprise while augmenting Sales & Marketing for the company. He is also the primary communication link to all aspects of the delivery model and team.

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### Jonathan Park – Chief Legal Officer

Mr. Park ensures compliance with all relevant filing requirements. In addition, Mr. Park researches how regional laws may impact the operations of The Corporation.

Mr. Park is a lawyer who has spent the entirety of his legal career practicing law in the North and has an intimate understanding of the unique challenges that government agencies and business in Nunavut deal with on a day-to-day basis. During his time in Nunavut, he has travelled to 16 out of Nunavut's 25 communities. He has successfully built relationships with key community members in all of the major regional centres and in a number of smaller communities. This network generates a significant number of leads to develop a strong client base in Nunavut.

In addition, Jonathan will use his legal knowledge and experience to vet all contracts to customers and suppliers to ensure that all contracts are valid and enforceable.

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### Douglas Workman – Investor Relations

Mr. Workman has lived in Nunavut for more than 20 years and provided the bulk of the seed capital for The Corporation.

In addition to his financial contribution, Mr. Workman provides sales support and plans meetings and support the communication network as required. He also provides investor relation services.

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### Brent Bruno – V.P. Strategic Sales

Mr. Brent Bruno is the Vice President of Strategic Sales for the Corporation. Mr. Brent Bruno is in charge of sales in The Northwest Territories, Yukon and East Coast Provinces – continuing to enhance our outreach to future customers.

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**Shawn Bruno – V.P. Strategic Business Development**

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Mr. Shawn Bruno, in conjunction with Mr. Brent Bruno, works with potential partners and customers to develop the business via sales initiatives.

Mr. Shawn Bruno brings over 20-years of corporate experience, managing relationships for Fortune 500 Companies in the Aerospace and Business Machine marketplaces. With a background in Electrical Engineering and Quality Management principles, Mr. Shawn Bruno will direct the overall Sales deployment strategy and constantly consider additional revenue streams, by clarifying customer needs and aligning them with NRLLI's current & future capabilities.

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**Christian Attong – V.P. of Advanced Technology**

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Mr. Attong provides support for the implementation of blockchain solutions. In addition, he oversees all technology development, the design and implementation of NRLLI's graphic interfaces (both for the website and Arctic Chef) and develops videos to support NRLLI's sales efforts.

Mr. Attong brings over 20-years experience working with security systems and developing technical solutions. Mr. Attong brings on-the-ground knowledge of advanced software and technology and will assist in developing NRLLI's future technology-driven solutions.

Appendix 6: Government of Nunavut Country Food Tracking Regulations  
Tracking Form

# Appendix 1

It is important to keep track of country food that is bought and donated. Use one of these country food tracking tools (form or table) to keep a record of the country food at your facility.

## Country Food Tracking Form

This form should be completed each time a program or facility receives country food. Keep all forms in one confidential location. The information will help to keep food in facilities and programs safe.

Facility Name	Community
Name of hunter	
Location of harvest (place name or GPS coordinates)	Date animal was harvested DD MM YY
Date country food was received DD MM YY	Check one: <input type="checkbox"/> Purchase <input type="checkbox"/> Donation
Please describe the country food (type, part of animal, quantity) and any observations regarding the animal:	
Who butchered this animal?	<input type="checkbox"/> Hunter named above <input type="checkbox"/> Facility/ program staff <input type="checkbox"/> Other person (name: _____)
What was the temperature of this food when it was received?	
For walrus, was the animal tested for trichinella?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Form completed by	Date DD MM YY

## Tracking Table



## Country Food Tracking Table

This table should be completed each time a program or facility receives country food. Keep this table after it is completed. The information will help to keep food in facilities and programs safe.

Community:		Facility Name:		Location of Harvest (place or source, CFS code/area)		Date animal harvested at facility		Type of animal when examined		If wild, was it used for trade/for trade/for trade?		Describe country/food (age/gender/sex, type, quantity of consumer food)			
				00	MM	YY	00	MM	YY	00	MM	YY	00	MM	YY
<input type="checkbox"/> Purchase <input type="checkbox"/> Donation				00	MM	YY	00	MM	YY	00	MM	YY	00	MM	YY
<input type="checkbox"/> Purchase <input type="checkbox"/> Donation				00	MM	YY	00	MM	YY	00	MM	YY	00	MM	YY
<input type="checkbox"/> Purchase <input type="checkbox"/> Donation				00	MM	YY	00	MM	YY	00	MM	YY	00	MM	YY
<input type="checkbox"/> Purchase <input type="checkbox"/> Donation				00	MM	YY	00	MM	YY	00	MM	YY	00	MM	YY
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<input type="checkbox"/> Purchase <input type="checkbox"/> Donation				00	MM	YY	00	MM	YY	00	MM	YY	00	MM	YY

43

Safe Food Packaging Guidelines

## Food Safe Packaging

- Food-safe packaging is material that is safe for storing food, including butcher paper, aluminum foil and food-safe plastics (like resealable bags).
- Packaging that is not safe for storing food is cardboard, grocery bags and garbage bags.
- At your facility or program, if you receive country food that is not in food-safe packaging, you should put it in food-safe packaging for storage. For example, if country food arrives in garbage bags, it should be repackaged in food-safe wrapping.
- Garbage bags and grocery bags have chemicals in the plastic that can get into the food. Grocery bags and cardboard that have been used before may also have germs from other foods.



9

## Food Safe Labelling and Tracking

# Labelling and Tracking

- Whenever you receive country food in your facility or program, you need to fill out a tracking form. Fill out the country food tracking form that is found on p. 42-43.
- After the country food is in food-safe packaging, label it. The label should have:
  - ✓ the date the country food was received
  - ✓ the animal
  - ✓ the animal part
- The information on the label should be the same information that is on the country food tracking form, so it is easy to keep track of where all of your country food comes from.
- Photocopy the label on this page.



The form is a template for a 'Food Safe Label'. It features a circular logo on the left with the words 'COUNTRY FOOD' inside. To the right of the logo, the text 'Food Safe Label' is written in a bold, sans-serif font, followed by a large black checkmark. Below this, there are three lines for handwritten information: 'Date received: \_\_\_\_\_', 'Animal: \_\_\_\_\_', and 'Animal part: \_\_\_\_\_'.

Appendix 7: Sample Magazine Covers

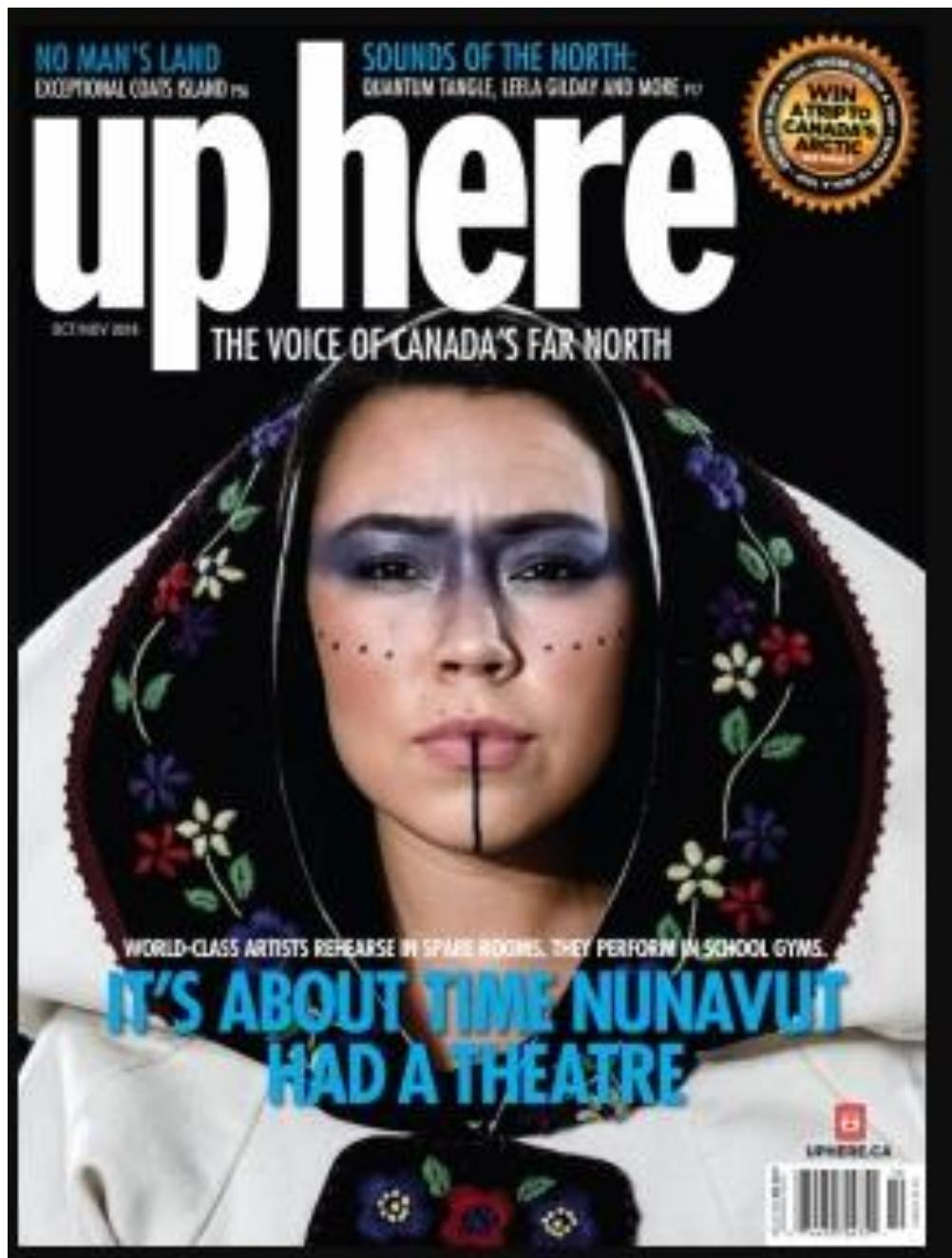
Above and Beyond



NUNAVUT RAVEN LOGISTICS INC.

BUILDING 607 | SUITE 101 | IQALUITT | NU

Up Here



## Appendix 8: Assumptions for Financial Projections

Variable cells in yellow:

Collections/Payments	Collections	Payments
- % same month	10.00%	100.00%
- % second month	50.00%	0.00%
- % third month	40.00%	0.00%
<b>Fringe Benefit % of Salaries</b>	<b>12.00%</b>	<b>33.00%</b>
<b>Dividend Payout %</b>		
<b>Annual Depreciation Rates</b>		
- Blockchain	20.00%	
- Vehicle	20.00%	
- Drone	20.00%	
<b>Interest Rates</b>		
- long term debt	8.50% * prime + 4.5%	
- mortgage	0.00% No mortgage	
<b>Income Tax Calculation</b>		
- corporate tax rate	14.50%	
<b>Dev. Corp Pref Shares</b>	\$150,000	-\$150,000
<b>Total non-debt cash</b>	\$150,000	\$0
<b>Dividend Rate on Pref Shares</b>	15%	

## Appendix 9: Assumptions for Financial Projections – Notes

- 1) Price: \$1.00 per kilogram of country food tracked on the blockchain
- 2) Cost of Goods Sold (operating costs per kg of country food processed) \$0.1 in year 1, \$0.09 in year 2, \$0.08 in year 3. NRLI estimates that the cost of administering the blockchain will cost roughly 10% of sales in the first year, falling as volume grows in years 2 and 3
- 3) Revenue will also be billed annually to restaurants, food processors, and community freezers. Restaurants that have no franchises; i.e. “Stand-Alone” restaurants will be billed \$2500 per annum. Restaurants with more than one location will be billed \$5000 per annum plus \$1000 per location. There are 5 food processors who will each be billed \$5000 per annum: Kivalliq Artic Foods, Kitikmeot Arctic Foods, Pangnirtung Fisheries, Clyde River Fisheries, and Whale Cove
- 4) \$1000 per annum for each community freezer (22 in Nunavut)
- 5) Non-beneficiary individual purchasers: \$100 per year (beneficiaries can access the blockchain for free)
- 6) Mines are charged \$10 000 per year
- 7) Potential, pending sponsorship revenue for the project is expected to be \$100K
- 8) Accounts Receivable collection: 10% within 30 day, 50% within 60 days, 40% within 90 days (industry standard)
- 9) Accounts Payable: 100% within 30 days
- 10) Fringe Benefits as a % of salaries: 12% (industry standard)
- 11) Dividend Payout Ratio as a % of net income, year 3: 33%
- 12) Depreciation Rate: 20% annually, straight line. Based on an assumption of a 5-year useful life
- 13) Corporate income tax rate of 14.5% based on combined territorial and federal income tax rate for a Canadian Controlled Private Corporation (CCPC)<sup>101</sup>
- 14) Initial Cash: \$40K cash-on-hand, \$100K corporate sponsorship, \$150K development corporation investment (preferred shares). These preferred shares are redeemed at the end of year 3
- 15) Preferred dividend rate of 15% per annum, paid monthly
- 16) A recent study valued the traditional harvesting economy at \$40 Million per year<sup>102</sup>. Another estimate put the wholesale price of char at \$11/kg<sup>103</sup>. Therefore, using a very

<sup>101</sup> <https://home.kpmg.com/content/dam/kpmg/ca/pdf/2016/10/income-tax-rates-for-ccpcs-2016-and-2017.pdf>

<sup>102</sup> <https://www.gov.nu.ca/eia/documents/nunavut-economy>

<sup>103</sup>

[http://www.nunavuteconomicforum.ca/public/files/library/FISHERIE/An%20Overview%20of%20Nunavut%20Fisheries%20\(March%202004\).pdf](http://www.nunavuteconomicforum.ca/public/files/library/FISHERIE/An%20Overview%20of%20Nunavut%20Fisheries%20(March%202004).pdf)

conservative estimate of \$20/kg on average for country food puts the size of the market at 2,000,000 kg per year ( $\$40,000,000 / \$20/\text{kg} = 2,000,000 \text{ kg}$ )

- 17) The assumption is that market size doesn't change from year to year, staying at 2 million kg per year. While the size of the market in the NWT and Yukon is likely similar, conservative market size estimates were used
- 18) ~75 million kg of lobster was harvested in Canada in 2013<sup>104</sup>. NRLI estimated a modest 2% market share.
- 19) Wild game consumption in Canadian restaurants is not well tracked. NRLI preferred to estimate the number of restaurants that may be potential clients instead of anticipating volume.
- 20) Commissions are set at 2% of sales

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<sup>104</sup> <http://www.dfo-mpo.gc.ca/fm-gp/sustainable-durable/fisheries-peches/lobster-homard-eng.htm>

## Appendix 10: SIA's Proposed Solution

### Technology Overview

#### Proposed Solution

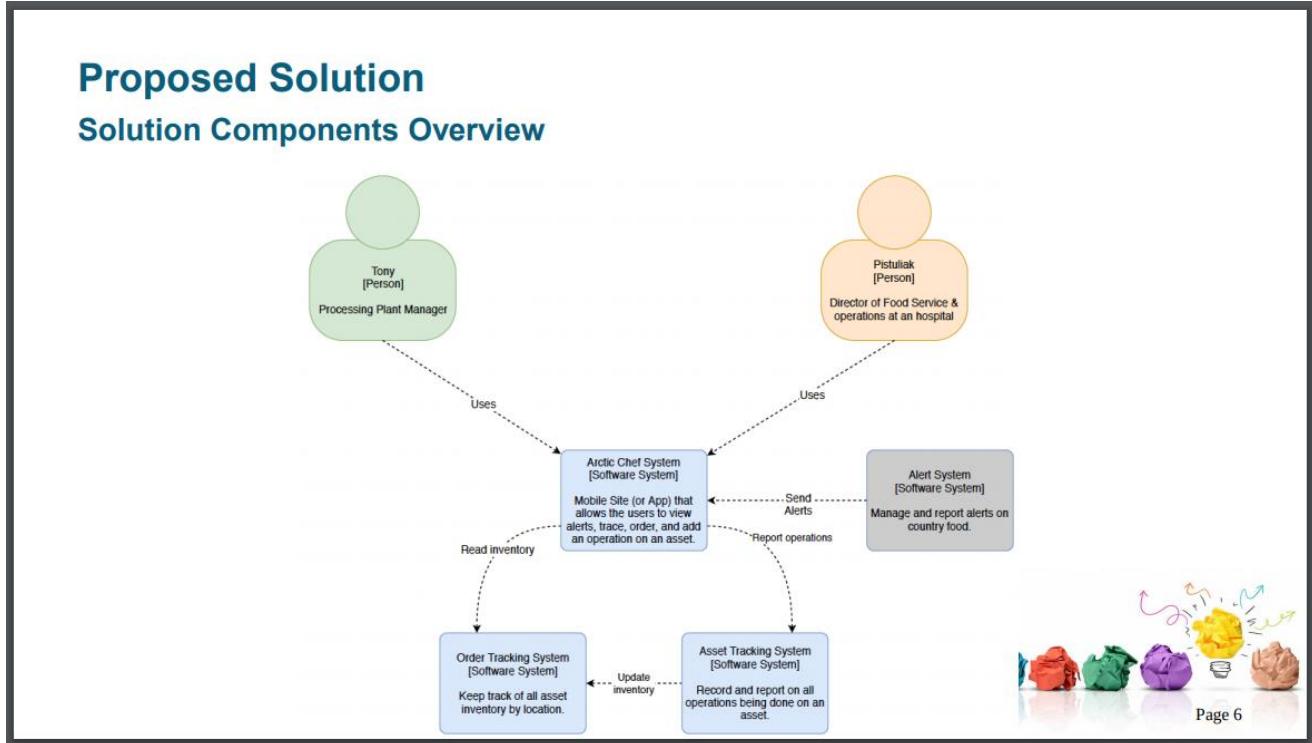
##### Technology Overview

- The IBM Cloud (bluemix.net) is a cloud computing platform that combines platform as a service (PaaS) with infrastructure as a service (IaaS)
- The IBM Cloud offers a rich catalog of cloud services that can be easily integrated with PaaS and IaaS to build business applications rapidly
- The following tiles and services will be leveraged for NRLI's Arctic Chef Certified Platform:
  - SDK for node.js
  - Cloudant
  - Blockchain
  - IBM Blockchain
  - IBM Cloud Public VM
  - IBM SAN Storage



Page 5

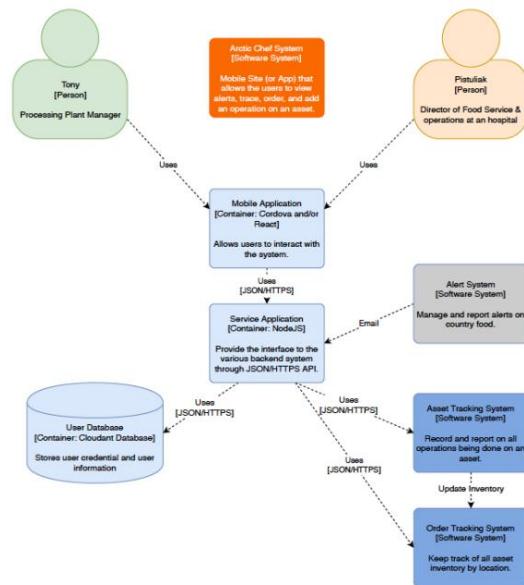
## Solution Components Overview



## Arctic Chef System

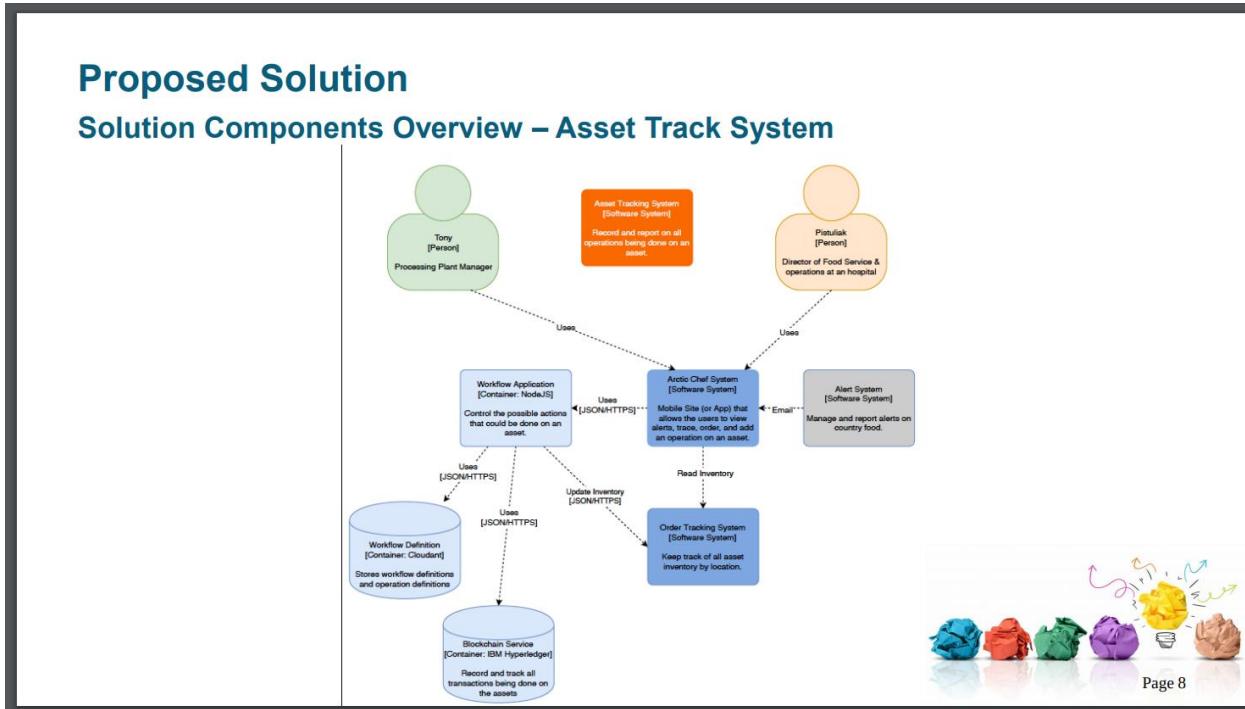
### Proposed Solution

#### Solution Components Overview – Arctic Chef System

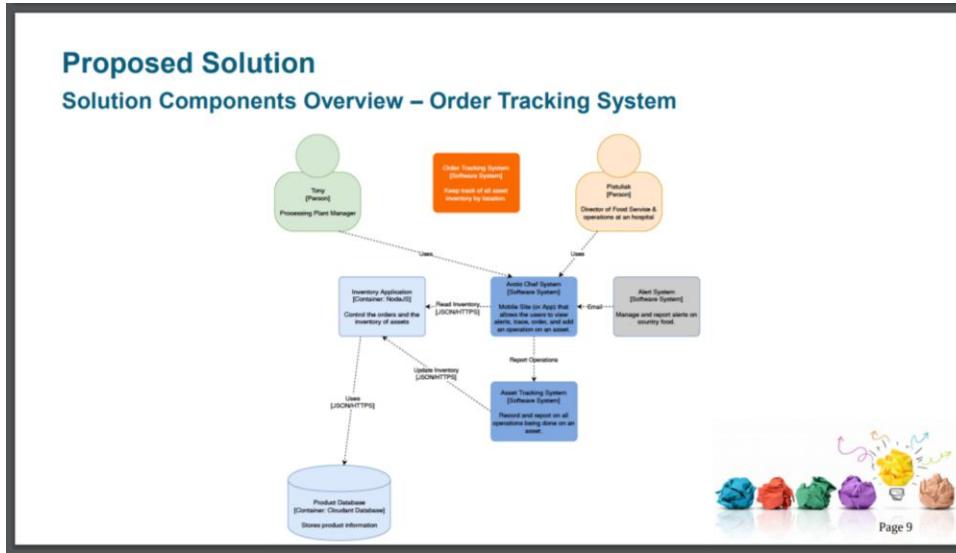


Page 7

## Asset Track System



## Order Tracking System





Our mission is to provide a transparent means of verifying that country food was handled safely, per Government of Nunavut specifications, for wide disbursement – within Nunavut and beyond.