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243 Umiaq Crescent, Iqaluit, Nunavut, X0A 2H0

October 10, 2025

Honourable John Main
Minister responsible for Qulliq Energy Corporation
Legislative Assembly of Nunavut
926 Queen Elizabeth II Way
PO Box 2410
Iqaluit, Nunavut
X0A 0H0

Dear Minister Main:

In accordance with Section 100(1) of the *Financial Administration Act*, I hereby submit on behalf of the Board of Directors of Qulliq Energy Corporation the 24th Annual Report for the fiscal year ending March 31, 2025.

Respectfully submitted,

[Signature]

Keith Peterson
Chairperson
Board of Directors
Qulliq Energy Corporation

CHAIRPERSON'S MESSAGE



**Keith
Peterson**
*Chair, Board
of Directors*

On behalf of the Board of Directors, I am pleased to present Qulliq Energy Corporation's 2024–25 Annual Report.

Over the past year, QEC continued to make steady progress toward delivering reliable, affordable, and increasingly sustainable energy across Nunavut. This work would not be possible without the commitment of our employees. Their professionalism, skill, and dedication ensure that communities have access to energy in all conditions. We also remain focused on strengthening QEC as a safe, respectful, and supportive workplace for all staff.

Several key projects advanced this year. Contracts were awarded for new power plants in Cambridge Bay, Gjoa Haven, and Igloolik. Equipment upgrades and genset replacements improved system reliability in communities with growing energy needs. At the same time, our renewable energy programs expanded, helping reduce diesel reliance and deliver long-term value to Nunavummiut.

We also continued to build strong relationships with employees, community members, and partners. One example is the upcoming Ikajuuti Initiative, which will provide Elders and Seniors with energy-saving LED light bulbs and conservation tips. Initiatives like this support energy literacy while helping us connect with the people we serve.

To guide our path forward, QEC introduced a renewed strategic direction: Elevate, Energize, and Evolve. These pillars reflect our focus on people, innovation, and adaptability: three areas that will shape our work in the years ahead.

As we look to the future, we know that challenges remain, but we are well positioned to address them. With strong leadership, meaningful community engagement, and a continued focus on sustainability, QEC will continue to meet Nunavut's energy needs and support a more resilient future for the territory.

A handwritten signature in black ink, appearing to read 'Keith Peterson'.

Sincerely,
Keith Peterson
Chair, Board of Directors
Qulliq Energy Corporation

PRESIDENT | CEO MESSAGE



*Ernest
Douglas
President /
CEO*

At Qulliq Energy Corporation, our people are our greatest strength. In 2024–25, we continued to elevate our employees by investing in training, wellness, and leadership development. From technical certification programs to the launch of QEC Connect, our first all-staff townhall series, every initiative this year has been focused on creating a safe, inclusive, and supportive workplace where our team can thrive.

Safety remains at the heart of everything we do. We are committed to strengthening a culture where every employee feels empowered to stop work if unsafe, and where training and accountability ensure that everyone goes home safe at the end of the day.

This was also a year of significant operational progress. We achieved a territory-wide reliability rate of 99.92%, advanced design and construction for new power plants in Cambridge Bay, Gjoa Haven, and Igloolik, and completed major genset replacements in Iqaluit and Rankin

Inlet. We also invested in modern systems, such as a new Computerized Maintenance Management System, SCADA upgrades, and GIS mapping tools, that strengthen our ability to deliver dependable service in the most challenging conditions.

At the same time, QEC made strides in shaping Nunavut's clean energy future. Our dedicated Renewable Energy team advanced Independent Power Producer (IPP) program and expanded participation in the Commercial and Institutional Power Producer (CIPP) program. These efforts are part of a larger shift to evolve our energy systems, reducing diesel reliance while ensuring projects reflect the voices and priorities of the communities they serve.

We also deepened community connections, with the planning of the Ikajuuti Program, supporting Elders and Seniors with energy-efficient lighting and conservation tools launching in the fall of 2025. Through scholarships, sponsorships, and community initiatives like Community cleanups, we reaffirmed our role as a partner in building a stronger, healthier Nunavut.

Looking ahead, energizing our operations remains critical. The coming year will see construction move forward on four new power plants, further genset replacements, and expanded community-led renewable energy projects. Guided by our strategic pillars, Elevate, Energize, and Evolve, we

will continue to modernize infrastructure, support our workforce, and strengthen community engagement.

I am proud of what our team has accomplished together and grateful for the trust placed in us by Nunavummiut. QEC's journey is one of resilience and

transformation, and with the dedication of our employees and partners, we are building an energy future that is reliable, sustainable, and deeply rooted in the communities we serve.



Sincerely,
Ernest Douglas
President & CEO



CORPORATE OVERVIEW



Qulliq Energy Corporation is a territorial corporation owned by the Government of Nunavut (GN). The corporation was originally established in 2001 as the Nunavut Power Corporation under the Nunavut Power Utilities Act and subsequently renamed Qulliq Energy Corporation (QEC) in 2003. The Nunavut Power Utilities Act was also renamed the QEC Act as the result of legislation passed in March of 2003, which broadened the corporation's mandate to respond to a range of energy use and conservation issues within Nunavut. In 2018, the QEC Act was further amended, allowing the corporation to purchase power in anticipation of launching the Commercial and Institutional Power Producer (CIPP) and Independent Power Producer (IPP) programs.

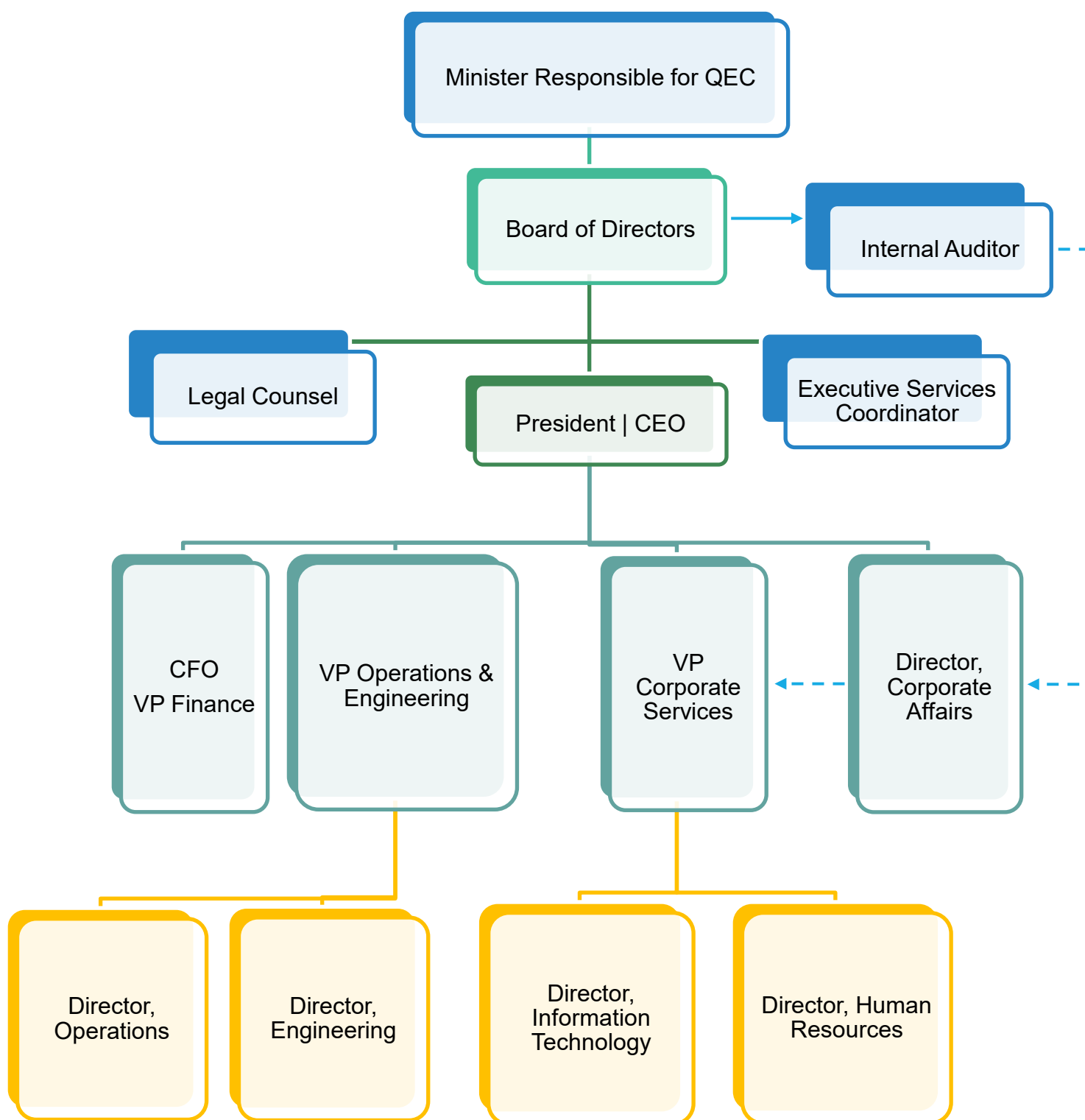
QEC delivers electricity to approximately 16,000 customers across Nunavut. QEC generates and distributes power to Nunavummiut through the operation of 25 stand-alone diesel power plants in 25 communities, with a total installed capacity of approximately 84,000 kilowatts. The corporation also provides mechanical, electrical and power line maintenance from three regional centers: Iqaluit, Rankin Inlet

and Cambridge Bay. The corporation's business activities are maintained at the head office in Baker Lake and corporate offices in Iqaluit.

QEC attends to the overall objectives provided by legislation, supports the Minister responsible for QEC on intergovernmental and regulatory issues, has the mandate to manage the corporation's capital projects, and responds to opportunities for alternative generation sources.

All electricity needs in Nunavut are predominantly met by diesel generation. Through the implementation of the Net Metering, Commercial and Institutional Power Producer, and Independent Power Producer programs, QEC has begun integrating renewable energy systems into the territory's electricity grid. Each community in Nunavut has its own independent electricity generation and distribution system. There is no back-up grid. QEC is the only energy corporation in Canada without developed local renewable energy resources or regional electricity transmission capability, creating high dependency on diesel fuel.

ORGANIZATIONAL STRUCTURE



BOARD OF DIRECTORS

QEC's Board of Directors is appointed by the Minister responsible for QEC. Under the QEC Act, the Board of Directors must be composed of no fewer than six directors, and no more than ten directors. The appointment terms for board members are staggered and are for up to three years. This ensures the corporation maintains business continuity and allows for growth in experience and knowledge. Members for the corporation's Board of Directors will be appointed by fall 2025, pending cabinet approval. As of March 31, 2025, current members include:

Keith Peterson, Chairperson

Keith Peterson is a former cabinet minister in the GN and a Member of the Legislative Assembly (MLA) representing Cambridge Bay. He was responsible for the portfolios of Finance, Justice, and Health and served as the Minister responsible for QEC. Mr. Peterson was the Mayor of Cambridge Bay for two terms and has held various positions with other public and Inuit organization boards. He has considerable experience in leading government departments, territorial corporations, board governance and community relations.

Andrew Nakashuk, Vice Chair

Andrew Nakashuk has been an active member of committees, organizations, and boards for many years within Pangnirtung, the Baffin region, and across Nunavut. He is currently chairperson on the Nunavut Planning Commission, facilitating community consultations and planning meetings. Mr. Nakashuk has extensive experience with the land, serving as conservation and fishery officer, bear monitor, and interpretive guide. He has completed training in response to environmental emergencies, search and rescue management training, and various courses through the RCMP. Mr. Nakashuk resides in Pangnirtung.

Johnny Mike

Johnny Mike is a former MLA for Pangnirtung and has over 30 years of experience in business, government, and management roles throughout the territory. Mr. Mike was heavily involved in the Inuit land selection negotiations for South Baffin communities during Nunavut's Land Claim Agreement process. As a former employee of the Northern Canada Power Commission, President and CEO of Qikiqtaaluk Corporation and NCC Investment Group, board member of QEC, and Minister responsible for QEC, Mr. Mike has a strong understanding of QEC's operations and governance. He is currently a board member for Pangnirtung Hunters and Trappers Organization. Mr. Mike is a Red Seal certified mechanic and resides in Pangnirtung.

Clarence Synard

Clarence Synard has spent over 26 years working in the North. He is currently the President & CEO of NCC Investment Group. In his multiple roles with NCC over the years, he has actively fostered strong relationships throughout the territory and focused on the health and safety of colleagues and employees. An active member of the community, Mr. Synard is a former President of the Baffin Regional Chamber of Commerce, Vice President of the Board for Skills Nunavut, and a member of the Government of Nunavut's Building Advisory Committee. He received his Red Seal Journey Certificate (Carpentry) from the College of the North Atlantic. Mr. Synard resides in Iqaluit.

Nayab Khan

Nayab Khan is currently the Chief Financial Officer for Nunavut Arctic College. She has worked in numerous financial roles throughout her career, most recently with Nunavut Housing Corporation where she was a District Comptroller. Ms. Khan is a Certified Management Accountant and has a specialization in forensic accounting. She graduated with a Bachelor of Science in Mathematics and Economics from the University of Peshawar and has a Master of Public Administration from Flinders University. Ms. Khan resides in Iqaluit.

Maya Jelali

Maya Jelali is a dynamic leader with over eight years of experience in human resources, project management, policy development, and stakeholder engagement. She is PMP-certified and has worked across various sectors, including government, Inuit-owned organizations, and for-profit companies, combining creativity and practicality for sustainable outcomes. Maya has a strong background in building processes that enhance operational efficiency and increase organizational capacity, and she has lived in Iqaluit since 2014, bringing extensive knowledge of Inuit communities. Currently serving as the acting Director of Policy, Planning & Communications at the Government of Nunavut's Department of Family Services, Maya leads policy development, strategic planning, and communication efforts. She also has significant experience in developing training programs that address the needs of adult learners and meet organizational objectives. Maya holds a Master of Public Policy and Administration from Carleton University and a Master of Social Work from the University of Ottawa. She is actively involved in community initiatives, serving on boards such as the Qulliq Energy Corporation and Les Petits Nanooks, and has recently founded the Iqaluit Kids Club, a non-profit aimed at supporting and strengthening young families in Iqaluit by providing inclusive and engaging programs.

Alexander Cook

Alex Cook resides in Baker Lake, and an alumnus of St. Francis Xavier University, where he holds a Bachelor of Business Administration majoring in Leadership and Management. Mr. Cook began his career at the Qulliq Energy Corporation as a summer student, steadily rising through the corporation into a senior management role, reflecting his dedication and understanding of the Corporation's mandate, vision, and goals. In his current role, Mr. Cook holds the presidency of ArchTech, an exclusively Indigenous owned and operated design-build firm at the forefront of developing affordable, efficient, and resilient net-zero buildings in Nunavut. In addition to his corporate engagements, Mr. Cook serves on the Indigenous Council and Governing Board for Wah-Ila-Toos, a federal entity overseeing over \$400M in federal funding allocated for indigenous clean energy projects nationwide. His dedication to fostering clean energy solutions is further evidenced in his role as the Energy Champion for Baker Lake, a position appointed through the federal government's Indigenous Off-Diesel Initiative. Moreover, he lends his expertise to the Indigenous Clean Energy social enterprise as a member of the advisory board. Mr. Cook is excited to serve on the QEC Board of Directors where he hopes to leverage his knowledge, skills, and experience to assist in guiding the strategic direction of the Corporation.

Jeannie Ehaloak

Jeannie Ehaloak is a former MLA and Mayor of Cambridge Bay with extensive knowledge, experience, and accountability for the implementation of corporate policies, programs and projects. She worked effectively in consultation and strengthened communications with community members during her tenure as Mayor, MLA and Minister. Jeannie has acquired a greater understanding and appreciation for government policies and procedures in her roles as a Member of the Legislative Assembly, specifically as Minister of Justice, Human Rights, Labor, Democratic Institutions, Status of Women, Qulliq Energy Corporation, Environment and Community and Government Services. While serving as QEC's Minister, she gained a unique understanding of QEC's operations and governance procedures. Jeannie is a resident of Cambridge Bay.

Martha Lenio

Martha Lenio brings insight into the global renewable energy economy to QEC's Board of Directors. As a renewable energy specialist with the World Wildlife Fund Canada, Dr. Lenio's knowledge of renewable energy technologies and power solutions incorporates the arctic environment in which QEC serves. Her ten years of extensive international experience with solar power applications is complemented by her Doctor of Philosophy in Photovoltaic Engineering from the University of New South Wales, and a Bachelor of Applied Science from the University of Waterloo. Dr. Lenio lives in Iqaluit.

Robin Anawak

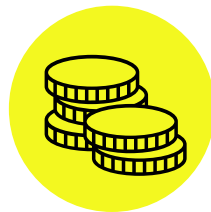
Robin is a Senior Program Specialist with the Government of Nunavut's Department of Family Services, leading policy and legislative initiatives. With over twenty years of experience in government, Inuit organizations, and politics, he brings extensive expertise in policy development, legislative analysis and intergovernmental collaboration. A graduate of the University of Ottawa's Law program, Carleton University's Political Science program, and the Nunavut Sivuniksavut program, Robin is committed to strengthening Inuit voices in governance and advancing the social and economic well-being of Nunavut.

BOARD COMMITTEES



Human Resources Committee

The Human Resources and Inuit Qaujimajatuqangit (IQ) Committee provides recommendations relating to the corporation's organizational workforce. The committee reviews human resources and compensation and benefits matters pertaining to all QEC employees. In addition, the committee evaluates programs and initiatives related to Inuit employment, training and development, employee and labour relation environments, implementation of collective agreements, and initiatives aimed to improve the capability and capacity of employee performance results.



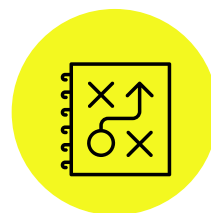
Finance and Audit Committee

The Finance and Audit Committee assists the board in meeting its oversight and financial responsibilities and accountabilities to the corporation, stakeholders, the Government of Nunavut, and customers. The committee facilitates communication between the board and the external auditor and is the presiding body related to the activities of the internal auditor.



Alternative Energy Committee

The Alternative Energy Committee provides recommendations to the board regarding the viability of alternative or renewable energy technologies in the North. The committee also provides input on financing options and financing sources for development, demonstration projects, research initiatives, collaboration opportunities, and supportive and overlapping mandates of other organizations.



Governance Committee

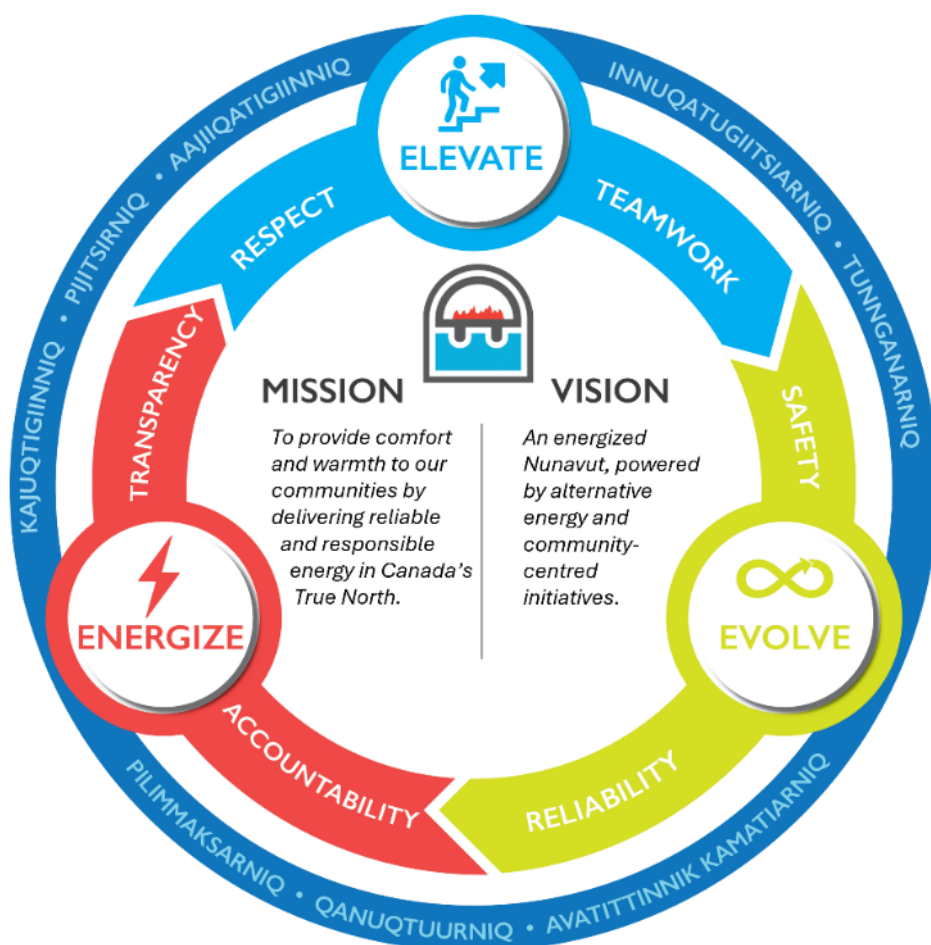
The Governance Committee's primary function is to ensure that the QEC Board of Directors maximizes its effectiveness and is abreast of best practices for governance as it pertains to developing effective strategies for oversight and accountability to the corporation and its shareholder.

THE REVISED STRATEGIC DIRECTION

In 2025, QEC launched a revised mission, vision, values, and strategic direction to modernize our approach to deliver energy in Nunavut.

Developed collaboratively during a two-day workshop with QEC's Senior Management Committee, the updated strategy is anchored in three core pillars: Elevate (Employee Empowerment), Energize (Operational Success), and Evolve (Sustainable Innovation). These pillars guide our daily work, ensuring alignment with our commitment to safety, transparency, and reliability.

The revised direction is now shaping projects, initiatives, and operations across the corporation. Throughout this annual report, we will highlight the achievements and activities of our teams and demonstrate how their work connects to and advances these strategic pillars.



Supported by:

Inuit Qaujimajatuqangit
(Inuit Societal Values)

Driven by:

QEC's Core Values

At the centre:

The QEC Logo, representing our purpose. Our Mission and Vision.

Highlighting:

Our 3 pillars, Energize, Elevate and Evolve.

MISSION:

To provide comfort and warmth to our communities by delivering reliable and responsible energy in Canada's True North.

VISION:

An energized Nunavut, powered by alternative energy and community-centred initiatives.

Strategic Pillars



ENERGIZE

Fueling performance to power a stronger future.

Driving efficiency, ensuring consistent results, and continually improving how we serve our communities. Through operational excellence, we build a foundation that allows us to deliver reliable, high-quality service while staying aligned with corporate goals.

- **Customer-Centric Approach** – Putting our customers at the heart of everything we do.
- **Efficiency and Productivity** – Maximizing resources to achieve more with less.
- **Continuous Improvement** – Always looking for ways to do better.
- **Data-Driven Decision Making** – Using insights to guide smarter choices.
- **Standardization and Consistency** – Ensuring quality and reliability in every process.
- **Risk Management** – Identifying and addressing potential challenges.
- **Adaptability and Agility** – Staying flexible and responsive in a changing world.
- **Alignment with Corporate Goals** – Keeping our vision and mission in focus.



ELEVATE

Motivating our staff to thrive and succeed.

Elevate is about valuing, developing, and supporting our greatest asset, our people. By fostering a safe, inclusive, and rewarding work environment, we create space for growth, engagement, and long-term success.

- **Culturally Relevant Work Environment** – Honouring diversity and embracing community values.
- **Health, Safety, and Wellness** – Prioritizing the well-being of our team.
- **Fair Compensation and Benefits** – Recognizing contributions with fairness and equity.
- **Training and Career Development** – Investing in growth and potential.
- **Diversity, Inclusion, and Engagement** – Creating an environment where everyone belongs.
- **Work-Life Balance and Flexibility** – Supporting a healthy work-life balance.
- **Recognition and Retention** – Celebrating achievements and keeping top talent.



EVOLVE

Shaping the future with forward-thinking solutions.

Evolve focuses on harnessing innovation and building sustainable solutions for the unique challenges of the Arctic. By embracing change and driving transformation, we ensure that QEC remains at the forefront of energy innovation.

- **Sustainable Energy Solutions** – Exploring and developing solutions that move us toward a more sustainable future.
- **Community-Centric Innovation** – Designing solutions that reflect local needs.
- **Resilient Infrastructure** – Building systems that withstand the Arctic's challenges.
- **Digital Transformation** – Leveraging technology to improve operations.
- **New Partnerships** – Expanding connections to fuel growth and innovation.
- **R&D for Arctic Conditions** – Developing solutions built for the North.
- **Technology Integration** – Seamlessly incorporating new tools and systems.



Our Values



SAFETY

We power communities, but safety powers everything we do.

At QEC, safety isn't just a box to check, it's a mindset. Whether we're maintaining equipment, working in extreme conditions, or supporting our communities, we look out for each other. Every decision we make is guided by protecting our people, our customers, and the environment we serve.



RESPECT

Rooted in culture.

Reflected in action.

Respect is at the core of how we connect with one another, within our team, with our partners, and with the communities we serve. We honour diverse perspectives, listen with intent, and ensure everyone feels valued. It's about more than words, it's the way we show up, every day.



TRANSPARENCY

Clear, open, and always honest.

We believe that trust is built through openness. From the way we communicate with our customers to how we share information with our partners and employees, we are committed to being clear, timely, and honest. No hidden agendas, just a commitment to keeping everyone informed and engaged.



TEAMWORK / COLLABORATION

Stronger together, always.

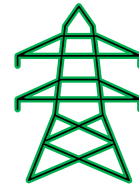
Our success is built on collaboration. We know that bringing together diverse ideas and talents leads to innovative solutions. Whether we're working across teams or with our communities, we lean on each other to achieve our goals. After all, the best results come when we work as one.



ACCOUNTABILITY

Own it. Deliver it. Improve it.

We take responsibility for our work, our decisions, and our impact. At QEC, accountability means following through on our commitments and continuously finding ways to improve. We're not afraid to face challenges head-on and learn from them to build a stronger future.



RELIABILITY

Dependable energy.

Dependable people.

Our communities count on us, and we take that seriously. Reliability isn't just about keeping the lights on, it's about being a trusted partner who delivers, day in and day out. No matter the conditions, QEC is committed to providing consistent, dependable service that people can count on.



Inuit Qaujimajatuqangit

Inuuqatigiitsiarniq



Respecting others, relationships and caring for people.

Pijitsirniq



Serving and providing for family and/or community.

Pilimmaksarniq/ Pijariuqsarniq



Development of skills through observation, mentoring, practice, and effort.

Piliriqatigiinni/ Ikajuqatigiinni



Working together for a common cause.

Tunnganarniq



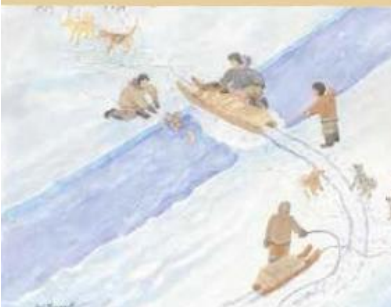
Fostering good spirits by being open, welcoming and inclusive.

Aajiiqatigiinni



Decision making through discussion and consensus.

Qanuqtuurniq



Being innovative and resourceful.

Avatittinnik Kamatsiarniq



Respect and care for the land, animals and the environment.

QEC HIGHLIGHTS 2024-2025

In 2024–25, QEC made significant progress in building internal capacity, enhancing employee engagement, and delivering critical infrastructure projects. Across the corporation, teams focused on collaboration, training, and community connection, laying a strong foundation for the year ahead.

Highlights include:

Advanced professional development & collaboration:

- Engineering staff completed ETAP (Electrical Transient Analyzer Program) and HVAC (Heating, Ventilation, and Air Conditioning) training.
- IT staff engaged in Kaizen (continuous improvement) activities to improve support following the GN network migration.
- Fostered team connection and wellness:
- Bi-weekly HR huddles and informal staff outings in Rankin Inlet, Cambridge Bay, Iqaluit, and Baker Lake.
- HSE team celebrated milestones with group recognition events.

Celebrated employee and team milestones:

- Safety luncheons and a Nunavut photo contest were hosted during Health & Safety Week.
- Safety Awards were presented to operators in Kugluktuk, Whale Cove, Kimmirut, and Grise Fiord.

Achieved major infrastructure milestones:

- Signed Design-Build contracts for new power plants in Cambridge Bay, Gjoa Haven, and Igloolik, with 50% design drawings completed and major equipment ordered.
- Completed installation and commissioning of Iqaluit G4 and Rankin Inlet G5 gensets.
- Advanced additional genset replacement projects in Whale Cove, Chesterfield Inlet, Kimmirut, Pond Inlet, Coral Harbour, Kugaaruk, Baker Lake, and Sanikiluaq.

-
- Initiated tendering and design work for feeder upgrades in Igloolik, Hall Beach, and Gjoa Haven.

Delivered key community and corporate engagement initiatives:

- QEC Connect was launched as the Corporation's first internal town hall to share successes and build alignment.
- Renewable Energy team hosted a public showcase in Iqaluit.
- Participated in Environment Day cleanup initiatives across the territory.

These achievements reflect QEC's ongoing commitment to developing its workforce, strengthening infrastructure, and delivering safe, reliable, and community-focused energy solutions across Nunavut.

OUTLOOK FOR 2025-2026

Elevate, valuing, developing, and supporting our people, will lead QEC's focus in 2025–26. We will continue building an inclusive, respectful, and rewarding workplace through enhanced onboarding, QEC Connect, and ongoing investment in Inuit employment and leadership development. By creating space for growth and engagement, we strengthen the foundation for long-term success.

Safety remains our top priority. QEC will reinforce a strong safety culture with refreshed training, clear life-saving rules, empowered stop-work authority and improved incident reporting and learning. Our goal is simple: Everyone goes home safe.

In 2025–26, QEC will continue advancing its commitment to reliable, sustainable energy solutions that reflect the values, needs, and voices of Nunavummiut. Guided by innovation, partnerships, and environmental stewardship, the Corporation will focus on strengthening core infrastructure while expanding renewable energy initiatives across the territory.

Key capital projects, including construction of new power plants in Cambridge Bay, Gjoa Haven, Igloodik and Kugluktuk, as well as critical genset replacements, will improve system reliability and fuel efficiency.

At the same time, the Alternative and Renewable Energy team will move forward expanding community-led Independent Power Producer (IPP) projects and continue exploring Alternative Energy solutions to reduce emissions and heating fuel dependency.

Community engagement will remain central to how we plan and deliver projects. QEC will deepen two-way dialogue with hamlets, local organizations and residents through regular meetings, open houses, community visits, and non-technical language materials in all four languages, ensuring projects reflect local priorities, increase accessibility, and maximize community benefits.

Together, these efforts reflect QEC's vision of an energy future that is efficient, resilient, and community-driven, where Nunavummiut have a strong voice in shaping the territory's transition to clean energy.



TEAM HIGHLIGHTS

CORPORATE AFFAIRS

The Corporate Affairs Team plays a central role in advancing QEC's strategic direction and ensuring alignment with territorial priorities. Responsible for policy development, corporate planning, and internal and external communications, the team provides vital support across QEC teams and acts as a key conduit between QEC and its external stakeholders.

In 2024–2025, Corporate Affairs led the development and review of corporate policies and strategic planning initiatives to ensure organizational efficiency and accountability. The team also managed all communications functions, including public engagement, media relations, and executive messaging, ensuring consistent and transparent communication with Nunavummiut and key partners.

As QEC's primary liaison with the Government of Nunavut, Corporate Affairs works closely with policy counterparts across GN departments to support the alignment of QEC initiatives with territorial goals. The team also serves as the main point of contact for the Minister responsible for QEC, supporting regular updates, legislative correspondence, and briefings to ensure timely and informed decision-making.

As the exclusive generator and distributor of electricity in Nunavut, QEC's commitment to Nunavummiut includes supporting and building relationships throughout the territory by actively participating in community events and providing financial and in-kind contributions to community and non-profit organizations. QEC takes pride in its employees' ongoing dedication to these community events and their engagement with the goal of conducting business in a socially responsible manner.



Community Initiatives

Ikajuuti LED – Elders and Seniors Support Initiatives



The Ikajuuti Program is designed to foster long-term relationships between QEC and Nunavut's aging population through mutual learning about energy use and conservation. Planning efforts in 2024–25 also included securing support from the Climate Change Secretariat and submitting a funding application to Natural Resources Canada's Home Labelling Fund to support future program phases focused on home energy assessments and broader sustainability goals.

In Q4 of the 2024–25 fiscal year, QEC completed planning and development for the Ikajuuti Program, a new community-led initiative supporting Elders and Seniors (aged 55+) across Nunavut. Named after the Inuktitut word Ikajuuti, meaning "to offer support during times of hardship," the program aligns with the Government of Nunavut's Katujjiluta Mandate pillar - Aging with Dignity.

Phase 1 of the program is scheduled to launch in the fall of 2025. In this phase, participating households will receive two six-packs of free ECO LED lightbulbs and simple, accessible information on energy conservation. To participate, Elders and Seniors will present identification at their local Hamlet office to collect their lightbulb package.

Laura Ulluriaq Gauthier Scholarship



In 2024–2025, QEC expanded the Laura Ulluriaq Gauthier Scholarship program from one recipient to two, recognizing the growing need to support Nunavut’s future leaders in post-secondary education. Each year, the scholarship awards \$5,000 to two students who demonstrate academic excellence and outstanding contributions to their communities. One of the two awards is reserved for a student enrolled in an engineering-related field, reflecting QEC’s ongoing need for technical expertise within the territory.

Established in 2007, the scholarship honours the legacy of Laura Ulluriaq Gauthier, a visionary and former government leader who played a pivotal role in the creation of QEC and championed the establishment of a Nunavut-based utility. Her legacy continues to inspire the next generation of Inuit leaders and professionals.

Introduction of QEC Connect



Following the unveiling of QEC’s new strategic direction, QEC launched QEC Connect. This bimonthly, all-staff virtual gathering is designed to strengthen internal communication across the corporation and build a stronger sense of connection. Each session is guided by QEC’s strategic pillars- Energize, Elevate and Evolve- and is designed to encourage employees to engage with these values in their everyday work.

Donations & Sponsorships

In 2024-2025, QEC contributed financially to recreational programs including the Nunavut Soccer Association and Iqaluit Slo-Pitch League for infrastructure upgrades to the softball pitch. QEC also supported community wellness by sponsoring the Astro Theatre Holiday Movie Days.

Earth Hour Campaign

To mark Earth Hour 2025, QEC shared a series of social media posts encouraging Nunavummiut to support the environment while lowering their power bills through simple energy-saving actions. In partnership with the Department of Environment, QEC also donated flashlights and ring lights to support the youth Earth Hour Glow Dance.



TEAM HIGHLIGHTS

OPERATIONS & ENGINEERING

OPERATIONS

QEC's Operations team is responsible for the generation and distribution of safe and reliable electricity across all 25 Nunavut communities. Each community has its own power plant operated by local employees, supported by electricians, mechanics, meter technicians, power line technicians, and fleet staff based in the regional hubs of Iqaluit, Cambridge Bay, and Rankin Inlet.

Operations works closely with the Engineering, Health, Safety & Environment, and Finance Teams to execute QEC's capital plan while addressing the unique challenges presented by Nunavut's aging infrastructure, harsh climate, and growing demand for renewable energy alternatives. The team continues to build a skilled and dedicated workforce to ensure delivering reliable power to all Nunavummiut.



Energize: Key Achievements

- Successfully completed the Rankin Inlet emergency genset installation in collaboration with Engineering ahead of winter peak demand; all other gensets in Rankin Inlet were also overhauled.
- Repositioned and recommissioned the Pangnirtung modular emergency genset, following gravel pad instability, ensuring safe operation before winter.
- Substantial completion of the Baker Lake headquarters office; minor deficiencies will be addressed in 2025–26.
- Delivered new modular staff housing to Rankin Inlet via 2024 sealift; on-site installation is planned for summer 2025.

- Received new Radial Boom Derrick vehicles (line trucks) during 2024 sealift to support line maintenance.
- Completed routine major equipment overhauls and distribution system upgrades ahead of the winter readiness deadline of November 30, 2024.

Elevate: Supporting Employee and Enhancing Operations

- Hosted Operator Training 2024, a 10-day technical training session for over thirty plant operators from across Nunavut.
- Delivered Maintenance Planning training for managers and supervisors on scheduling and job planning.
- Supported two employees in completing Level 3 of the Mearie Group Meter Technician Certification program.
- Sponsored a Warehouse Technician's enrollment in their first apprenticeship education block at Northern Alberta Institute of Technology (NAIT).

Evolve: Initiatives & Innovation

- Implemented a new Computerized Maintenance Management System (CMMS) as part of modernizing the plant maintenance program.
- Developed an ArcGIS-based Geographic Information System (GIS) to map and track distribution system assets.
- Launched a new SCADA (Supervisory Control and Data Acquisition) system in Baker Lake using Starlink in partnership with the I.T. team, which will be rolled out to other plants in the next fiscal year.

Reliability

Providing reliable electricity to Nunavummiut remains a top priority for the Operations team. In 2024-2025, QEC reported a territory-wide reliability rate of 99.92%, which is consistent with previous years.

QEC tracks planned and unplanned outages using Canadian Electricity Association guidelines. Planned outages support safe system maintenance, while unplanned outages are unexpected and typically caused by the weather, equipment failure, or other external factors. The Operations team continues to address reliability through proactive inspections, preventative maintenance, and strategic upgrades to plant systems and equipment.



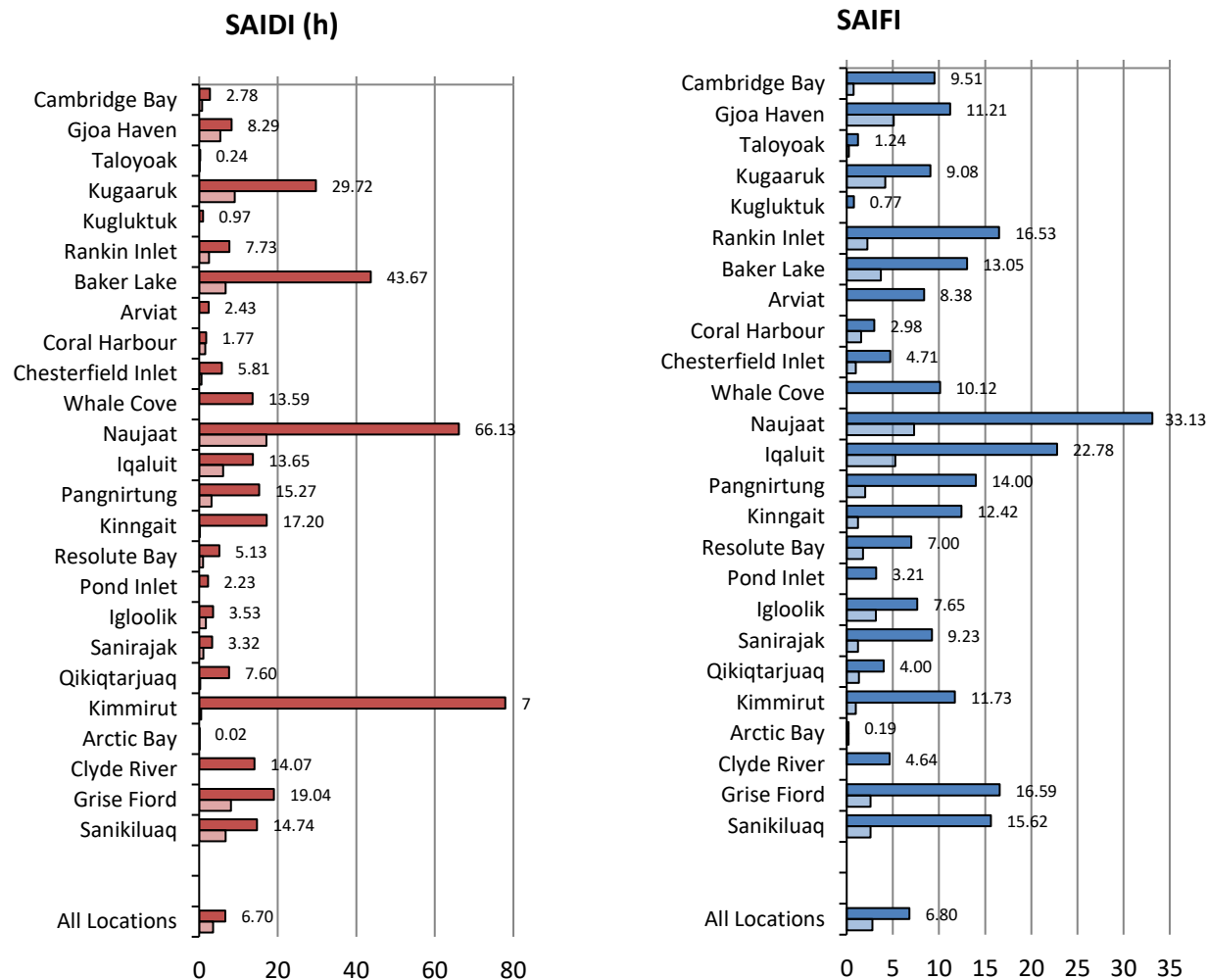
Performance Reporting

QEC measures utility service performance annually through industry-standard indicators:

- **SAIFI** (*System Average Interruption Frequency Index*): Measures the average number of outages per customer.
- **SAIDI** (*System Average Interruption Duration Index*): Measures the total time the average customer is without power.

The charts below show the system's average interruptions a customer observed in each community, region and territory. Total power outages (planned and unplanned) are indicated by darker/solid colour and include the numeric value of each system's average interruption. Planned power outages are indicated by the lighter/transparent colour.

- **Most reliable communities:** Taloyoak, Kugluktuk, Coral Harbour, and Arctic Bay.
- **SAIFI:** 6.80 (up from 3.78 the previous year).
- **SAIDI:** 6.70 hours (up from 3.75 hours the previous year).

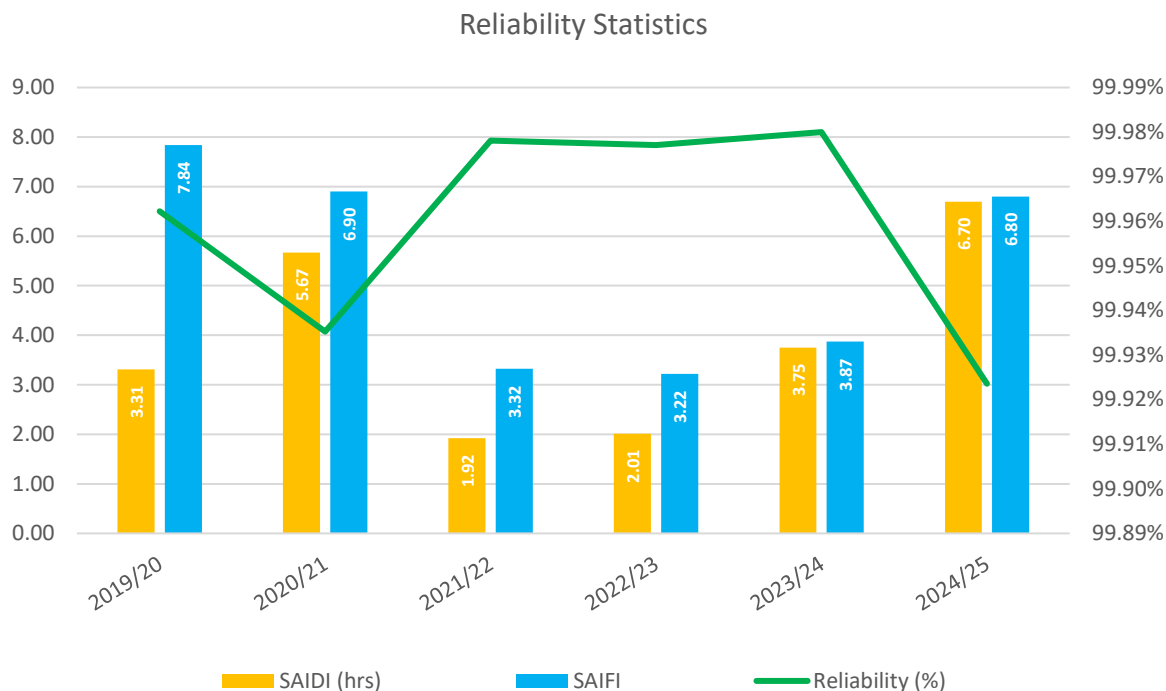


The SAIDI shows the average outage durations (in hours) for QEC's system in each community and region from April 1, 2024, to March 31, 2025. The average outage duration is calculated by dividing the sum of all customer interruption durations by the total number of customers served.

The SAIFI shows the average number of interruptions a customer experienced in each community and region from April 1, 2024, to March 31, 2025. The average number of interruptions is calculated by dividing the total customer interruptions by the total number of customers served.

The SAIFI and SAIDI metrics provide insights into the reliability of QEC's generation and distribution systems and help identify areas for future improvement. The reliability statistic charts below comprise all outage data from the fiscal year 2024-25. The chart below shows the last five years of reliability data. The annual outage data follows the fiscal year calendar, which runs from April 1st until March 31st of the following year. As can be seen by the

reliability trend line, QEC's reliability has been consistently greater than 99.9% since 2019-2020.



SAIDI –average outage duration for each customer served (hrs/yr).

SAIFI – average number of non-momentary interruptions a QEC customer would experience in a year.

RELIABILITY– percentage of total outage duration hours over the total hours of energy supplied to all customers per year

Generation

To manage the challenges presented by aging power infrastructure across the territory, Operations adheres to a strict maintenance schedule on all equipment in the twenty-five power plants. Operations collaborate with Engineering on upgrades to existing power plant infrastructure and the construction of new power plants.

In 2024-2025, Operations worked with Engineering to commission a new generator set in Iqaluit, the emergency genset installations in Rankin Inlet and Sanikiluaq, a substation upgrade in Sanikiluaq, and PLC & DC system upgrades in Rankin Inlet. These asset upgrades allow QEC to meet the current and future energy needs of Nunavut's growing communities and support reliable operations.

Distribution

QEC's Power Line Technicians (PLTs) play a vital role in maintaining the reliability of electricity across Nunavut. Throughout the winter months, PLTs travel to outlying communities to repair weather-related damage to power lines, poles, and customer connections. In the spring and summer, their focus shifts to system maintenance, inspections, and preparing infrastructure for new customer connections as electricity demand continues to grow.

In 2024–2025, the Operations team supported a wide range of distribution-related activities, including preventative maintenance, emergency response, and substation upgrades. Operations also worked closely with the Engineering team to support capital projects aimed at improving community distribution systems and increasing reliability.

Preventative Maintenance

Each year, QEC Operations develops detailed work plans to guide resource allocation and budgeting for preventative maintenance activities. Weekly team meetings are held to review and coordinate divisional schedules, ensuring alignment and progress on planned work.

In 2024–25, the maintenance team placed greater emphasis on planning and execution, particularly for major equipment overhauls with known long lead times. These efforts improved scheduling accuracy and reduced delays. While the new Computerized Maintenance Management System (CMMS) was still under development, Operations effectively managed maintenance activities using legacy manual tracking tools carried over from 2023-24.

These improvements reflect the team's ongoing commitment to operational excellence and proactive system care, helping QEC maintain safe, efficient, and reliable power delivery across the territory.

FACILITIES

Transient Units

The Facilities division works diligently to assess the conditions of QEC's transient units on a per unit basis. Required repairs and maintenance continue to be prioritized and completed in a cost-effective and timely manner. Regular maintenance practices include fuel and sewage tank inspections, annual furnace servicing and water tank cleanings, and ensuring all fixtures



and fittings are operable and adequately secured. Larger- scale repairs such as furnace replacements, roof repairs, and plumbing issues are completed as necessary to keep the units in good working order.

As of March 31, 2025, QEC had twenty-nine transient units, some of which are vacant due to significant and ongoing renovation requirements.

Staff Housing Portfolio

The Facilities team manages the housing portfolio to meet the needs of QEC staff. This may result in the non-renewal of unsuitable leased accommodations due to changing living requirements or undesirable unit locations or conditions. QEC-owned staff housing units are assessed on an ongoing basis, and renovation and repairs are initiated to improve the condition of the properties.

As of March 31, 2025, QEC had a total of 133 staff housing units. The table below shows the breakdown by staff housing units in each region and size of unit (bachelor unit, 1-bedroom unit, 2-bedroom unit, 3-bedroom unit and 4-bedroom unit, and 5-bedroom unit).



Unit Size	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	Total # Units
Iqaluit	0	29	19	28	4	1	81
Rankin Inlet	0	1	2	3	0	0	6
Baker Lake	0	11	11	9	0	0	31
Cambridge Bay	0	1	4	8	2	0	15
Total	0	42	36	48	6	1	133

ENGINEERING

QEC's Engineering team leads the planning and delivery of the corporation's capital projects, ensuring the safe, efficient, and sustainable operation of power infrastructure across Nunavut. The team is responsible for project design, execution, and technical support, as well as conducting life cycle assessments and infrastructure evaluations to inform long-term planning.

Engineering works in close partnership with Operations, Finance, HSE, and Facilities to deliver upgrades to generators, distribution networks, and fuel systems. This collaboration supports the successful implementation of QEC's Corporate Plan and ensures Nunavummiut continue to receive reliable electricity, even in the most remote communities.



Energize: Key Achievements

- Awarded contracts for three new power plants in Cambridge Bay, Igloolik, and Gjoa Haven.
- Commissioned the Iqaluit G4 genset replacement and connected an Emergency Modular Unit in Rankin Inlet.
- Provided service connections for 14 new housing developments (350 kW) under the NU3000 program and 66 additional housing/infrastructure developments (4,634 kW) across the territory.
- Completed development of QEC's Distribution Standards.
- Integrated 286.4 kW from Customer-Installed Power Production (CIPP) and 172 kW from the Net Metering Program (NMP) into QEC's energy mix.
- Secured \$1.23 million in federal funding to build capacity within the Alternative and Renewable Energy team.

Strategic Milestones

- Established a dedicated Alternative and Renewable Energy Team to support growing clean energy demand and align with territorial and federal climate goals.
- Received approval from Natural Resources Canada (NRCan) to advance to the next stage of funding under the Smart Renewables and Electrification Pathways Program (SREP) for QEC's Advanced Metering Infrastructure (AMI) proposal.

- Advanced two major Independent Power Producer (IPP) projects in Sanikiluaq and Nauyasat from study to design stage.
- Completed the Sanikiluaq Substation Upgrade.
- Successfully recruited, trained, and retained engineering staff to support key capital initiatives.

Elevate: Overcoming Challenges & Fostering Growth

Training & Development

- HVAC system training for Mechanical team members.
- ETAP software training for the Distribution team.
- Participation in renewable energy conferences.

Team Collaboration & Culture

- Monthly team meetings were held to review lessons learned, address challenges, and improve project delivery.
- The Alternative and Renewable Energy Team delivered a public presentation in Iqaluit to share progress and engage stakeholders.

Evolve: Innovation & Future Priorities

Initiatives & Improvements

- Created a dedicated Alternative and Renewable Energy Team.
- Improved internal processes for contract payments (RCP), including the development of:
 - A contractor payment tracking database.
 - A project tracking database.
 - A contract tracking system.
 - A remote work and vacation scheduling tool.
- Enhancements to the monthly project status reporting system

Commitments for 2025-2026:

- Improve internal systems and provide stronger technical support to other teams.
- Advance the design and construction of three new power plants.
- Continue land acquisition efforts for future sites.
- Finalize project approval processes for new power plants in Chesterfield Inlet and Kugaaruk.

Power Plant Rebuild Projects

Ten power plants across Nunavut have been identified for replacement due to aging infrastructure nearing or exceeding their 40-year service life. While maintenance extends the lifespan of some assets, full replacement is critical to ensuring safe and uninterrupted service.

New Power Plants

- Kugluktuk: A public Design-Build RFP was released in March 2025 for a new plant featuring four generator sets and two 90,000-litre fuel tanks.
- Cambridge Bay: Design-Build contract signed; design work underway.
- Gjoa Haven: Design-Build contract signed; 50% of design complete and major equipment ordered.
- Igloolik: Design-Build contract signed; 50% of design complete and major equipment ordered.

Genset Replacement

- Iqaluit G1: Tendering in progress.
- Whale Cove G1: Contract award in progress.
- Chesterfield Inlet G1: Contract awarded, and work initiated.
- Kimmirut G3: Genset procurement contract signed.
- Pond Inlet G3: Design-Build contract signed; design underway.
- Coral Harbour G2: Design-Build contract signed; 50% engineering complete.
- Kugaaruk G1, Baker Lake G4, Sanikiluaq G3: Design phase completed.
- Iqaluit G4: Installation and commissioning completed.
- Rankin Inlet G5: Installation completed.

Distribution Projects & Community Work

- Igloolik Feeder Upgrade (F1, F2, F3): Tendering in progress.
- Hall Beach Feeder Upgrade: Phase 1 completed.
- Gjoa Haven Feeder 2 Upgrade: Tendering initiated.
- Naujaat Fuel Connection: Physical work completed; final electrical inspection pending. Contract extended to September 2025.

RENEWABLE ENERGY PROGRAMS

Net Metering Program (NMP)

Launched in 2018, QEC's Net Metering Program enables residential customers and two municipal/hamlet accounts per community to install renewable generation systems (≤ 15 kW) and receive credits for excess energy sent back to the grid. A 10 kW institutional customer was grandfathered into the program prior to the 15 kW limit. The program continues to support customer engagement in energy sustainability.

NMP Program Summary		
Customer Type	Installed and In-Service (KW)	Approved but Not In-Service (KW)
Residential	42.0	95.3
Hamlets/Municipalities	130.0	100.0
Institutional	-	10.0
Total	172.0	205.3
Grand Total. 377.3 KW		

Commercial and Institutional Power Producer Program (CIPP)

QEC's CIPP Program allows existing commercial and institutional customers to generate renewable energy on their premises and sell all the energy generated to QEC. QEC buys power from CIPP participants at a rate equal to the corporation's diesel savings.

As of March 31, 2025, the corporation has:

CIPP Program Summary	
Installation Status	Capacity (KW)
Expressed Interest, No Application	971.12
Application, But not Commissioned	1,180.14
Commissioned, But not In-Service	142.0
Approved, Commissioned & In-Service	286.4
Grand Total	2,579.66 KW

Independent Power Producer Program (IPP)

QEC continued to implement the IPP Program. This program allows power producers outside of the utility to generate electrical power from renewable energy systems to sell directly to QEC. Inuit organizations will be given the first opportunity to own and operate community scale installations in their respective regions with 51% ownership of all IPP's. QEC can afford to pay IPPs the avoided cost of diesel.

The application received for Iqaluit is a data request application for a potential hydro project this project is in its exploratory phase.

IPP Program Summary		
Community	Applied & Integration Process Ongoing (KW)	Installed & Commercial Operations (KW)
Arviat	2,000	-
Baker Lake	2,000	-
Cambridge Bay	2,960	-
Coral Harbour	1,050	-
Iqaluit	15,000 to 30,000	-
Nauyasat	1,050	-
Rankin Inlet	3,000	-
Sanikiluaq	1,000	-
Grand Total. Approx. 28,060KW		

ALTERNATIVE ENERGY & RENEWABLE ENERGY EXPLORATION

QEC's mandate includes planning and providing for Nunavut's long-term needs for affordable energy, while considering Nunavut's desire to enhance energy self-reliance and to conserve energy and energy resources. To achieve this, QEC's Alternative advances initiatives to reduce the territory's reliance on diesel fuel and decrease greenhouse gas emissions while further working toward energy independence for Nunavummiut.

The Government of Nunavut's mandate, Katujjiluta, highlights investigating the potential for alternative building technologies to be used and manufactured in Nunavut as a territorial outcome. Continuing to build strong relationships with the land and providing a reliable power

supply drives the need to explore alternative energy options that emphasize energy-efficient and climate-friendly construction.

The reliability of some alternative energy sources, which produce intermittent rather than continuous or on-demand power, and the significant capital cost to transition to these sources are the biggest challenges to their implementation in Nunavut. These realities mean diesel powered generation can only be reduced for the foreseeable future but not eliminated. QEC's limited financial resources are used to maintain and rebuild aging diesel generation facilities; QECs renewable energy programs (CIPP & IPP) will leverage external investments to bring renewable energy into the grid.

Geothermal Energy

Geothermal energy is a renewable and clean source of power that draws heat from beneath the Earth's surface. High-grade geothermal energy can be used to generate electricity, while lower-grade geothermal energy can support community heating through district heating systems.

As of March 31, 2024, QEC completed the current phase of Nunavut's geothermal assessment. The study concluded that while geothermal resources exist, they are not commercially viable in the territory due to high costs, limited data, and low population density. Given these challenges, QEC will not pursue further geothermal research or development activities at this time.

Micro Modular Reactors (MMRs)

The Government of Canada classifies nuclear energy as a form of clean energy, opening the door to potential exploration of Micro Modular Reactors (MMRs) as an alternative to diesel-powered generation in remote communities. QEC is currently in an exploratory phase, collecting information to assess the technical, financial, environmental, and social feasibility of MMR technology in Nunavut. While interest exists, there are no plans or projects currently underway, and no MMR activities took place during the 2024–2025 fiscal year.

District Heating Systems (DHS)

District Heating Systems (DHS) capture thermal energy produced as a by-product of diesel-powered electricity generation and redistribute it to nearby buildings through insulated pipes. This system significantly reduces the need for institutional and commercial customers to burn additional fuel for heat, lowering maintenance costs and reducing emissions. DHS displaces approximately two million litres of heating fuel annually in Nunavut.

Through funding from the Government of Canada's Low Carbon Economy Fund (LCEF), QEC has successfully completed DHS installations in Sanikiluaq and Taloyoak. The Sanikiluaq system became fully operational in December 2021, followed by the Taloyoak system in December 2022. The Taloyoak project connected key facilities, including Netsilik School, Moses Teelktaq Pool, the Paleajook Eskimo Co-op garage, and two hamlet garages.

In 2024–2025, QEC began exploring opportunities to expand the DHS program territory-wide, including seeking additional funding to support this effort.



TEAM HIGHLIGHTS

HEALTH, SAFETY & ENVIRONMENT

The Health, Safety, and Environment (HSE) team is responsible for overseeing and promoting QEC's corporate health, safety, and environmental practices. The team's mandate is to:

- Minimize QEC's environmental footprint.
- Ensure employees understand their rights and responsibilities related to health, safety, and environmental stewardship.
- Promote compliance with QEC's Health and Safety Program and Environmental Management System.
- Develop and revise safe work practices and procedures.
- Provide health and safety training for employees and contractors.
- Investigate safety incidents, including near-misses and environmental spills, and implement preventive measures.
- Coordinate environmental assessments, hazardous materials reviews, and health risk studies.
- Collaborate with contractors on the remediation and monitoring of contaminated and legacy sites.
- Conduct annual due diligence studies, including soil monitoring.
- Ensure compliance with all relevant federal and territorial regulations.
- Liaise with the Government of Nunavut on legacy contamination issues, including financial liabilities inherited from the Northwest Territories Power Corporation and the Northern Canada Power Commission.
- Contribute safety and environmental insight into new power plant designs.
- Oversee the removal of hazardous waste, including waste oil, batteries, fuel, and glycol, via sealift from all communities.



Energize: Key Achievements

- As of August 2024, the HSE team has been fully staffed, with roles including Manager, Health and Safety Specialist, HSE Advisor, HSE Construction Coordinator, and Environmental Specialist.
- A Memorandum of Understanding was finalized with Petroleum Products Division (PPD) in 2024. This allows QEC to transfer materials from its Baker Lake land farm to PPD's new land farm (slated for construction in summer 2025), following a 2021 spill event that catalyzed the collaboration.

Elevate: Overcoming Challenges & Fostering Growth

Professional Development

- The HSE Manager attended the Utility Work Methods Conference to engage with industry best practices and safety innovations.
- The HSE Construction Coordinator participated in the Energy Safety Canada Conference.
- The HSE Advisor attended the CANTEC Environmental Conference.

Team Recognition & Activities

- The team celebrated the successful completion of HSE's annual inspections across 25 communities and the onboarding of a new team member with a staff luncheon.
- The team also participated in Environment Day through a community summer clean-up initiative.

Evolve: Innovation & Future Priorities

Initiatives & Improvements

- HSE joined the Solid Waste Solutions Initiative Steering Committee to support collaborative efforts across Nunavut for long-term waste solutions.
- All departmental files are now cloud-based, improving access and data integrity. Regular Teams meetings have increased internal collaboration.

Upcoming Commitments

- Continue expanding digital infrastructure for training and reporting.
- Support further collaboration on contaminated site management.
- Advance QEC's safety culture through employee engagement and proactive risk management.

HEALTH & SAFETY

QEC is committed to providing a safe and healthy work environment that minimizes occupational risk for employees, contractors, customers, and the public. Accountability at both individual and organizational levels is key to maintaining workplace well-being.



Workplace Fatality

Tragically, QEC experienced a workplace fatality on July 5, 2024. A Journeyman Electrician was fatally injured while working in an Emergency Generator Unit. The incident is under investigation, and QEC is actively reviewing processes to prevent future tragedies.

Certification of Recognition (COR)

In 2024, QEC achieved an 81% score on the COR Internal Audit, part of its ongoing accreditation with the Northern Safety Association. Since receiving COR status in 2013, QEC has continuously enhanced its Health and Safety Program to reflect best practices and audit feedback.

Training & Recognition

- QEC fully implemented its new HSE training tracking system in 2024–2025, streamlining record-keeping and identifying training needs across the corporation.
- Operator Training was held in Iqaluit from October 23 to November 1, 2024. Participants received HSE and operations training, audiometric testing, and custom-molded earplugs.

Training Delivered 2024-2024:

- **43** in *Standard First Aid*
- **43** in *Fall Protection*
- **48** in *WHMIS*
- **32** in *Transportation of Dangerous Goods (TDG)*
- **36** in *Fire Extinguisher Inspection*
- **132** in *Utility Work Protection Code*
- **46** in *Supervisor Safety Familiarization*
- **35** in *Electrical Safety and Arc Flash Awareness*
- **218** in *Contractor Safety Orientation*

Safety & Health Week

QEC celebrated Safety and Health Week with a range of activities:

- Photo contest for the 2025 QEC Calendar
- Daily teleconferences on safety topics with prize draws
- A presentation from Threads of Life speaker Melanie Kowalski-Fleming
- Safety luncheons in Rankin Inlet, Cambridge Bay, and Iqaluit

Safety Awards

During Operator Training, Awards of Excellence were presented to employees in Kugluktuk, Whale Cove, Kimmirut, and Grise Fiord for exemplary safety practices. The Safety Award Program continues to promote safe practices and strengthen QEC's safety culture.

ENVIRONMENT

Operating within a diesel-based system, the Environment team works to reduce environmental risk, monitor contamination, manage fuel infrastructure, and oversee spill response and remediation. Through a risk-based approach and ongoing collaboration with regulators and communities, QEC remains committed to environmental stewardship and regulatory compliance across all operations.

Contaminated Site Management

- Environmental Site Assessments (ESAs) remain central to QEC's risk-based approach to legacy contamination.
- In 2024, an ESA was conducted in Grise Fiord at the old power plant location.
- Annual soil sampling across QEC sites helps track contamination trends and guide remediation planning.

Fuel Supply Infrastructure

QEC continues to modernize its fuel supply systems to minimize environmental risk and ensure secure energy access in communities.

Spill Response (2024–2025)

Community	Response
<i>Rankin Inlet</i>	• 7,000L diesel spill due to overfill protection failure. • Remediation efforts were limited by critical infrastructure. • Containment was enhanced following ECCC direction after September runoff showed fuel migration risks. • Monitoring and further mitigation will continue into 2025.
<i>Igloolik</i>	• 130L engine oil spilled after a loader punctured a drum. • Spill was fully cleaned up; GN Spill File closed.
<i>Cambridge Bay</i>	• 113L engine oil spilled due to skid steer puncture. • Spill was fully cleaned up; GN Spill File closed.
<i>Pangnirtung</i>	• 100L engine oil spilled when a loader punctured a barrel during stock organization. • Spill was fully cleaned up; GN Spill File closed.

TEAM HIGHLIGHTS

HUMAN RESOURCES

The Human Resources (HR) team is a vital part of QEC's operations, responsible for building and sustaining a workforce that reflects the corporation's values of safety, accountability, inclusion, and service. HR leads initiatives that support employee development, promote organizational effectiveness, and ensure QEC remains a competitive and attractive employer across Nunavut.



The team's work is anchored in three core functions:

- **Staffing and Recruitment:** Attracting, developing, and retaining qualified staff through equitable hiring practices that align with QEC's Inuit Employment Plan and the Government of Nunavut's Priority Hiring Policy.
- **Labour and Employee Relations:** Promoting respectful workplace culture, managing collective bargaining and grievance processes, and ensuring fair and transparent application of employment policies and practices.
- **Inuit Employment Programs:** Increasing Inuit representation across all levels of the organization by administering programs that support career development, leadership growth, student hiring, and local capacity building.

Energize: Key Achievements

- Partnered with Northern Counselling and Therapeutic Services (NCTS) to provide in-person and remote mental health and counselling support to all employees and their families.
- Completed a corporation-wide compensation review, resulting in a 12% salary increase across all employee groups, effective January 2025.
- Launched QEC Connect, the corporation's first townhall series to share organizational updates, celebrate staff, and strengthen engagement.
- Rolled out the Performance Management System, providing consistent and simplified review processes for all employees.

Elevate: Overcoming Challenges & Fostering Growth

Professional Development & Collaboration

- Attended career fairs in Edmonton, Toronto, and Iqaluit to increase brand awareness and promote employment opportunities.
- Strengthened relationships with Nunavut Arctic College and NAIT to attract and retain local talent.
- Supported team upskill:
 - Specialist, Employee & Labour Relations: pursuing a Master of Laws (LLM) in Labour and Employment Law.
 - Staffing Officer: working towards an Accredited HR Certification.
 - Director, HR: completed a Masters' Certification in Public Sector Leadership and Labour Law.

Team Recognition & Activities

- Bi-weekly “huddles” continued to foster internal connection and support.
- Staff explored local communities and land, including snowmobiling in Iqaluit, visiting igloos in Baker Lake, and hiking in Cambridge Bay.
- The Renewable Energy team presented their work at a public session in Iqaluit.

Evolve: Innovation & Future Priorities

New Initiatives & Policy Updates

- Launched a Job Share Policy to support flexible staffing and improve retention.
- Introduced Telework and Remote Work policies, expanding flexible work options.
- Provided training on addictions and substance use in the workplace through NCTS, including sessions for supervisors.
- Delivered trauma-informed leadership training remotely and in-person for Rankin Inlet and Cambridge Bay employees.
- Revamped the onboarding process for new hires to ensure consistency and clarity.

Technology & System Enhancements

- Implemented an Applicant Tracking System (ATS) to streamline recruitment, improve transparency, and reduce administrative hours.
- Updated all employee handbooks.
- Reintroduced the QEC HR Teams Channel, providing training, policy links, and well tools.

Upcoming Commitments

- Launch QEC's first Employee Engagement Survey.

-
- Expand in-person training in respectful workplace practices and interpersonal leadership.
 - Continue improvements to onboarding, career development, and staff wellness initiatives.
-

Staffing and Recruitment

In 2024–25, the HR team filled 41 positions through competitive processes or developmental transfers. Of these:

- 80% were term or indeterminate placements.
- 57% of QEC's workforce identify as Nunavut Inuit (as of March 31, 2025).

QEC adheres to the Government of Nunavut's Priority Hiring Policy, with job ads and screening processes clearly stating preference for Inuit applicants. Additional staffing strategies include:

- Hosting Inuit-only or community-specific competitions.
- Promoting casual Inuit employees to permanent roles based on performance.
- Hiring Inuit staff in temporary roles to build qualifications for future competitions.
- Strengthening relationships with high schools and post-secondary institutions.
- Promoting the Summer Student Program through outreach and career fairs across Nunavut and Canada.

Labour & Employee Relations

Collective Bargaining

QEC's Collective Agreement with the Nunavut Employees Union expired on December 31, 2024. The union served notice to bargain. QEC's HR team has secured Board and Cabinet approval for the negotiation team composition and is working with the Human Resources team to finalize dates for negotiations.

Grievance Management

As of March 31, 2025, QEC has two active grievances referred to arbitration. All other grievances this fiscal year were resolved through early intervention or before reaching arbitration.

Performance Management & Compensation

QEC introduced a simplified and standardized Performance Management System, resulting in increased compliance and positive feedback from staff.

In 2024–2025, HR also:

- Implemented salary adjustments following a comparative market review, resulting in a 12% increase effective January 2025.
- Ensured the salary increase aligned with the collective bargaining mandate, avoiding further adjustments in 2025.

Inuit Employment Program (IEP)

QEC's IEP division administers six interconnected initiatives designed to grow Inuit representation across all levels of the corporation. These programs are grounded in Inuit Societal Values and the principles of Inuit Qaujimajatuqangit.

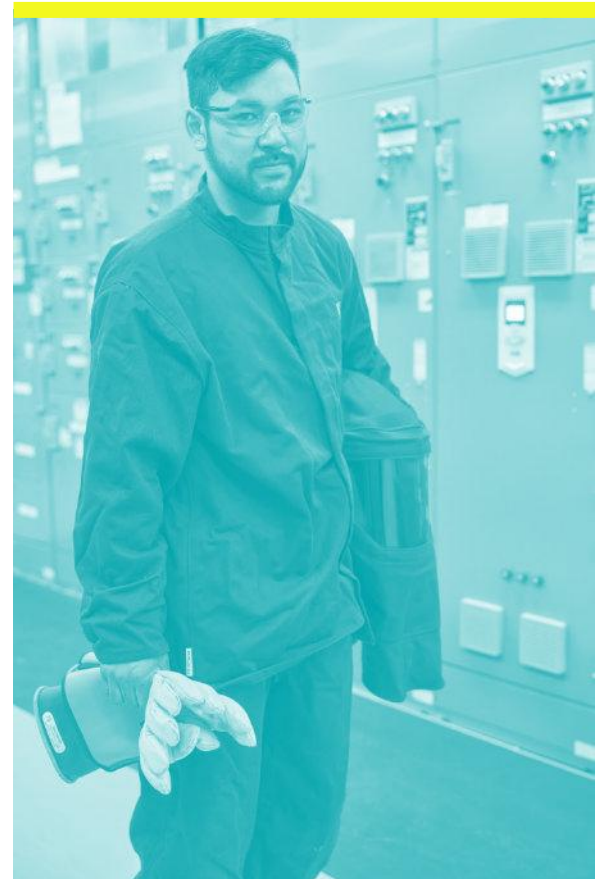
Summer Student Program (SSP)

- Aims to provide meaning work experience for Nunavut students.
- Did not run in 2024-2025.
- In spring of 2024, QEC advertised the summer student positions and plans to hire 21 students for the 2025-2026 years, the highest number in five years.

Inuit Career Development Program (ICDP)

Connects Inuit employees with supervisors to create personalized career plans.

As of March 31, 2025:



81
Inuit
employees
engaged

42
Plans
completed

3
In progress

36
declined

Apprenticeship Program

- Approved by QEC's Board in March 2023.
- Four employees selected; one has completed their first year, and three are completing enrollment.

Inuit Leadership Development Program (ILDLP)

- Supports Inuit employees in achieving professional and leadership goals.
- Two employees in Finance and one employee in Operations are actively engaged in this program.

IEP & Inuit Qaujimajatuqangit (IQ) Committees

- The IEP Committee will relaunch in 2025 to oversee Inuit Employment progress and policy review.
- The IQ Committee will also be relaunched in the next fiscal year to guide integrations of Inuit values into employment practices.

Employment Summary as of March 31, 2025

	Positions				Nunavut Inuit	
	Total Positions	Vacancies	Filled	% Capacity	Hired	% IEP
Employment summary, by category						
Executive	4.00	1.00	3.00	75%	1.00	33%
Senior Management	6.00	1.00	5.00	83%	0.00	0%
Middle Management	30.00	5.00	25.00	83%	8.00	32%
Professional	105.00	25.00	80.00	76%	40.00	50%
Paraprofessional	47.40	9.00	38.40	81%	27.40	71%
Administrative Support	24.00	5.00	19.00	79%	19.00	100%
Total	216.40	46.00	170.40	79%	95.40	56%
Employment summary, by community						
Arctic Bay	1.60	0.00	1.60	100%	1.60	100%
Arviat	2.00	0.00	2.00	100%	2.00	100%
Baker Lake	47.00	9.00	38.00	81%	24.00	63%
Cambridge Bay	12.00	2.00	10.00	83%	5.00	50%
Chesterfield Inlet	1.60	0.00	1.60	100%	1.60	100%
Clyde River	1.60	0.00	1.60	100%	1.60	100%
Coral Harbour	1.60	0.00	1.60	100%	1.60	100%
Gjoa Haven	2.00	0.00	2.00	100%	2.00	100%
Grise Fiord	1.60	0.00	1.60	100%	1.60	100%
Igloolik	2.00	0.00	2.00	100%	2.00	100%
Iqaluit	100.00	28.00	72.00	72%	21.00	29%
Kimmirut	1.60	0.00	1.60	100%	1.60	100%
Kinngait	2.00	0.00	2.00	100%	2.00	100%
Kugaaruk	1.60	0.00	1.60	100%	1.60	100%
Kugluktuk	3.00	1.00	2.00	67%	2.00	100%
Nauyasat	1.60	0.00	1.60	100%	1.60	100%
Pangnirtung	2.00	0.00	2.00	100%	2.00	100%
Pond Inlet	2.00	0.00	2.00	100%	2.00	100%
Qikiqtarjuaq	1.60	0.00	1.60	100%	1.60	100%
Rankin Inlet	20.00	4.00	16.00	80%	11.00	69%
Resolute Bay	1.60	0.00	1.60	100%	1.60	100%
Sanikiluaq	1.60	0.00	1.60	100%	1.60	100%
Sanirajak	1.60	1.00	0.60	38%	0.60	100%
Taloyoak	1.60	0.00	1.60	100%	1.60	100%
Whale Cove	1.60	1.00	0.60	38%	0.60	100%
Total	216.40	46.00	170.40	79%	95.40	56%
Employment summary, by Iqaluit and other communities						
Iqaluit	100.00	28.00	72.00	72%	21.00	29%
Other Communities	116.40	18.00	98.40	85%	74.40	76%
Total	216.40	46.00	170.40	79%	95.40	56%

TEAM HIGHLIGHTS

INFORMATION TECHNOLOGY

The Information Technology (IT) team supports QEC's operations and strategic priorities through secure, reliable and innovative digital infrastructure. Based primarily at the corporation's headquarters in Baker Lake, with additional staff in Iqaluit, the IT team connects all staff throughout the territory through its essential services, which include Operation Technology (OT) communications, enterprise applications, user support, cybersecurity, and application development.



Energize: Key Achievements

- Successfully migrated QEC's entire IT infrastructure to the GN's network on June 24, 2025. This transition significantly improved network speed, redundancy, and protection against cybersecurity threats.
- Completed a full internal assessment of QEC's IT infrastructure and vendor landscape, which informed the development of a strategic technology roadmap to support future innovation and security.
- Initiated the safe migration of key applications to the cloud, taking advantage of the new network's enhanced capabilities.
- Finalized a five-year Applications Roadmap outlining the modernization of QEC's core digital systems, with a focus on security, efficiency, and automation.

Elevate: Overcoming Challenges & Fostering Growth

- Implemented advanced security tools and protocols, including Microsoft cloud-based platforms, to improve system resilience, protect sensitive data, and strengthen QEC's cybersecurity posture.
- Participated in continuous improvement (Kaizen) efforts with GN IM/IT to refine the support model post-migration and enhance service delivery to QEC staff.

- Supported staff training and adaptation during the transition to the new IT environment, helping users navigate new tools and processes.

Evolve: Innovation & Future Priorities

- Developed a strategic IT vision focused on increasing efficiency within communities by providing real-time access to data and enhancing system automation and monitoring to support electricity generation and service delivery.
- Continued modernization efforts through the ongoing evaluation of emerging technologies and vendor solutions to meet QEC's evolving needs.
- Prioritized business continuity, risk mitigation, and operational reliability through infrastructure upgrades and system hardening.
- Strengthened collaboration with the GN Department of Community and Government Services (CGS) to streamline governance and ensure long-term sustainability of IT services

GN Network Integration & Strategic Alignment

Following Cabinet approval in April 2023 and formal direction in June 2023, QEC's IT network was fully integrated into the Government of Nunavut's infrastructure by June 24, 2024. The transition was a milestone project, executed in partnership with GN's IM/IT teams, and marked a significant step forward in achieving alignment, system reliability, and cybersecurity enhancement.

Since the migration, both teams have worked together under a continuous improvement framework to refine support models, ensure seamless service delivery, and optimize the digital experience for QEC staff across the territory.

TEAM HIGHLIGHTS

FINANCE

The Finance department is located at the head office in Baker Lake with employees situated in the regional offices in Iqaluit, Rankin Inlet and Cambridge Bay. Finance plays a critical role ensuring that QEC meets its regulatory responsibilities, and financial and customer needs.

The focus of the Finance department is to:

- Ensure accurate billing and collection of revenue.
- Enhance quality of customer service.
- Provide payments to suppliers on a timely basis.
- Manage the control systems to ensure proper approval of expenditures.
- Manage QEC's debt and funding needs.
- Administer and manage the government funded projects.
- Provide internal services such as reporting, payroll and procurement.
- Provide regulatory support.

Energize: Key Achievements

- **Fuel Stabilization Rate (FSR) Adjustments:**
The FSR charge was reduced mid-year from \$0.0370/kWh to \$0.01350/kWh in October 2024, providing cost relief while maintaining fund balance thresholds.
- **Rate Adjustments Approved:**
Ministerial approval was granted for increased electricity rates, including customer service charges and energy rates effective April 1, 2025, ensuring operational sustainability.
- **Capital Investments in Generation:**
Increased capital expenditures in 2024–25 due to the Rankin Inlet G5 & G6 genset replacement and emergency unit installations in six communities.
- **Interest-Free Loan from GN:**
In March 2025, QEC received the first phase (\$52 million) of a \$100 million interest-free loan from the Government of Nunavut to offset net operating losses and reduce outstanding debt to Petroleum Products Division.

Elevate: Overcoming Challenges & Fostering Growth

- **Improved Inventory Controls:**
Inventory counts were completed in 24 communities (all except Kimmirut) by October 2024.

This supported better physical inventory management, enhanced documentation, and strengthened collaboration between departments.

- **Enhanced Internal Coordination:**

Continued collaboration between Finance, Operations, and Engineering helped improve inventory documentation, reporting timelines, and contractor coordination.

- **Regulatory Compliance & Transparency:**

QEC maintained compliance with Section 84 of the Financial Administration Act with no debt forgiveness occurred during the fiscal year.

- **Customer Support Programs:**

QEC continues to support two GN electricity subsidy programs by applying eligible subsidies directly to customer bills.

Evolve: Innovation & Future Priorities

- **Debt Optimization:**

In addition to the new loan, four previous GN loans were consolidated and converted into interest-free loans, lowering the long-term debt burden.

- **Strategic Financial Planning:**

Interest rates on short-term borrowing decreased in 2024-2025.

- **Future Regulatory Planning:**

QEC continues to monitor feedback from the General Rate Application (GRA) and plans to implement insights when submitting the next GRA in 2026-2027.

Increasing Internal & External Transparency

General Rate Application (GRA) | *In collaboration with the Corporate Affairs Team*

QEC is committed to charging its customers fair electricity rates. QEC typically files a GRA in 3–4-year intervals. The application is reviewed by the Utility Rates Review Council (URRC), with opportunities for public input. These adjustments are necessary to ensure QEC can invest in aging infrastructure and meet the territory's growing energy needs. The proposed changes aim to improve cost recovery and support the continued delivery of safe, reliable electricity across Nunavut.

In 2024, QEC submitted a GRA to the Minister responsible for QEC, requesting amendments to electricity rates effective April 1, 2025.

Key elements of the application approval include:

- A proposed 9.1% increase in energy rates.
- A 12.5% increase in streetlight rates.
- An increase to the monthly service charge for residential customers (from \$18 to \$36) and commercial demand customers (from \$8 to \$16 per kW).

To protect Nunavummiut, non-government residential customers continue to receive support under the Nunavut Electricity Subsidy Program (NESP) and the Nunavut Housing Corporation- User Pay Program for public housing tenants, ensuring these changes do not impact their monthly bills.

Federal Funding Programs | *In collaboration with the Corporate Affairs Team*

The Arctic Energy Fund (AEF) is a federal funding program aimed at enhancing energy efficiency and reliability in the North and is offered through Infrastructure Canada's Investing in Canada Infrastructure program. This fund will provide QEC up to \$175 million under a 75/25 percent shared cost arrangement through March 31, 2034.

Under this major construction initiative, QEC has identified complete power plant rebuilds and generator set replacements across the territory. These upgrades are required to replace aging infrastructure and to ensure QEC meets the energy needs of Nunavut's communities. The cost of plant replacements has increased greatly from the initial estimates at the time of signing the AEF contribution agreements and these cost increases require QEC to find an external funder.

To date, the corporation has received AEF approval for four new diesel power plants (Kugluktuk, Cambridge Bay, Gjoa Haven and Igloolik) and nine diesel power generator upgrades in six other remote communities (Clyde River, Rankin Inlet, Chesterfield Inlet, Iqaluit, Coral Harbour, Pond Inlet, and Whale Cove). In October 2024, QEC awarded contracts to ADCO for the power plant construction project in Cambridge Bay and to Pilitak Enterprises Ltd for constructing power plants in Igloolik and Gjoa Haven. The negotiations for the tendering of the Kugluktuk Power Plant replacement are ongoing. If successful, QEC expects to award this contract before the end of the 2025 calendar year.

Under the AEF program, QEC had planned to replace the power plants in Kugluktuk, Cambridge Bay, Igloolik, Gjoa Haven, Kugaaruk, and Chesterfield Inlet; however, the funding was not sufficient for all the communities.

A Chesterfield power plant replacement application for AEF funding was submitted in February 2025, which will utilize the remaining unallocated \$31 million of AEF funds. The genset in Iqaluit was installed in June 2024 and is scheduled for completion in summer 2025.

Highlights of Operations and Accumulated Surplus

For the year ended March 31st (\$ in thousands)	2025	2024	2023	2022	2021
Revenues					
Sale of Power	\$157,801	\$149,907	\$135,706	\$130,891	\$127,476
Sale of Heat	1,109	2,194	956	698	524
Government contributions	8,654	12,088	7,152	9,304	3,417
Other Income	5,305	6,202	5,113	5,220	5,666
Insurance proceeds	-	-	-	-	-
Total Revenues	172,869	170,391	148,927	146,113	137,083
Total Expenses	193,089	186,193	149,225	135,382	133,142
Surplus (deficit) for the Year	\$(20,220)	\$(15,802)	\$(298)	\$10,731	\$3,941

Total revenues in 2024-25 increased by 1.0% compared to the previous fiscal year. While there was an increase in revenue from the sale of power of 5.3%, as a result of increased electrical sales (kWh), a reduction in Government contributions largely offset that increase.

The corporation assists in the administration of two support programs:

- 1) The Public Housing Power Support Program (PHPSP) subsidizes qualifying residential customers living in public housing. Customers in the program are billed at the rate of 6.0 cents per kilowatt hour for their power usage. QEC invoices Nunavut Housing Corporation for the difference between the approved residential rate and the 6.0 cents per kilowatt hour for customers in this program.
- 2) The Nunavut Territorial Power Support Subsidy (NTPSS) subsidizes all other qualifying residential customers at 50 percent of the Iqaluit base rate on the first 700 kilowatt hours consumed each month from April to September and on the first 1,000 kilowatt hours consumed each month from October until March. QEC invoices the Government of Nunavut on a monthly basis for the NTPSS subsidy and applies the subsidy directly to qualifying customers' bills each month.

Arctic Energy Fund grants that were earned during the 2024-25 fiscal year amount to \$8,359 (compared to \$7,437 in 2023-24), booked as income under Government contributions. These grants are designed to offset the related capital expenditures that qualify for the program which aims to help provide more efficient and/or reliable energy in Nunavut.

Other Income (as indicated in the table above) decreased by \$897 mainly due to an increase in recoverable projects, interest revenue on the available cash and rent recoveries from staff housing.

Overall Total Expenses increased by 4% (compared to a 24.7% increase in 2023-24) mainly from increased overhaul expenses (materials, labour, and travel), as well as increased interest on long-term debt and fuel prices.

2024-25 Audited Financial Statements to Follow

FINANCIAL STATEMENTS

QULLIQ ENERGY CORPORATION

FINANCIAL STATEMENTS

March 31, 2025

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MANAGEMENT STATEMENT

October 8, 2025

The Financial Statements, Management's Discussion and Analysis, and related financial information presented in this Annual Report have been prepared by the management of Qulliq Energy Corporation. Management is responsible for the integrity, consistency and reliability of all such information presented.

Management is responsible for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; and for ensuring compliance with applicable authorities. The preparation of the financial statements involves the use of estimates and assumptions based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience, current conditions and various other assumptions believed to be reasonable in the circumstances, with critical analysis of the significant accounting policies followed by the Corporation.

In discharging its responsibility for financial reporting, management is responsible for maintaining financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and controlled, proper records are maintained, and applicable authorities are complied with. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to the Corporation's policies and statutory requirements.

Qulliq Energy Corporation's Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The external auditors have full and open access to the Board of Directors, with and without the presence of management.

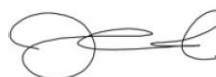
Qulliq Energy Corporation's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Corporation and issuing her report thereon.

On behalf of Qulliq Energy Corporation's management:



Ernest Douglas

President and Chief Executive Officer, Acting Vice-President, Finance / Chief Financial Officer



James Arreak

Vice-President, Corporate Services



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister Responsible for Qulliq Energy Corporation

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Qulliq Energy Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2025, and the statement of operations and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our Report on the Audit of the Financial Statements, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2025, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Canadian public sector accounting standards require inventories for use to be reported as a non-financial asset when acquired and recognized as an expense when used. Management has not implemented reliable count procedures and appropriate procedures to account for the usage of its spare parts and lubricants inventories, and we were not able to satisfy ourselves concerning those inventory quantities by alternative means. As a result, we were unable to determine whether any adjustments might be necessary to reported non-financial assets as at 31 March 2025 and 31 March 2024 and to the results of operations, changes in net debt and cash flows for the years then ended. Our audit opinion on the financial statements for the year ended 31 March 2024 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Qualified Opinion

In conjunction with the audit of the financial statements, we have audited transactions of Qulliq Energy Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part IX of the *Financial Administration Act* of Nunavut and regulations, the *Qulliq Energy Corporation Act* and regulations, and the by-laws of Qulliq Energy Corporation.

In our opinion, except for the matter of non-compliance described in the *Basis for Qualified Opinion* section of our Report on Compliance with Specified Authorities, the transactions of Qulliq Energy Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act* of Nunavut, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by Qulliq Energy Corporation and the financial statements are in agreement therewith.

Basis for Qualified Opinion

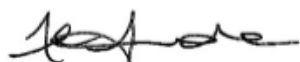
Subsection 100(1) of the *Financial Administration Act* of Nunavut requires Qulliq Energy Corporation to submit its annual report to its Minister not later than 90 days after the end of its financial year or an additional period, not exceeding 60 days, that the Minister of Finance may allow. Qulliq Energy Corporation did not meet its extended statutory deadline for submitting its annual report to its Minister for the year ended 31 March 2025.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for Qulliq Energy Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Qulliq Energy Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Firyal Awada, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
8 October 2025

QULLIQ ENERGY CORPORATION**Statement of Financial Position****As at March 31***(in thousands of dollars)*

	2025	2024
Financial assets		
Cash (Note 3)	\$ 164	\$ 27,936
Accounts receivable (Note 4)	48,039	42,007
	48,203	69,943
Liabilities		
Bank indebtedness (Note 5)	-	10,000
Accounts payable and accrued liabilities (Note 6)	19,717	17,074
Asset retirement obligations (Note 7)	3,798	3,231
Utility deposits	1,855	1,844
Deferred revenue	5,165	3,640
Due to Petroleum Products Division	41,274	63,371
Debt (Note 8)	263,232	218,232
Due to the Governments of Nunavut and Canada (Note 9)	174	174
Employee future benefits (Note 10)	5,401	3,222
	340,616	320,788
Net debt	(292,413)	(250,845)
Non-financial assets		
Tangible capital assets (Schedule A)	374,296	355,730
Inventories for use (Note 11)	32,436	29,501
Prepaid expenses	2,331	2,484
	409,063	387,715
Accumulated surplus	\$ 116,650	\$ 136,870

Contractual obligations (Note 16)
 Contractual rights (Note 18)
 Environmental liability for contaminated sites (Note 19)
 Contingencies (Note 21)

Approved on behalf of the Board:


Jeannie Ehloak
 Chair, Board of Directors



Nayab Khan
 Chair, Finance and Audit Committee

The accompanying notes and schedule are an integral part of these financial statements.

QULLIQ ENERGY CORPORATION**Statement of Operations and Accumulated Surplus****For the year ended March 31***(in thousands of dollars)*

	2025	2025	2024
	Budget	Actual	Actual
Revenues			
Sales of power (Note 12)	\$ 156,888	\$ 157,801	\$ 149,907
Government contributions (Note 17)	5,000	8,654	12,088
Other income (Note 13)	4,678	5,305	6,202
Sales of heat	1,440	1,109	2,194
Total revenues	168,006	172,869	170,391
Expenses by department (Note 14)			
Plant Operations	89,578	103,281	94,139
Shared (Corporate)	33,709	32,301	36,220
Property Management	10,112	10,172	10,467
Lines Operations (East & West)	4,826	5,842	8,833
Regional Operations	6,412	10,798	7,792
Finance	6,885	7,781	6,365
Information Technology	5,438	5,296	5,387
Territorial Operations	3,041	3,499	4,186
Health, Safety & Environment	2,252	2,978	3,486
Iqaluit Office	1,845	3,072	3,294
Engineering	3,438	3,853	2,644
Human Resources	1,742	2,009	1,451
Corporate Affairs	1,733	1,577	1,131
Residual Heat	424	327	494
Board	293	303	304
Total expenses	171,728	193,089	186,193
Surplus (deficit) for the year	(3,722)	(20,220)	(15,802)
Accumulated surplus, beginning of the year	136,870	136,870	152,672
Accumulated surplus, end of the year	\$ 133,148	116,650	\$ 136,870

The accompanying notes and schedule are an integral part of these financial statements.

QULLIQ ENERGY CORPORATION**Statement of Change in Net Debt****For the year ended March 31***(in thousands of dollars)*

	2025 Budget	2025 Actual	2024 Actual
Surplus (deficit) for the year	\$ (3,722)	\$ (20,220)	(15,802)
Tangible capital assets			
Additions	(26,876)	(32,903)	(17,125)
Capitalized overhead	(1,302)	(1,375)	(195)
Capitalized interest (Note 15)	(222)	(272)	(99)
Amortization	16,560	15,963	16,092
Write-down, disposals and adjustments	-	21	552
	(11,840)	(18,566)	(775)
Additions to inventories for use	(70,000)	(75,809)	(63,763)
Consumption of inventories for use	70,000	72,874	66,849
Additions of prepaid expenses	(5,000)	(9,817)	(6,093)
Use of prepaid expenses	5,000	9,970	6,220
	-	(2,782)	3,213
Increase in net debt for the year	(15,562)	(41,568)	(13,364)
Net debt, beginning of the year	(250,845)	(250,845)	(237,481)
Net debt, end of the year	\$ (266,407)	\$ (292,413)	\$ (250,845)

The accompanying notes and schedule are an integral part of these financial statements.

QULLIQ ENERGY CORPORATION**Statement of Cash Flow****For the year ended March 31***(in thousands of dollars)*

	2025	2024 (Note 23)
Cash provided by (used for) operating activities:		
Cash received from customers	\$ 160,402	\$ 165,696
Government contributions received	7,276	5,072
Cash paid to suppliers	(147,139)	(96,789)
Cash paid to employees	(39,862)	(38,282)
Interest paid	(11,037)	(13,641)
Cash (used for) provided by operating activities	(30,360)	22,056
Cash used for capital activities:		
Tangible capital asset acquisitions	(32,412)	(15,904)
Cash used for capital activities	(32,412)	(15,904)
Cash provided by (used for) financing activities:		
Increase in debt	77,000	25,000
Repayment of debt	(32,000)	(26,530)
Cash provided by (used for) financing activities	45,000	(1,530)
(Decrease) increase in cash	(17,772)	4,622
Net cash, beginning of year	17,936	13,314
Net cash, end of year	\$ 164	\$ 17,936
Represented by:		
Cash	164	27,936
Bank indebtedness	-	(10,000)
	<u>164</u>	<u>17,936</u>

The accompanying notes and schedule are an integral part of these financial statements.

QULLIQ ENERGY CORPORATION
Notes to the Financial Statements
March 31, 2025
(in thousands of dollars)

1 The Corporation

(a) Authority and corporate information

Authority - The Qulliq Energy Corporation (the Corporation) is a territorial corporation and operates in accordance with Part IX of the *Financial Administration Act* of Nunavut and the *Qulliq Energy Corporation Act*. The Corporation is exempt from income taxes under the *Income Tax Act* (Canada).

Mandate - The Corporation's mandate is to provide energy to residents and businesses in Nunavut on a safe, reliable and efficient basis and in a manner which minimizes the impact on the environment. The Corporation is also mandated to plan and provide for energy self-reliance for Nunavut and to inform consumers on conservation opportunities.

The Corporation supplies electricity to its customers through the operation of 25 independent diesel generation plants and distribution systems in 25 communities in Nunavut. The Corporation supplies heat through 5 residual heat systems connected to 5 of those plants.

Economic dependence - The Corporation is economically dependent on the Government of Nunavut which, directly and indirectly, accounts for the majority of the Corporation's sales of power. The Government of Nunavut has advanced long-term debt to QEC and also guarantees the Corporation's debt from a third party.

(b) Regulated activities

The Corporation is subject to the *Utilities Rate Review Council Act* for the establishment of rates and terms and conditions of service. The purpose of the Utilities Rate Review Council (URRC) is to advise the Minister of Energy on rates and terms and conditions of service. Final approval of the rates and terms and conditions of service rests with the Minister and the Government of Nunavut. As the URRC is appointed by the Government of Nunavut and the Corporation is a territorial corporation, the Corporation and the URRC are related parties.

The rate recommendations of the URRC are based on a cost of service mechanism, where the objective is to i) establish revenue that is sufficient to recover the forecasted operating costs of providing regulated services, including amortization; and ii) to provide a fair and reasonable return on utility investments.

The Corporation maintains a Fuel Stabilization Rate Fund (FSRF). The purpose of the FSRF is to track differences between the fuel price included in the base electricity rates approved by the Minister Responsible for QEC and the actual fuel price paid by the Corporation. The Corporation prepares a forecast for the FSRF every six months. When the forecasted balance of the FSRF exceeds \$1,000 (positive or negative), an application is made to the Minister Responsible for QEC to approve a rider to be applied on power bills and bring the forecast balance to \$0. This results in an additional charge or refund to customers on their monthly power bills. The rider applied to customers in public housing bills is charged or credited to the Public Housing Support Subsidy Program.

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2 Significant accounting policies

These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board (PSAB). The following is a summary of significant accounting policies:

(a) Budget

Budgeted figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors and the Financial Management Board of Nunavut.

(b) Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with PSAS requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates and assumptions are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these financial statements, the Corporation believes the estimates and assumptions to be reasonable.

The more significant management estimates and assumptions relate to employee future benefits liabilities, allowance for doubtful accounts, provision for environmental liabilities, the useful life of tangible capital assets, asset retirement obligations, and the valuation of inventories for use.

(c) Cash

Cash is comprised of bank account balances (net of outstanding cheques).

(d) Bank indebtedness

Bank indebtedness is comprised of CORRA loans which are not offset against cash as there is no legally enforceable right to offset these obligations against other bank accounts. Where bank indebtedness is repayable on demand and is determined by the Corporation to form an integral part of the cash management of the Corporation, it is included with Cash when reconciling the opening and closing cash flow balances on the statement of cash flow.

(e) Accounts receivable

Accounts receivable are valued at cost. Valuation allowances, if necessary, are recorded based on all circumstances known at the date the financial statements are prepared including past events and current conditions.

A valuation allowance for impairment of accounts receivable is established when there is objective evidence that the Corporation will not be able to collect all amounts due, according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, default or delinquency in payment and inability to locate the debtor are considered indicators that accounts receivable are impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the Statement of Operations and Accumulated Surplus as bad debt expense. When an account receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against bad debt expense in the Statement of Operations and Accumulated Surplus. Write-offs of accounts receivable are approved by the Corporation's Board of Directors, and, if the individual account exceeds \$20, with the express authority of an Act for that write off.

(f) Inventories for use

Inventories for use consists of fuel, supplies, lubricants and spare parts. Fuel is valued at the lower of cost and replacement cost, with the cost being determined on a weighted average cost method. Supplies, lubricants and spare parts are valued at the lower of cost and replacement cost, with the cost being determined on a first-in first-out basis. Impairments, when recognized, result in a write-down to replacement cost and are recorded as an expense within the Statement of Operations and Accumulated Surplus.

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(g) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at original cost less accumulated amortization. Costs include contracted services, direct labour, materials and supplies, development costs, a proportionate share of overhead costs, contractual or legal obligations associated with the retirement of tangible capital assets, and an allowance for interest capitalized on construction projects. Amortization of tangible capital assets is provided on a straight-line average useful life basis using the following rates or range of rates:

	Useful life
Leased land	35 years
Generation assets	20 to 40 years
Distribution assets	15 to 45 years
Other assets	10 to 20 years
Non-plant buildings	45 years
Vehicles	12 years
Residual heat assets	25 years

Assets under construction are not amortized until put into production.

Land leases that transfer substantially all of the benefits and risks incidental to ownership of the land are accounted for as leased land. The value of leased land is recorded at the inception of the lease based upon the present value of minimum lease payments, excluding executory costs. When payment of the lease is made in full at inception, there is no associated capital lease obligation. Leased land is amortized on a straight-line basis over the lesser of the lease term or the useful life of the structure (generation asset) situated on it.

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the Statement of Operations and Accumulated Surplus and is not reversed if conditions subsequently change. Write-offs of tangible capital assets are approved by the Corporation's Board of Directors, and, if the individual account exceeds \$20, with the express authority of an Act for that write-off.

(h) Project development costs

The Corporation undertakes certain projects whose objective is to pursue development of alternate energy generation. While in progress, these development costs are included under work in progress in tangible capital assets. If it is later determined that a project will not proceed to completion, that project is closed out and any costs previously capitalized are expensed in the Statement of Operations and Accumulated Surplus. The costs of completed projects are transferred to the costs of the resultant tangible capital assets when that asset is placed into productive use.

(i) Government funding

Government contributions are obtained in relation to operations and are recognized as revenue when the funding is authorized and any eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability. Funding is recognized as deferred revenue when funding stipulations give rise to a liability or as a loan when the amount is repayable. Funding revenue is recognized in the Statement of Operations and Accumulated Surplus as the stipulated liabilities are settled.

The Government of Nunavut has provided certain services without charge to the Corporation. These services have been recorded at the Government of Nunavut's carrying amount in the Corporation's financial statements as government contributions, and an equivalent amount has been expensed or capitalized based on the Corporation's capitalization policy.

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(j) Employee future benefits liabilities

(i) Pension plan - Eligible employees participate in the Public Service Pension Plan (the Plan), a multi-employer pension plan administered by the Government of Canada. The Corporation's contributions to the Plan are expressed as a percentage of employees' contributions. The percentage may fluctuate from year to year depending on the experience of the Plan. The Corporation's contributions are recorded as an expense on a current year basis and represent the total pension obligations of the Corporation. The Corporation is not required to make contributions with respect to any past service or funding deficiencies of the Plan. The Corporation's contributions reflect the full costs as employer.

(ii) Severance and removal benefits - Under the terms and conditions of employment, eligible employees may earn severance benefits and removal benefits for relocation costs. The severance benefits are paid upon resignation, retirement or death of an employee and are based on years of service and final salary. Removal benefits are based on years of service and their community of residence. The expected cost of providing these benefits is based on an actuarial valuation and is accrued as a liability as employees render service.

(iii) Sick leave benefits - Included in employee future benefits liabilities is an amount for employees who are permitted to accumulate unused sick leave. These entitlements do not vest and can be used only in the event of illness. The amount of accumulated sick leave entitlements which are expected to be used in future years is based on an actuarial valuation.

(iv) Special leave benefits - Included in employee future benefits liabilities is an amount for employees who are permitted to accumulate unused special leave. These entitlements do not vest and can only be used where exceptional circumstances, which are not directly attributable to the employee, prevent their reporting to duty. The amount of accumulated special leave entitlements which are expected to be used in future years is based on an actuarial valuation.

(v) Retirement benefits - Under the terms and conditions of employment, employees, upon retirement, are entitled to enroll in health and dental benefit programs, the cost of which are cost-shared by the Corporation. The estimated liability and related expenses for these benefit programs are recorded as employees earn them. The amount of accumulated retirement benefits which are expected to be used in future years is based on an actuary valuation.

(k) Revenue recognition

Revenue is derived from the sale of power, heat, and other services or recoveries. Revenue is recognized when a transaction or event has occurred, and when QEC is expected to obtain future economic benefits. Revenue from transactions with performance obligations is recognized when, or as, QEC satisfies a performance obligation by providing the promised services to a payor. Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods or services directly to a payor in return for promised consideration. QEC satisfies its performance obligation and recognizes revenue over a period of time when control of the benefits associated with the goods or services passes to the payor over a period of time. If a performance obligation is not satisfied over a period of time, QEC satisfies the performance obligation at a point in time. The performance obligation is satisfied when the payor obtains control of the benefits associated with the promised good or service. Where consideration is received from a payor prior to the provision of goods or services, these amounts are initially included in unearned revenue provided the definition of a liability is met. They are subsequently recognized as revenue as performance obligations are met.

The revenues disclosed are recurring in nature unless otherwise noted.

Sales of power

Utility sales contracts are generally comprised of long-term contracts that result in fees being applied monthly in exchange for the delivery of power to each customer. These revenues are recognized over a period of time by measuring the usage at established rates over the term of the contract.

Sales of heat

Residual heat sales are generally comprised of long-term contracts that result in fees being applied monthly in exchange for the delivery of residual heat captured by QEC to each customer. These revenues are recognized over a period of time by measuring the usage at established rates over the term of the contract.

Other income

Administrative and other services fees are generally earned based on one-time transactional support or services being offered to the customer and consist of one performance obligation that is satisfied at a point in time. These revenues are recognized when the service is provided to the customer.

Housing recoveries from employees for rent, fuel and utilities are amounts deducted from employees pay on a bi-weekly basis. These revenues are recognized over the period of time that the employee remains a tenant at QEC's on-site housing.

Capital funding from customers are project based recoveries for new services hooked up to the existing distribution network. Revenue would be recognized at a point in time when the project is completed.

Pole rentals are revenues earned from contracts with customers allowing these entities to use QEC's poles for their services. These revenues are recognized over the period of time that customers have access to the poles.

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(l) Financial instruments

The following is a list of the Corporation's financial instruments and their related measurement bases:

Financial Assets	Measurement Basis
Cash	Cost
Accounts receivable	Cost
 Financial Liabilities	
Bank indebtedness	Cost
Accounts payable and accrued liabilities	Cost
Utility deposits	Cost
Due to Petroleum Products Division	Cost
Debt	Amortized cost
Due to the Governments of Nunavut and Canada	Cost

As all financial instruments are measured at cost or amortized cost, there have been no remeasurement gains or losses. Therefore, the Statement of Remeasurement Gains and Losses has been excluded.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Surplus.

Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability. Transaction costs are added to the carrying value of the instruments when they are initially recognized.

(m) Environmental liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Corporation is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

The liability reflects the Corporation's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination and is recorded as an accrued liability.

The liability is recorded net of any expected recoveries and includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. When the cash flows required to settle or otherwise extinguish a liability are expected to occur over extended future periods, a present value technique is used.

The liabilities are adjusted each year for the passage of time, new obligations, changes in management estimates and actual costs incurred.

If the likelihood of a future event that would confirm the Corporation's responsibility is not determinable, a contingent liability is disclosed in the notes to the financial statements.

(n) Contingencies

Contingent liabilities result from pending lawsuits and like items. The contingencies of the Corporation are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur, or fail to occur, and the costs can be reasonably estimated, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements and no liability is accrued.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recorded in the financial statements. The Corporation had no contingent assets to disclose for the year.

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(o) Related party transactions

Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. When transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where the costs of goods or services provided are recovered, they are measured at the exchange amount. All other inter-entity transactions are recorded on a gross basis and are measured at the carrying amount as recorded in the accounts of the provider.

The Corporation is related in terms of common ownership to all Government of Nunavut departments, territorial corporations, and public service bodies. The Corporation provides utility services to, and purchases fuel, materials, supplies and other services from, these commonly controlled entities in the normal course of its operations at terms and conditions similar to those adopted with arm's length entities.

Other related party transactions

Other related parties are key management personnel (President, Vice-Presidents, Board of Directors), as well as close family members of key management personnel and entities that are controlled by key management personnel or their close family members.

Related party transactions, other than some inter-entity transactions, are recorded at the exchange amount and are in the normal course of business completed under normal trade terms.

(p) Asset retirement obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii) The past transaction or event giving rise to the liability has occurred;
- iii) It is expected that future economic benefits will be given up; and
- iv) A reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. The liability is discounted using a present value calculation and adjusted annually for accretion expense. The discount rate used reflects the Corporation's cost of borrowing, associated with the estimated number of years to complete the retirement or remediation.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset and amortized over the asset's estimated useful life. An asset retirement obligation may arise in connection with a tangible capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed.

At each financial reporting date, the carrying amount of the liability is reviewed. The Corporation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. The Corporation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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3 Cash

	2025	2024
Cash	\$ 164	\$ 17,485
Cash (Restricted)	-	10,451
	\$ 164	\$ 27,936

Restricted cash was the balance of the Government of Nunavut \$25,000 loan, which was used to pay out capital expenditures of \$14,549 in previous years. In 2025, the balance of \$10,451 was used to pay out the facility J.

4 Accounts receivable

	Related parties	Third parties	2025	2024
Trade receivables	\$ 25,316	\$ 28,041	\$ 53,357	\$ 48,247
Employee advances	-	26	26	16
GST receivable	-	1,957	1,957	350
	\$ 25,316	\$ 30,024	\$ 55,340	\$ 48,613
Less: Allowance for doubtful accounts	(1,556)	(5,745)	(7,301)	(6,606)
	\$ 23,760	\$ 24,279	\$ 48,039	\$ 42,007

Related party accounts receivable by source are as follows:

	Accounts Receivable	Allowance for Doubtful Accounts	2025 Net	2024 Net
Government of Nunavut				
Departments	\$ 18,651	\$ (1,238)	\$ 17,413	\$ 16,194
Territorial corporations	6,665	(318)	6,347	5,377
	\$ 25,316	\$ (1,556)	\$ 23,760	\$ 21,571

5 Bank indebtedness

The Corporation has a credit facility with a limit of \$20,000 (2024 - \$20,000) which is payable on demand. Interest charged on the credit facility during fiscal 2025 was based on the Canadian Overnight Repo Rate plus 0.80%. At the fiscal year-end this combined rate was 3.57% (2.77% + 0.80%). Prior to September 2024, interest on this facility was based on Banker's Acceptance (BA) rate (2024 - 5.29%). In September 2024, CIBC moved from BA loans to Canadian Overnight Repo Rate Average (CORRA) loans. The credit facility is secured by a CIBC indemnity/operating agreement and guaranteed by the Government of Nunavut.

	2025	2024
CORRAs/BAs	\$ -	\$ 10,000
	\$ -	\$ 10,000

6 Accounts payable and accrued liabilities

	Related parties	Third parties	2025	2024
Trade payables and accrued liabilities	\$ 2,161	\$ 11,270	\$ 13,431	\$ 11,849
Payroll liabilities and taxes	139	4,952	5,091	4,808
Holdbacks	-	1,195	1,195	417
	\$ 2,300	\$ 17,417	\$ 19,717	\$ 17,074

Related party accounts payable and accrued liabilities by source are as follows:

	2025	2024
Government of Nunavut		
Departments	\$ 2,281	\$ 158
Territorial corporations	19	-
	\$ 2,300	\$ 158

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7 Asset retirement obligations

The Corporation has recorded asset retirement obligations for the removal of asbestos, lead, mercury and PCBs in buildings. The amount recognized was determined using the net present value of estimated future expenditures required to fund the decommissioning of the assets. The obligation is calculated using the current estimated costs to retire the asset inflated to the estimated retirement date and discounted to current present value. The retirement obligation is being provided for over the accreted value from the initial obligation to the end of the useful life of the asset. Future retirement expenditures will be charged against the accumulated liability as incurred.

In addition to assumptions based on the costing and prevalence of asset retirement obligations determined using sample testing of units throughout the territory, the following is a summary of the key assumptions upon which the carrying amount of the asset retirement obligations are based:

- i) Total undiscounted asset retirement obligations are \$3,870 (2024 - \$3,173).
- ii) The amortization of the asset with asset retirement obligation is calculated on a straight-line basis. Amortization rates are identified in Note 2 (g).
- iii) Key assumptions in determining the provision are as follows:

	2025		2024	
	Asbestos and other hazardous materials in Non-plant Buildings	Asbestos and other hazardous materials in Generation assets	Asbestos and other hazardous materials in Non-plant Buildings	Asbestos and other hazardous materials in Generation assets
Discount rate	3.36%	3.36%	5.79%	5.79%
Time period over which the undiscounted expenditures are to be incurred	1-9 years	1-4 years	1-11 years	1-6 years
Long-term rate of inflation	2%	2%	2%	2%

This provision is sensitive to the discount rate and inflation rate used.

- i) A 1% increase in the discount rate would decrease the obligation by \$23 (2024 - \$19).
- ii) A 1% increase in the inflation rate would increase the obligation by \$25 (2024 - \$33).

	2025		2024	
Opening balance	\$	3,231	\$	3,054
Change in ARO evaluation		380		-
Accretion expense (Note 14)		187		177
Ending balance	\$	3,798	\$	3,231

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8 Debt

	2025	2024
Facility H non-revolving committed loan in nine tranches with interest calculated at a variable rate of prime minus 0.5% per annum, with principal payments on the first tranche of \$100 plus interest due monthly, beginning on April 1, 2015 with the final payment due on April 1, 2025; on the second tranche of \$58 plus interest due monthly, beginning on April 1, 2016 with the final payment due on April 1, 2026; on the third tranche of \$82 plus interest due monthly, beginning April 1, 2017 with the final payment due on April 1, 2027; on the fourth tranche of \$166 plus interest due monthly, beginning April 30, 2018 with the final payment due on April 30, 2028; on the fifth tranche of \$160 plus interest due monthly, beginning April 30, 2019 with the final payment due on April 30, 2029; on the sixth tranche of \$80 plus interest due monthly, beginning April 30, 2020 with the final payment due on April 30, 2030; on the seventh tranche of \$66 plus interest due monthly, beginning April 30, 2021 with the final payment due on April 30, 2031; on the eighth tranche of \$137 plus interest due monthly, beginning April 30, 2022 with the final payment due on April 30, 2032; and on the ninth tranche, interest only monthly payments until April 24, 2025. This tranche was repaid on April 24, 2025. This facility has an option to utilize BAs with stamping fees calculated at 50 basis points per annum with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of \$1,000 and multiples thereof.	132,516	149,745
Facility J non-revolving committed loan with interest calculated at a variable rate of prime minus 0.5% per annum, with principal payments of \$67 plus interest due monthly, beginning on May 1, 2014 with the final payment due on April 30, 2024. This facility has an option to utilize BAs with stamping fees calculated at 50 basis points per annum with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of \$1,000 and multiples thereof.	-	8,067
The Government of Nunavut \$20,000 loan's interest is based on the operating account's deposit rate paid by the Government of Nunavut's banker plus 0.15 percent per annum compounded monthly not in advance, beginning on September 29, 2021 in equal monthly instalments of \$173, including principal and interest. The final instalment, together with any other amounts accrued under this loan, is payable August 31, 2031. The loan was issued for the purpose of paying existing debt (debentures) and future capital needs. Effective April 1, 2025 this loan was converted to non-interest bearing and monthly payments of \$188 and consolidated into a combined \$78,716 debt.	14,504	15,732
The Government of Nunavut \$25,000 loan's interest is based on the operating account's deposit rate paid by the Government of Nunavut's banker plus 0.15 percent per annum compounded monthly not in advance, beginning on June 29, 2022 in equal monthly instalments of \$230, including principal and interest. The final instalment, together with any other amounts accrued under this loan, is payable June 30, 2032. The loan was issued for the purpose of paying existing debt (facility G) and future capital needs. Effective April 1, 2025 this loan was converted to non-interest bearing and monthly payments of \$230 and consolidated into a combined \$78,716 debt.	20,065	21,663
The Government of Nunavut \$25,000 loan's interest is based on the operating account's deposit rate paid by the Government of Nunavut's banker plus 0.15 percent per annum compounded monthly not in advance, beginning on April 30, 2023 in equal monthly instalments of \$266, including principal and interest. The final instalment, together with any other amounts accrued under this loan, is payable March, 2033. The loan was issued for the purpose of paying existing debt (facility J) and future capital needs. Effective April 1, 2025 this loan was converted to non-interest bearing and monthly payments of \$219 and consolidated into a combined \$78,716 debt.	21,062	23,025
The Government of Nunavut \$25,000 loan's interest is based on the operating account's deposit rate paid by the Government of Nunavut's banker plus 0.15 percent per annum compounded monthly not in advance, beginning on April 1, 2024 in equal monthly instalments of \$270, including principal and interest. The final instalment, together with any other amounts accrued under this loan, is payable March, 2034. The loan was issued for the purpose of paying existing debt (facility J) and future capital needs. Effective April 1, 2025 this loan was converted to non-interest bearing and monthly payments of \$214 and consolidated into a combined \$78,716 debt.	23,085	-

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8 Debt (continued)

First tranche \$52,000 of a \$100,000 loan from the Government of Nunavut bearing a zero percent interest rate. The loan is amortized over 20 years with monthly installments required of \$217.

52,000 -

	\$	263,232	\$	218,233
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The \$78,716 debt conversion on April 1, 2025 is expected to save the Corporation \$20,505 of future interest payments no longer required to be paid to the Government of Nunavut. An estimate of the financial effect of the debt conversion on the financial statements has not yet been made.

Related party debt by source is as follows:

	2025	2024
Government of Nunavut		
Departments	\$ 130,716	\$ 60,420
	\$ 130,716	\$ 60,420

Scheduled principal debt repayment amounts are as follows:

2026	30,526
2027	24,480
2028	30,013
2029	38,038
2030	35,487
2031 to 2045	104,688
Total	\$ 263,232

Section 25 of the *Qulliq Energy Corporation Act* requires the Corporation's borrowings not to exceed three times its accumulated surplus at any time. The Corporation's borrowings were 2.21 times its accumulated surplus at March 31, 2025 (March 2024 - 1.67 times).

The debt is guaranteed by the Government of Nunavut up to a limit of \$400,000 (2024 - \$300,000).

9 Due to the Governments of Nunavut and Canada

During 2023, the solar component of the Kugluktuk project was cancelled. Therefore, in 2025, the Corporation had a remaining payable of \$174 (2024 - \$174). See note 17 for additional information

10 Employee future benefits*Pension Plan:*

The Corporation and all eligible employees contribute to the Public Service Pension Plan (the Plan). The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan benefits and they are indexed to inflation.

Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year end is 1.01 times (2024 - 1.02 times) for members enrolled before January 1, 2013 and 1.00 times (2024 - 1.00 times) for members enrolled beginning January 1, 2013. These amounts are included as an expense in salaries, wages and benefits.

Contributions to the Plan were as follows:

	2025	2024
Employer's contributions	\$ 2,505	\$ 2,157
Employees' contributions	2,448	2,223
Total contributions	\$ 4,953	\$ 4,380

Severance, removal, retirement and sick leave benefits:

The Corporation provides severance benefits upon resignation, retirement or death as well as removal, sick leave, special leave and retirement benefits to its eligible employees. Severance is based on years of service and final salary, removal benefits are based on years of service and their community of residence, while sick leave entitlements are based on the number of hours estimated to be above the annual entitlement for the year. Special leave benefits are calculated as a discounted projected future special leave payment for all existing employees and those that are on Long Term Disability. Upon retirement, employees are entitled to enroll in health and dental benefit programs, the cost of which are cost-shared by the Corporation. The estimated liability and related expenses for these benefit programs are recorded as employees earn them. These benefits are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefits obligation. The liability for these benefits is as follows:

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10 Employee future benefits (continued)

	2025	2024
Severance	\$ 2,570	\$ 1,232
Retirement benefits	450	933
Special leave	601	484
Removal	555	306
Sick leave	1,225	267
	\$ 5,401	\$ 3,222

The discount rate used to determine the employee future benefit liabilities is 4.25% (2024 - 4.00%).

The Corporation paid \$246 (2024 - \$264) in employee future benefits during 2025.

11 Inventories for use

	2025	2024
Spare parts	\$ 19,506	\$ 15,742
Fuel	10,865	11,878
Supplies and lubricants	2,065	1,881
	\$ 32,436	\$ 29,501

An allowance for obsolescence of \$507 (2024 - \$507) has been recorded to reduce slow moving inventory items to their estimated replacement cost. There have been no reversals of previous write-downs. No inventories have been pledged as security for liabilities.

12 Sales of power

	Related parties	Third parties	2025	2024
Commercial customers	\$ 39,653	\$ 48,811	\$ 88,464	\$ 82,524
Residential customers	48,175	19,955	68,130	66,055
Electrical streetlights and private area lighting	-	1,207	1,207	1,328
	\$ 87,828	\$ 69,973	\$ 157,801	\$ 149,907

Related party sales of power by source are as follows:

	2025	2024
Government of Nunavut		
Departments	\$ 42,696	\$ 42,222
Territorial corporations	45,132	42,638
	\$ 87,828	\$ 84,860

The Corporation administers the Government of Nunavut's Public Housing Support Subsidy, for which it invoiced \$34,950 (2024 - \$32,853) on behalf of customers. This program subsidizes qualifying residential customers living in public housing by supplementing the customer the difference between the approved residential rate and 6.0 cents per kWh. The Corporation invoices the Nunavut Housing Corporation on a monthly basis for the power subsidies and applies the amounts to individual customer invoices.

The Corporation administers the Government of Nunavut's Territorial Power Support Subsidy, for which it invoiced \$8,140 (2024 - \$7,850) on behalf of customers. This program subsidizes qualifying residential customers in all communities up to 50% of the Iqaluit base rate on the first 700 kWh consumed each month between April and September, and on the first 1,000 kWh consumed each month between October and March. The Corporation invoices the Government of Nunavut on a monthly basis for the power subsidies and applies the amounts to the individual customer invoices.

The Fuel Stabilization Rate (FSR) charge was \$0.0370/kWh for April 1, 2024 to September 30, 2024 (FSR charge was \$0.0733/kWh for April 1, 2023 to September 30, 2023). FSR charge was \$0.0135/kWh for October 1, 2024 to March 31, 2025 (FSR charge was nil from October 1, 2023 to March 31, 2024). The total fuel charge revenue recognized during the year \$4,550, with \$3,237 (2024 - \$6,000) coming from the April to September 2024 charges, and \$1,313 coming from the October 2024 to March 2025 charges (2024 - nil).

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13 Other income

	Related parties	Third parties	2025	2024
Administration and other service fees	\$ 511	\$ 2,449	\$ 2,960	\$ 3,872
Housing recoveries from employees	-	1,549	1,549	1,437
Capital funding from customers	-	212	212	309
Pole rentals	46	538	584	584
	\$ 557	\$ 4,748	\$ 5,305	\$ 6,202

Related party other income by source are as follows:

	2025	2024
Government of Nunavut		
Departments	\$ 64	\$ 213
Territorial corporations	493	411
	\$ 557	\$ 624

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14 Expenses

The following is a summary of the expenses by object or type:

	Related parties	Third parties	2025	2024
Fuel and lubricants	\$ 62,251	\$ 7,401	\$ 69,652	\$ 64,347
Supplies and services	2,493	43,126	45,619	46,821
Salaries, wages and benefits	509	41,815	42,324	38,602
Amortization of tangible capital assets (Schedule A)		15,963	15,963	16,091
Interest expense (Note 15)	4,286	6,751	11,037	13,641
Travel and accommodations	26	7,196	7,222	5,762
Bad debt expense	271	424	695	752
Accretion and revision in estimate of asset retirement obligations (Note 7)	-	577	577	177
	\$ 69,836	\$ 123,253	\$ 193,089	\$ 186,193

Related party expenses by source are as follows:

	2025	2024
Government of Nunavut		
Departments	\$ 69,832	\$ 58,957
Territorial corporations	4	85
	\$ 69,836	\$ 59,042

15 Interest expense

	2025	2024
Interest on debt	\$ 10,570	\$ 11,972
Interest and bank charges	739	1,768
Less: Interest capitalized on construction projects	(272)	(99)
	\$ 11,037	\$ 13,641

16 Contractual obligations*Fuel purchase commitments*

The Corporation has made purchase commitments of \$72,220 (58,025,000 litres) to purchase fuel in the fiscal year ending March 31, 2025. This amount is due to be paid in fiscal 2026. The majority of the commitment is with the Petroleum Products Division (a commonly controlled entity).

Capital purchase commitments

As at 31 March 2025, the Corporation has made commitments in relation to upcoming capital expenditures totaling \$201.7 million. These obligations will become liabilities when the terms of the contracts are met and are expected to be settled between fiscal years 2026 and 2030.

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16 Contractual obligations (continued)

Other operating commitments

Commitments in the amount of \$3,226 have been made in relation to other upcoming operating expenditures which are expected to be paid during fiscal 2026.

Lease commitments

The Corporation has made commitments in relation to property leases which are expected to be paid as follows:

	2026	2027	2028	2029	2030	Total
Nunavut Housing Corporation	\$ 12	\$ -	\$ -	\$ -	\$ -	12
Third parties	1,658	916	840	466	-	3,880
	<u>\$ 1,670</u>	<u>\$ 916</u>	<u>\$ 840</u>	<u>\$ 466</u>	<u>\$ -</u>	<u>3,892</u>

17 Government contributions

	2025	2024
Arctic Energy Fund	\$ 8,359	7,437
Computer Hardware and Software Support from the Government of Nunavut	-	3,738
Government of Canada's Carbon Tax Program	-	500
Clean Energy in Rural and Remote Communities Deployment Program (Penetration study)	295	257
Canadian North Economic Development Agency (Geothermal study, Stage II)	-	88
Low Carbon Economy Fund	-	68
	<u>\$ 8,654</u>	<u>\$ 12,088</u>

The Government of Nunavut has entered into an agreement with the Corporation to provide financial support, under the Arctic Energy Fund, for a maximum amount of \$175,000 for eligible expenditures under the terms and conditions set out in the agreement that has an end date of March 31, 2034. The Corporation will invest in projects that will provide more efficient and/or reliable energy in Nunavut. As of March 31, 2025 the Corporation has submitted claims for a cumulative amount of \$29,345.

The Government of Nunavut has provided support in the form of computers, software and labour for a total of \$0 (2024 - \$3,738) to support the Corporation with its IT functions (both O&M and capital). The Government of Nunavut has no intention of recovering the cost from the Corporation. As of March 31, 2024, the Government of Nunavut has provided support for the total amount of \$5,618.

The Government of Canada has entered into an agreement with the Corporation to provide financial support, under the Clean Energy in Rural and Remote Communities Deployment Program, for a maximum amount of \$1,332 for eligible expenditures incurred, spent, approved and claimed on or before March 31, 2024 for a renewable penetration study. The study's objective is to gain a better understanding of territorial generation assets throughout Nunavut, as well as a better understanding of the recommended renewable energy penetration studies taking place on a community level. As of March 31, 2025, the agreement has not been extended, the final claim was submitted, and the funds were received in August 2024.

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18 Contractual rights

The Corporation enters into funding agreements with various government agencies and businesses (Note 17). These funding agreements will result in revenue and assets in the future if and when the Corporation meets the eligibility requirements stipulated within the agreements. The receipt of funding for each program is subject to the Corporation meeting the eligibility requirements under each of the respective funding agreements.

The following table outlines the maximum amount of funding available under each of the programs:

	2026	2027	2028	2029	2030	Total
Arctic Energy Fund	\$ 42,479	\$ 56,448	\$ 25,163	\$ 10,494	\$ 11,099	\$ 145,683
	\$ 42,479	\$ 56,448	\$ 25,163	\$ 10,494	\$ 11,099	\$ 145,683

The Corporation has accrued an amount receivable of \$8,453 (2024 - \$7,075) for amounts contractually owed under its funding agreements with the Government of Nunavut and the Government of Canada as the Corporation met the eligibility requirements stipulated within the agreements. These receivables are expected to be received in fiscal 2026.

19 Environmental liability for contaminated sites

The Corporation's activities are subject to various federal and territorial laws and regulations, such as the *Environmental Protection Act* of Nunavut and the Environmental Guideline for Contaminated Site Remediation - 2010, governing the protection of the environment or to minimize any adverse impact thereon. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are in compliance with all applicable laws and regulations.

The Corporation has identified 27 sites (2024 - 27 sites) where the concentration of petroleum hydrocarbons and other pollutants in the soil exceeds environmental standards. The contamination of some of these sites occurred when other parties were responsible for the use of and/or held tenure to the sites.

Management estimates the future remediation costs to be approximately \$52,000 (2024 - \$46,000). No environmental liability provision for remediation of these sites has been recognized in these financial statements as there is no legal requirement to remediate these sites; nor does management have the intention to remediate any of the sites. Going forward, an environmental liability provision for the remediation of any of these sites will be recognized if, and when, it is determined that public health is at risk.

The Corporation has a monitoring program in place, the goal of which is to determine if the identified contaminated sites are harming persons or the environment. Accounts payable and accrued liabilities includes a provision of \$682 (2024 - \$682) related to the monitoring program. The undiscounted future expenditures for this liability are \$2,122 (2024 - \$2,192) based on historical costs incurred for monitoring and an expected future inflation rate of 2%. The provision was determined by discounting the total future expected cash flows over an estimated period of 42 years using a rate that reflects the Corporations' effective borrowing rate. The provision is subsequently revalued at the current discount rate in effect at each Statement of Financial Position date. At March 31, 2025, the future expenditures are discounted using a rate of 4.95% (2024 - 5.79%).

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19 Environmental liability for contaminated sites (continued)

During 2016, the Corporation determined that the containment method used at its contaminated site, located in Baker Lake, was no longer functioning as intended. The Corporation proceeded with a Human Health Risk Assessment at this site, which resulted in the determination that the contamination at this site exceeded the prescribed contaminant levels. In September 2016, the Corporation proceeded with its remediation plan which included a lined land farm cell and a trench. The remediation of this site was completed during the summer of 2019. However, due to some concerns raised by residents, the Corporation is looking to establish a bigger land farm away from the community and has requested another parcel of land away from the Hamlet. Accounts payable and accrued liabilities includes a provision of \$ 217 (2024 - \$217) in relation to this site.

During 2018, one spill of significant volume occurred at the Corporation's power plant in Grise Fiord spilling 4,000 litres of diesel fuel. In compliance with Section 5 of the *Environmental Protection Act* of Nunavut, the Corporation is repairing damage caused by these discharges and eliminating any danger to life, health, property or the environment. Partial remediation was completed during the summers of 2018 and 2021 with further work expected pending environmental studies. Accounts payable and accrued liabilities includes a provision of \$578 (2024 - \$578) in relation to this site.

During 2024, there was a heating fuel spill by a third-party at an adjacent property to the QEC office building located in Rankin Inlet. Environmental authorities determine that the contamination migrated onto the QEC property. The remediation costs were estimated to be \$1,500. The responsible party has, today, not remediated QEC's property nor accepted responsibility. QEC commissioned a safe remediation plan and is working cooperatively with environmental authorities. The anticipated completion date of the remediation is the fall of 2025. Accounts payable and accrued liabilities includes a provision of \$1,500 in relation to this site, with \$243 spent against this amount in fiscal 2025.

20 Financial instruments

The Corporation is exposed to certain risks as a result of holding financial instruments. There have been no changes to the risks compared to prior year and no change in the methods and practices used to manage these risks. The following risks have no significant impact on the Corporation's financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation is exposed to credit risk through cash deposits with financial institutions and accounts receivable arising from the sale of electricity and related services to customers. For cash in interest-bearing accounts and accounts receivable, the maximum exposure to credit risk is the carrying amount on the Statement of Financial Position. At the end of 2025, there were no known relevant concentrations of credit risk by type of customer or geography. Instead, the Corporation's credit risk exposure is mainly influenced by individual customer characteristics.

The credit risk related to accounts receivable is reduced by taking cash deposits from new customers. The size of the deposit varies depending on the risk exposure. Established customers or those with good credit are waived from having to provide a deposit.

Accounts receivable are generally due in 30 days and interest is charged after 60 days at the rate disclosed in the terms and conditions of service. The Corporation utilizes an allowance account for potential credit losses related to accounts receivable. The movement in the allowance account during the year was as follows:

	2025		2024
Balance, beginning of year	\$ 6,606	\$	5,854
Increase in allowance during year	695		752
Balance, end of year	\$ 7,301	\$	6,606

The aging analysis of accounts receivable past due but not impaired, aged by billing date, is as follows:

	Days Past Billing Date						2025		2024
	31 - 60		61-90		Over 90				
March 31, 2025	\$ 14,864	\$	4,514	\$	13,600	\$	32,978	\$	21,909

With respect to accounts receivable past due but not impaired, based on credit history and credit ratings, there are no indications that customers will not be able to meet their obligations.

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20 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk to ensure sufficient liquid financial resources to finance operations and to meet long-term debt repayments. The Corporation believes that it has access to sufficient capital through internally generated cash flows, government support and external resources including borrowing facilities to meet current spending forecasts.

The following table shows the maturity risk analysis of the financial liabilities based on the remaining contractual maturities (assuming no renewals):

	1 year or less	Greater than 1 year and less than 4 years	Greater than 4 years	2025	2024
Debt (including interest and stamping fee)	\$ 37,493	\$ 107,812	\$ 145,412	\$ 290,717	269,550
Due to Petroleum Products Division	41,274	-	-	41,274	63,371
Accounts payable and accrued liabilities	19,717	-	-	19,717	17,074
Bank indebtedness	-	-	-	-	10,000
Utility deposits	1,855	-	-	1,855	1,844
Due to the Governments of Nunavut and Canada	174	-	-	174	174
	\$ 100,513	\$ 107,812	\$ 145,412	\$ 353,737	\$ 362,013

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate, because of changes in market prices. The Corporation is exposed to interest rate risk on its variable rate long-term debt.

Given that the Corporation's intention is to hold the fixed rate debt to maturity, management considers the extent of interest rate fair value risk arising from the Corporation's fixed rate debt is insignificant.

The Corporation is subject to interest rate cash flow risk on its variable rate debt and bank indebtedness. For each 1% change in the rate of interest on loans subject to floating rates, the change in annual interest expense would be as follows:

	2025	2024
Bank indebtedness	\$ -	\$ 100
Debt	1,325	1,519
	\$ 1,325	\$ 1,619

The Corporation is not subject to other significant market risks pertaining to its financial instruments.

21 Contingencies

The Corporation is engaged in a legal proceeding that has arisen in the ordinary course of business. Although the final outcome of this proceeding cannot be predicted with certainty, management believes that the resolution of this matter will not have a material impact on financial position or results of operations. The Corporation recorded a liability of \$0 (2024 - \$800) in accounts payable and accrued liabilities to be paid in the next fiscal year.

22 Budget figures

Budgeted revenue was adjusted in the operating budget to account for contributions received from the GN which relate to the Arctic Energy Fund. These contributions are related to reimbursements of eligible capital expenditures.

Actual expenditures exceeded the original approved budget disclosed in the statement of operations as a result of a challenging operating environment and overall cost increases due to inflation.

Similar increases were made to the capital budget after the original budget was approved to support the purchase of emergency genset units as well as other gensets for the community hubs (i.e., Iqaluit, Rankin Inlet).

	Original approved budget	Final approved budget
Statement of Operations:		
Total revenue	168,006	172,869
Total expenses	171,728	193,089
Statement of Net Debt:		
Tangible Capital Assets - Additions	(26,876)	(32,903)

23 Change in classification - Statement of Cash Flow

In the current year, the Corporation changed the classification of Government contributions received from "Cash provided by (used for) financing activities" to "Cash provided by (used for) operating activities" on the Statement of Cash Flow to better reflect the nature of the income received. Comparative amounts were reclassified for consistency.

QULLIQ ENERGY CORPORATION**SCHEDULE A****Schedule of Tangible Capital Assets****For the year ended March 31, 2025***(in thousands of dollars)*

	Leased Land	Generation	Distribution	Residual Heat Assets	Non-plant Buildings	Vehicles	Other Assets	2025	2024
Cost of Capital Assets									
Opening balance	1,950	390,787	87,554	28,668	38,289	9,295	9,123	565,666	537,735
Transferred from work in progress	-	970	657	-		35	(268)	1,394	27,931
Adjustments and disposals					300			300	-
Closing balance	1,950	391,757	88,211	28,668	38,589	9,330	8,855	567,361	565,666
Accumulated Amortization									
Opening balance	(733)	(163,525)	(32,596)	(14,751)	(8,546)	(6,358)	(5,022)	(231,531)	(215,439)
Amortization	(34)	(11,315)	(1,789)	(1,037)	(788)	(531)	(469)	(15,963)	(16,092)
Adjustments and disposals	-	-	-	-	(321)	-	-	(321)	-
Closing balance	(767)	(174,840)	(34,385)	(15,788)	(9,655)	(6,889)	(5,491)	(247,815)	(231,531)
Work in Progress									
Opening balance	-	13,258	3,084	89	1,970	522	2,672	21,595	32,659
Additions	614	26,727	1,471	1	4,283	1,111	342	34,549	17,419
Transferred to cost of tangible capital assets	-	(970)	(657)	-	-	(35)	268	(1,394)	(27,931)
Write-downs								-	(552)
Closing balance	614	39,015	3,898	90	6,253	1,598	3,282	54,750	21,595
Net Book Value	1,797	255,932	57,724	12,970	35,187	4,039	6,646	374,296	355,730

Note:

The tangible capital asset additions presented in the Statement of Cash Flow excludes non-cash acquisitions totalling \$2,879 (2024 - \$3,520) which represents: i) unpaid purchases and holdbacks that are included in the outstanding accounts payables and accrued liabilities at year-end; and ii) assets received from the Government of Nunavut without consideration.