



Arctic Development  
Library

***Drum Lake Lodge Feasibility Study***  
***Type of Study: Feasibility Studies Tourism,***  
***Tourism - Sahtu Facilities***  
***Date of Report: 1985***  
***Author: Qaivvik Limited***  
***Catalogue Number: 11-26-1***

11-26-1



DRUM LAKE LODGE  
FEASIBILITY STUDY

Qaivvik Limited  
Box 1538  
Yellowknife, N.W.T.  
X1A 2P5

December 1985

DRUM LAKE LODGE FEASIBILITY STUDY

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
<b>SUMMARY OF RECOMMENDATIONS</b> .....	<b>3</b>
PROJECT INFORMATION .....	4
<b>A. BACKGROUND AND HISTORY OF PROPOSAL</b> .....	<b>4</b>
<b>B. OPERATIONS</b> .....	<b>5</b>
<b>C. MARKETING</b> .....	<b>6</b>
- Competitive Facilities Within the Western Arctic .....	8
- Past Markets .....	10
- Recommended Marketing Plan '86 and beyond .....	11
<b>D. LAND, BUILDINGS AND EQUIPMENT</b> .....	<b>23</b>
- Proposed Lodge Layout .....	--
- Proposed Shower/Toilet/Sauna Buildings .....	--
- Projected Capital Expense Items .....	26
- Deferred Capital Expense Items .....	32
- Schedule and Building Priorities .....	34
<b>E. MANAGEMENT</b> .....	<b>35</b>
<b>F. EMPLOYEES, INCLUDING MANAGERS</b> .....	<b>36</b>
- Employees Chart .....	39
<b>G. TRAINING</b> .....	<b>40</b>
<b>H. FINANCIAL, TO INCLUDE:</b> .....	<b>41</b>
- Balance Sheets 1977 to 1985 .....	--
- Statement of Income 1977 to 1985 .....	--
- MacKay and Partners Financial Package, Including .....	--
• Project Costs and Sources of Financing .....	--
• Proposed Fixed Asset Additions .....	--
• Opening Balance Sheet .....	--
• Long Term Debt Service Costs .....	--
• Interim Financing .....	--
• Projected Income Statement .....	--
• Projected Cash Flow .....	--
• Projected Balance Sheet .....	--
• Principal Assumptions to Projections .....	--
- Inventory of Assets - Over And Above Appraisal .....	46
<b>I. PROFESSIONAL &amp; TECHNICAL SERVICES</b> .....	<b>47</b>
<b>J. POLLUTION</b> .....	<b>48</b>
<b>K. ECONOMIC BENEFITS</b> .....	<b>49</b>
<b>L. SOCIAL BENEFITS</b> .....	<b>50</b>
APPENDICES .....	--
- Brochure: Drum Lake Lodge .....	--
- Map of Wrigley Lake Area .....	--
- Lodge License .....	--
- Appraisal .....	--

INTRODUCTION

The owners of Drum Lake Lodge situated 100 miles west of Ft. Norman in the Mackenzie Mountains - Paul, Mary Rose and Judith Wright and Fabian Bird have substantial equity (\$152,000) built up over 9 years of development. We feel one of the stronger assets going for them besides the facility itself is the determination, sincerity, and willingness to strive in producing an even better product. This, combined with a known, and we believe obtainable market, makes the project quite promising.

As many of the successful Canadian tourism businesses are "family" owned and operated, we do have faith in the Wrights to be dedicated to the success of their lodge. A family-run business can many times succeed where others fail. As demonstrated in 1985, as well as previous years, time and money have been returned to, or kept within the business as required by the Wrights'.

We have completed this feasibility study, evaluating the potential for improvements and expansion of the Lodge in light of specific documented market areas. We have first summarized our recommendations, supported by project information in the categories as detailed in the table of contents. A number of appendices are included to further support and/or describe our recommendations.

SUMMARY OF RECOMMENDATIONS

1. In terms of development/expansion options, we recommend a priority of increasing facilities and improving the existing -- primarily for the conference, seminar, and workshop market. The improved facilities will also complement other recommended secondary options -- sport fishing, hiking/family vacations, river trips and the potential future outfitting for sports hunts options.
2. Expansion and improvement should be moderate in scale, at least until additional conferences, seminars and other revenue options are increased. Because of the reasonably good quality of the existing buildings and the existing total equity of approximately \$152,000, an expansion program to meet specific market demands, as outlined, seems both reasonable and economically viable.
3. Expansion must be in the same style as existing log, both for the beautifully aesthetic value as well as cost. As there are an abundance of logs in the area, a portable sawmill will utilize these natural materials substantially, cutting costs of purchasing and flying in southern materials. Local, readily available labour primarily from Ft. Norman, would be utilized for the log cutting, peeling, transportation and construction/renovations over an eight month period, while ongoing service staff will also be from Ft. Norman.
4. Discussions should be continued with the Territorial Department of Renewable Resources regarding assistance to purchase or lease part, or all of Hugh MacCauley's outfitting area #E-1-6 for outfitting sports hunting trips. Use of the big game outfitting area could further compliment the existing facility - dependant on further research and available assistance.
5. The mood of the operation will have to change from a part time to a full time serious operation with an aggressive marketing plan. The success of the future operation of Drum Lake Lodge as outlined here with considerable capital expense, lies with marketing and management.
6. A hands on "Marketing and Management Training Program" is strongly recommended, allowing the Wrights' and Fabian Bird to learn on the job, while at the same time planning and implimenting an aggressive marketing program. Without aggressive marketing the project will not succeed.
7. In summary we feel the suggested renovations/expansion is financially viable due to:
  1. A large, fully paid equity amount equal to \$152,000.
  2. The apparent success of 1985 with \$52,000 plus in revenue with literally no marketing program.
  3. The completed expansion will provide full services 12 months a year - 3 times the present 4 months.
  4. An abundant, but largely untapped conference/seminar market close at hand in the N.W.T.
  5. Secondary market options available to support revenues.

PROJECT INFORMATIONA. BACKGROUND AND HISTORY OF PROPOSAL

In 1973, with the assistance of the N.W.T. Government, the Wright family began construction of a camp on Wrigley Lake in the Mackenzie Mountains, 100 miles west of Ft. Norman and 108 miles west of Norman Wells. Wrigley Lake is the traditional area for the Mountain Dene who lived and trapped the mountains and who made a yearly trek to Ft. Norman to sell furs, visit and purchase supplies. 7 cabins still stand on a river flowing into Wrigley Lake, about 5 miles from the present lodge, and it was here that Paul Wright was born and spent much of his first 15 years. Paul's stories of the early trapping, hunting, fishing and travelling on the land are an education to those who have the opportunity of listening.

From 1973 to 1985, the camp was expanded, using local logs and the labour of the Wrights and people hired from Ft. Norman. As Paul Wright was Chief of Ft. Norman from 1975 to 1983, the family's interests and responsibilities were split between Ft. Norman and the Lodge. Marketing was minimal, but, mostly through word of mouth and satisfied guests, summer business began to build. The majority of business was conferences, seminars or workshops, via various N.W.T. and Federal Government Departments, Metis Association, Dene Nation, etc. A small number of sport fishing/family vacationers were also hosted.

The Lodge was, and is still, used as a base for trapping and living off the land for the Wrights when not in Ft. Norman. It provides an opportunity to fully utilize the facilities and make some money while at the same time living in a pleasing environment.

As Paul Wright is not Chief of Ft. Norman at the moment, his wife Mary Rose, daughter Judith, husband Fabian are actively pursuing the further development and expansion of the lodge. The Department of Renewable Resources and Economic Development and Tourism have provided assistance and direction to date.

At present, Drum Lake Lodge is owned by Drum Lake Lodge Limited. Incorporated in the N.W.T., Drum Lake Lodge is owned by Paul Wright, Mary Rose Wright, Fabian Bird and Judith Wright. Each has 25 class A shares, while class C preferred shares are split according to actual equity: Paul Wright 16,759.5, Mary Rose Wright 16,759.5, Judith Wright 4,999 and Fabian Bird 4,999 shares respectively.

The N.W.T. Travel and Outdoor Recreation Ordinance licences Drum Lake Lodge as a Lodge, licence # 0783, while a 20 year land lease #95 M-16-1-5 is held on the land immediately surrounding the facility.

Qaiyvik Ltd. of Yellowknife was hired to evaluate the past, present and future of Drum Lake Lodge, examine the options available for expansion, and document the feasibility of this possible expansion.

B. OPERATIONS

The suggested operation is one combining a number of the "market options", but primarily basing the suggested expansion/improvement program on the already lucrative, but largely untapped N.W.T. conference/seminar/workshop market.

Using the already substantial facilities and known quality services at Drum Lake Lodge, the expansion and improvement program as detailed will, through aggressive marketing attract, we suggest, additional conferences and other markets, at an estimated value of \$134,000 in 1986.

The Lodge would be available, on a year-round basis, to host conferences and seminars, but also to host limited expected increases in each of the other detailed markets -- fishing, adventure experiences, learn/observe traditional experiences, family vacations. The facility, when completed as detailed, will also accommodate other markets which may expand in the future, i.e., big game outfitting.

We suggest the expansion/improvement be completed in one year, with further potential expansion based on the success of operational years 1 through 5. Licenced capacity should be increasing to at least 36 or 40.

A "wood mizer" portable mill could be an integral part of the ongoing program. It would be used on site to make peeled, local logs into floor boards, finished lumber, floor, wall and roof joists and beams.

We suggest 2 crews for this summer - one construction crew and one operational. The construction crew would consist of 2 log builders/labourers and 1 foreman from March 1 to September 1. They would complete the construction program as outlined.

The operational crew would consist of a minimum of 4 and maximum of 10 people - 1 cook, 1 manager, 1 assistant cook, one foreman and 1 - 4 guides as required. Guides would assist with clean up, construction etc. when not guiding. The operational crew would be in place from June 1 to September 31 (4 months), while the cook and manager would be in place from March 1 onward to administer and service the construction crew.

A "Schedule and Building Priorities" list included in the "Land, Building and Equipment" section details preparation for and the building/renovations of the Lodge facilities.

### C. MARKETING

When evaluating the past market from 1977 to present, we find that roughly 75% of business is derived from N.W.T.-based conferences, seminars, workshops or training programs. The other 25% is made up of fishermen, family-type vacations, miscellaneous projects or itinerant tourists.

The Lodge has traditionally been marketed to a very general market, while word of mouth and personal contacts in the N.W.T. by the Wright family have resulted in positive conference results. Without any aggressive "marketing" as such, Drum Lake Lodge has hosted up to four conferences per summer season. This past summer 1985, Drum Lake Lodge hosted 2 conferences, a guide training program, an archaeological field program, a number of fishing groups for a total \$50,000 plus in revenue.

As the sport fishing market is so competitive, both price - and quality-wise, in and outside the N.W.T.; considering outfitting for sports hunts based from Drum Lake Lodge, is not viable (at least at this point in time), and as the "adventure", "traditional" and "family" markets generally provide little results even when extensive "target" marketing is carried out at great cost, we strongly suggest concentrating marketing efforts on the conference, seminar/workshop market with secondary efforts on the "sport fishing" and "adventure experience" options.

The "secret" to being successful in the seeking of a conference/seminar market is to aggressively sell Drum Lake Lodge to all available contacts, primarily in the Central and Western N.W.T.

Marketing for the conference (or any) market outside of the N.W.T. is difficult and more expensive. We feel much of the required conference market required is available here in the N.W.T. By year 3 or 4 of the new operation, it may then be feasible to initiate some "out of N.W.T." programs for the conference market.

In reviewing potential markets, we are most interested in ones that will complement or utilize the existing facility and services to the utmost. Suggested expansion and renovation will be to further enhance those markets who may use these already established facilities and services. Limited extension into other markets has only been considered if they can be effective with little effort and at low cost. We will not suggest developing totally new markets which may have some potential, but which do not complement the existing facilities.



We estimate that through being an active member of the Western Arctic Tourist Association, upwards of \$5,000 - \$8,000 in marketing promotion may be available (ie., in the form of co-operative or innovative marketing programs). Other assistance such as that for travel writers and new marketing programs periodically may be available through Travel Arctic or the T.I.A.N.W.T.

The "corporate" market (ie., Esso) must be approached both for the potential meetings and seminars, and also for employee fishing and family vacation packages.

Brochures and other available promotional material should be left with Tourism Canada, Travel Arctic, Inuvik Zone Tourist Association, local Chambers of Commerce for distribution.

With outside assistance as suggested, the critical human resources are in place for managing an expanded conference market, while additional guides, cooks' helpers and a log cutting construction crew are readily available in Ft. Norman. Social and cultural impact is positive, as guests will be exposed to some traditional activities practised at the Lodge.

Lodge	Capacity	Single/ Group Rates	Details of Conference Facility	Distance to Closest Community	Positive Factors	Negative Factors	Season	Services/ General Description
Trout Lake Lodge	14	N/A	Main lodge with dining and separate accommoda- tion in log cabins.	Ft. Laird 75 mi.	Beautiful log main lodge and cabins on sandy beach.	Intermittent management.	June - Sept. 30	Fly in only. Boats, motors, guides available from community 3 mi. away. Owned by Slavey Dene.
Blachford Lake Lodge	10	Air \$160. House- keeping \$70/day.	Conference tent frame capacity of 25.	60 mi. E. Yellowknife	Log cabins and sauna	Tent frame conference centre.	June - Sept. + winter & spring.	Fishing, 9 mi. of cross country skiing trails, sauna & hiking. Conference meals can be prepared. Multi-season. 3 industrial log cabins with conference tent frames.
Stagg Lake Lodge	12	\$50/day plus transport.	--	63 mi. NW Yellowknife	Close to Yellowknife	Not promoted.	June - Sept. 15; Dec. 15 - May 1	Fishing, cross country skiing, guided tours. Housekeeping facilities.
Rutledge Lodge	24	N/A	--	172 mi. E. Hay River	--	--	June 1 - Sept 30	Fishing. Housekeeping.
Brabant Island Lodge	36	N/A	Conference centre.	32 mi. Hay River	Good reputation. Quality service.	--	June 20 - Sept. 15	Good Pike fishing. On island in Mackenzie River
Thubun Lake Lodge	22	Air \$300. \$95/day.	Dining/ lounge. Conference centre.	142 mi. NE Hay River	Quality service.	--	June 1 - Sept. 30	Housekeeping or full maid service. Liquor, food, toilets, running water. Full guiding service.

Lodge	Capacity	Single/Group Rates	Details of Conference Facility	Distance to Closest Community	Positive Factors	Negative Factors	Season	Services/General Description
Arctic Circle Lodge	34	\$2175 US p/p/wk from Edmonton groups. (\$2,700cdn)	Conference centre for groups.	125 mi. Coppermine	Excellent facilities and service.	Expensive for local markets.	July - August	On Great Bear Lake. Maid service, bath, dining lounge, guide service. Cater to fishermen and groups.
Great Slave Lake Lodge	N/A	Package rate 5 days = \$1,195 US	Conference centre.	90 mi. E. Yellowknife	Excellent facilities and service.	Expensive for local markets.	June 18 - Sept. 5	Private airstrip charter from Winnipeg. Bar, dining, fly-out trips. Private 2585 metre airstrip. Full guide service. Cater to fishermen and groups.
Katimavik Lodge	16	Air N/A \$140/day	Capacity of 20	60 mi. N. Yellowknife	--	Not actively promoted.	--	Showers, dining, souvenirs. On Gordon Lake. Conferences in dining room.
MacKay Lake Lodge	20	N/A	--	150 mi. NE Yellowknife	Excellent facilities and service. Own aircraft.	150 mi. NE of Yellowknife.	July - mid-Sept.	Caribou viewing & hunting. Bird migration. Fishing on large barrenlands lake. Showers, individual cabins.
Yellowknife Lodge	18	N/A	Conference centre.	39 air mi. North Yellowknife	Large meeting/dining room. Close to Yellowknife.	--	June - Sept.	Conference/dining room. 7 days all-inclusive from Yellowknife.
Colville Lake Lodge	12	N/A	--	37 mi. Inside Arctic Circle	Beautiful log lodge and cabins. Owner-operated.	Remote from market.	Year round	Outpost camp 25 mi. N. Museum of Native artifacts and gallery of Northern art.

REVENUE BY MARKET SEGMENTDRUM LAKE LODGE

MARKETS	1977	1978	1979	1980	1981	1982	1983	1984	1ST 6MOS/85	2ND 6MOS/85
Conference/ Seminars/ Workshops	7,000	1,000	3,500	3,000	18,780	N/A	8,723	4,391	4,500	31,790
Sport fishing			585		3,000		500	500	1,500	7,675
General family Vacation					2,000		500	500		
Big Game Hunting										
Adventure Experiences								500		
Learn,Observe Traditional										
Miscellaneous	1,777	305		842	1,990		1,500	1,200		6,814
ACTUAL TOTAL	8,777	1,305	4,085	3,842	25,770	N/A	11,223	7,091	6,010	46,279

\*\* - TOTAL YEARLY INCOMES ARE EXACT, WHILE INDIVIDUAL "MARKET" FIGURES ARE ESTIMATES BASED ON AVAILABLE INFORMATION.

- 1985 INCOME SPLIT INTO 2 6 MONTH FIGURES FOR A YEARLY TOTAL OF \$52,824.

RECOMMENDED MARKETING PLAN 86 AND BEYOND

A 15% commission (agents, sellers) must be built into all prices over and above these expenses.

<u>ITEM</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4</u>	<u>YEAR 5</u>
- A colour insert to the existing brochure with photos and written detail of the advantages of hosting a conference at Drum Lake Lodge and the various services and facilities available.	3,000	--	--	--	--
- A B/W insert reprinted yearly, stating prices, deposit and cancellation fees.	500	550	600	650	700
- An aggressive and ongoing sales program to include some limited travel to Norman Wells, Inuvik and Yellowknife by Judith Wright and/or marketing consultant to personally see prospective clients.	3,000	3,500	4,000	4,500	5,000
- Reprint of existing Drum Lake colour brochures with minor changes and additions.	3,500	--	--	--	--
- Travel agent, seller sales kits (slide copies 36 per set for limited colour blow-up photos). Those would be given to Travel Agents in Yellowknife, Inuvik, Edmonton (Specialty Agents only), to assist them in marketing Drum Lake Lodge.	500	1,000	1,000	500	500
- Hosting of photographers, travel writers, wholesalers and specialty agents (suggest 3-4 per year).	2,000	2,250	2,500	2,750	3,000
- Ads in selected papers and magazines.	1,000	1,000	1,000	1,000	1,000
- Marketing (+ management) training with marketing consultant. Ideally an ongoing program for at least two years.	15,000	15,000	--	--	--
- Visit and work at competitive (Colville Lake Lodge and/or Ramparts Hotel) facilities (1-2 weeks or exchange program.	N/A	N/A	--	--	--
<b>TOTAL</b>	<u>9,500</u>	<u>13,000</u>	<u>16,000</u>	<u>17,600</u>	<u>19,360</u>

**NOTE:**

Although total marketing programs as detailed are more than the totals above, we have assumed \$5,000-\$8,000 in marketing assistance from the Inuvik Zone Tourist Association and that the last two programs above may be implemented through other funding sources. Totals are projected net expenditures.

DESCRIPTION OF MARKET OPTION

We have listed and described in detail what we feel are the only possible market options to be considered at this time. Options with some merit for profitability through maximum use of the facilities are as follows and in order of preference at this time.

- A. Conference/seminar/workshop
- B. Sport fishing
- C. Adventure experiences (various)
- D. General family vacations
- E. Learn/observe traditional experience
- F. Big game outfitting (sports hunts).

A. Conference/Seminar/Workshop

This seems the most logical and probably the most easily accessible market group. Operations and marketing can be directed very easily toward this market as the Lodge facility has been used extensively for conferences, but it requires additions and improvements to cater to that market more successfully. The suggested changes, as detailed in the "Land Building and Equipment Section" will enable Drum Lake Lodge to obtain a larger share of that market.

In terms of development time and dollars spent vs expected revenue, this market will bring more returns, and more quickly, for what we believe is less effort.

From interviewing past and potential conference-goers to the Drum Lake Lodge, we find common "needs" expressed by many. If most of these needs not only from the conference market, but also from other markets as discussed are met through the expansion/renovation program, business will increase. These needs include:

- A more informative conference planning package, including what is, and what is not, available at the Lodge.
- Improved washing and bathroom facilities.
- Basic conference aids: flip charts, erasable wall boards, electrical hook-ups (via a generator to provide microphone, projector or slide presentations), slide projector and screen, Beta and T.V.
- Additional recreational equipment, primarily boats and motors, but also indoor and outdoor games.
- Increased traditional activities already practiced at Drum Lake Lodge, such as smoking of fish, hides, moose/caribou/sheep meat in the smoking tepee, scraping and tanning of hides, and making of craft items.
- Additional accommodation.
- Stable expediting services.

In comparing Drum Lake Lodge to competition within the Western and Central Territories, we find it compares favourably. Some competitive facilities have the advantage of being better known, are closer and more accessible to major centres (ie., Yellowknife and Inuvik), and some have more facilities and services set up, but not necessarily actively promoted for conference-goers.

Drum Lake Lodge however, has the obvious advantages of very attractive log buildings in a beautiful, peaceful mountain lake setting; a good reputation for food and service; good fishing and sightseeing, peaceful and quiet; large conference centre/meeting hall; hospitable, courteous, friendly and helpful and knowledgeable hosts.

The Lodge, being developed in a pleasing, traditional style by a well known Dene family from the area, makes it a natural for Dene Nation, Metis Association, Department of Indian and Northern Affairs and related conferences and meetings. The Lodge has also the flexibility for different groups (cabins and tent frame accommodations) and has handled groups of up to 100-plus for 2-3 days (ie., Dene Nation Assembly)

The conference market meetings would come from a wide variety of sources -- any group or organization from Yellowknife and West, primarily in the N.W.T., who host meetings, seminars, training sessions, board and annual or planning meetings. Much in this market is yet untapped, as little or no aggressive marketing approaches have been made to these groups in the past.

The total economic value of the conference market in the N.W.T. is unknown. However, various departments of the following groups or organizations have held at least one conference at Drum Lake Lodge in the past, and with some improvements and additions, are likely to return:

- Metis Association
- Dene Nation
- Department of Renewable Resources
- Department of Economic Development and Tourism
- Department of Education
- D.I.Z.
- Prince of Wales Museum field groups
- Department of Social Services.

Departments, in addition to the above organizations or groups who have frequent conferences and who may be solicited to hold their meetings at Drum Lake Lodge include:

- Esso
- Any exploration/resource company in the Mackenzie valley.
- Legislative assembly and various committees of
- Energy Mines and Resources.
- Canadian Wildlife Service.
- N.W.T. Water Board.
- Fisheries and Oceans.
- Department of Health and Welfare.
- Parks Canada.
- Regional Industrial Expansion.

Commissions paid for bookings at 15% (which is the standard industry rate) are taken into consideration, as conference revenue noted in projected income, is a net figure after commissions are deducted from total gross sales. If an agency books a conference for the operation, the 15% commission would be deducted from an initial deposit given to the agency who would then give the balance to Drum Lake Lodge. The balance could be paid directly to Drum Lake Lodge Ltd upon arrival

As detailed in the "Training" section an experienced Marketer should work with the Wrights to develop and impliment a marketing plan. This would include actively seeking out new business through phone and office solicitation, and group presentations.

We suggest bringing selected tour agents/wholesalers to Drum Lake Lodge to test and comment on changes to, and the marketability of, the product if a decision is made to further any of these market options. This is essential to the development opportunity -- especially when a product as unique as this is virtually unknown by wholesalers. An open exchange between the operator and the wholesaler during the "test" run is required; the wholesaler's ideas and points of view are the most important as it is he who has to sell the package! Marketing to other than selected target markets is not required.



B. Sport Fishing

Most N.W.T. Lodges and Camps specialize in sport fishing, either to a local Canadian market or to a primarily U.S. market seeking a full service, all inclusive package.

In the N.W.T. alone there are 50-plus Lodges and Camps catering to sport fishermen, while areas such as northern Quebec and Ontario have literally thousands of facilities. A sport fishing Lodge (such as Drum Lake Lodge) not only competes with N.W.T. Lodges but with any other Lodges in Canada and elsewhere. Although the U.S. sport fishing market is strong, competition is fierce. The N.W.T. Lodges most effective in penetrating this U.S. market have large, long established facilities with high gross revenue, allowing them to attend 10-20 U.S. travel shows over a hectic 3-month period. Most N.W.T. lodges are also too small to afford going to the large U.S.A. 5 - to 10 - day sport shows at \$2,000 - \$ 5,000 for each show.

Few Lodges have had ongoing success with local (N.W.T.) sport fishermen because of lack of volume and, secondly, lack of willingness of that local market to spend dollars.

Wrigley Lake offers good fishing for lake trout, dolly varden and grayling, but does not consistently produce 20- to 40-pounders as do Great Bear Lake and Slave Lake, and many of the barrenlands and High Arctic camps. Because of the substantially small size of Wrigley Lake, the ardent fisherman who has fished at many Lodges previously may want more variety. The family fisherman, or one who mixes fishing with sightseeing, exploring and relaxing, will, however, find Drum Lake Lodge very worthwhile.

To provide facilities for the sports fisherman would not prove too costly: two more boats with motors, trolling seats, nets, and a screened-in fish cleaning area may suffice. However, to rely solely on this market, even with a fairly low capital outlay, is not recommended. With the suggested expansion program primarily for conference use, adequate facilities will be available for fishermen.

We suggest a "trophy only" program or "1 trophy over 10 lbs" per guest as increased pressure and guests utilizing their legally allowed limits may deplete fish stocks greatly within a few short years.

Agents who specialize in marketing sport fishing include:

Bruhns Reisen  
Kirchenallee 34  
2000 Hamburg 1  
West Germany  
040-280 11 01

Canada Reise Dienst GMBH  
Grosse Strasse 2  
2070 Ahrensburg  
West Germany  
04102 51167

Safari Travel  
3505 Hart Ave.  
Rosemead, California  
U.S.A. 91770

C. Adventure Experiences

This includes a variety of tourist activities such as:

- a) white water rafting/canoeing on the Redstone and Keele Rivers; this may include
  - a float trip (raft or canoe) from the Lodge to the Redstone River and south 180 miles to the Mackenzie River and into Ft. Norman. Although the waters are ice-free from June to September, water levels fluctuate greatly. The Redstone, for example, is periodically too low to permit safe rafting, although surrounding landscape is beautiful.
  - a raft or canoe trip from the Lodge to the mouth of the Mackenzie River, estimated at 3 - 4 days in length.

Outfitted raft/canoe trips require extensive boating/river navigation, white water experience, sometimes expensive equipment (\$4,000-\$8,000 per raft) and a dedication to the development and marketing of that particular program.

White water rafting is now very popular throughout the world as a form of adventure travel. Competition is great and prices low, as many adventures are close to large urban centres with ease of accessibility.

With detailed research, we feel the Redstone may prove to be a reasonable, but certainly not spectacular, river for rafting/canoeing, while the Keele River is not easily accessible from the Lodge. Motorboat trips up or down the Redstone have limited appeal.

Developing the white water rafting/canoeing or motorboat option would require the Wrights to obtain an outfitting licence, while increased use of the existing Lodge and facilities would be minimal as adventurers prefer tent accommodations and meals cooked in the open.

- b) mountain climbing/hiking in the foothills and mountains surrounding Drum Lake Lodge. Recreational hiking may only be part of any vacation, especially a "general" type, appealing to families, individuals and groups. Mountain climbing or mountaineering is done by a very small group of adventurers seeking high and very difficult climbs which the area immediately surrounding Drum Lake Lodge does not offer.
- c) naturalist/photo trips in the area surrounding Drum Lake Lodge. Because of the abundance of wildlife - moose, caribou and Dahl sheep, naturalists/photo trips could - with adequate marketing be successful. This market although much smaller than the fish or hunt market, is on the increase.

Profitability for the development opportunity would initially be low due to limited hosting possibilities. However, when comparing capital outlay to potential gross sales, the return is favourable. Essentially, reimbursement for activities would supplement existing and suggested Lodge revenues.

Coordination, marketing and management skills are required locally to deliver any successful package tour, while some general hospitality training may be required.

We suggest the Wrights' visit similar operations to experience first hand all aspects of the operation before deciding to follow up on a specific market option such as this one. Being a tourist in this case has far-reaching values. One cannot expect to understand fully a new concept unless one has experienced it -- or something similar to it.

Agents who specialize in Adventure Experiences include:

Snovit Adventures  
Box 7385  
S-203-71  
Stockholm  
Sweden  
08-208-509

Canada Reise Dienst GMBH  
Grasse Strausse 2  
Ahurensburg  
West Germany D-2070  
04102 - 51167

Tour Canada of Sweden  
Allengen 4  
79141 Falun  
Sweden  
0-23-30681

Scholz Canada Tours  
Danzigor Str. 47-C  
D-5205 St. Augustin 1  
West Germany  
02241/28787

Wilkingor Reisen GMBH  
Buddinghardt 9  
D-5800 Hagen 7  
West Germany  
02331 140881

Conner Tours  
5855 Garden Valley Circle  
Culvor City, California  
U.S.A. 90230  
(213) 417-2353

Questors  
Tours and Travel Inc.,  
257 Park Avenue South  
New York, NY  
U.S.A. 10010-7369

#### D. General Family Vacations

Family vacations at Drum Lake Lodge would primarily appeal to families with traditional, cultural, fishing, photography and outdoor interests. Some of the other market options may have some appeal (ie., traditional learn/observe, market) to families, while on the whole the wider the range of activities the better. Some of this market wants to "relax" (fish, pick berries, walk the beach), while others will want to "learn" and/or "participate".

Activities such as smoking fish, tanning hides and berry picking, as detailed in the "traditional experience", would be of great value here.

The main difference between "family vacations" and the "learn/observe traditional experience" markets is that the family group seeks a very general or broad interest vacation which is relaxing, slow paced, and in conditions safe and comfortable for children. Family groups would want, in most cases, the comfort of the Lodge, a guide, regular meals and a comfortable cabin while the learn observe group may "rough it" more.

With family vacations, there is certainly some potential for housekeeping (cook their own meals), but because of the setup at Drum Lake Lodge we do not suggest that the housekeeping option be promoted.

There is a limited market in the N.W.T. -- either with Government families in the major centres (ie., Yellowknife) or with the resource industry (ie., Esso). The North American and European market for this type of family holiday is also quite limited, as choosing which families of the "family vacation" market are interested is very difficult. We however, assume this market will always only be a small percentage of the total and we have no specific suggestions for reliable "agents".

Additions and upgrading as suggested is certainly very suitable to this market, while only minor additions (children's sand box, swings, safe play area, etc.) are required if this market is sought at a later date.

As large numbers of N.W.T. residents are estimated to come to Drum Lake Lodge primarily for conferences, there will be some spin-off business of conference-goers who will later want to bring their families. Seasons would largely be limited to the warm summer months.

#### E. Learn/Observe Traditional Experience

The prime seasons to host a traditional-type experience are late winter, spring and summer.

Drum Lake Lodge is a good setting in terms of resources for a traditional land-based learn/observe traditional experience in the late winter and spring. Buildings are log while activities, ie., hunting, fishing and trapping and other various traditional activities could be hosted using the Lodge as a base.

Late winter and spring is an appropriate time to host a limited, exclusive and specialized learn/observe/experience activity. The experience for guests might include living with the Wrights at the Lodge and participating in activities such as gathering firewood, setting and pulling fish nets, eating country foods, fleshing and stretching pelts, and using traditional hand-made clothes. An important part of this experience would involve travel on the land by snowmobile to check traps, be involved in spring hunt and living in outpost camps or portable camps. Storytelling and explanation of history and traditional methods is an important aspect of this type of experience.

Similar to the above, learn/observe traditional experience in the summer season complements the winter/spring learn/observe traditional experience package. A guest would participate in setting and pulling nets, hiking, berry picking, smoking and drying fish, preparing hides for clothing and crafts. Camp and life on the land would be most appealing, giving an opportunity to visit and interpret some of the history surrounding Drum Lake.

Some adventurous types of tourists, however, prefer the more traditional use of dog team travel than by snowmobile.

Inaccessibility, lack of people, noise, smog, traffic and time constraints will be part of the attraction to guests from large urban centres.

There are few package tours of this type offered in the marketplace today. However, as the popularity grows, the supply will increase. Competitive service exists in the Fort Smith and Resolute Bay/Grise Fiord areas of the N.W.T. via specialty packages offered on a limited basis by quality outfitters. An increasing interest in outfitting for traditional tours is noted in the Inuit regions of the N.W.T. Limited competition exists in Alaska, Yukon and Northern Europe, but few offer a truly traditional land-based experience.

Capital costs for equipment would be low, as some, but not all of the equipment is already at the Lodge. Upgrading existing equipment could be required, including possible purchase of traditional winter clothing as well as modern parkas, windpants, camping equipment, radios and first aid equipment. An minimum estimate of \$3,000 - \$5,000 would be required for equipment upgrading.

This "marketing option" is most readily sold as a limited package tour. That is, transportation from a major centre, accommodation and meals as well as activities are included in a package price for the trip. A longer stay (ie., 10-14 days) would have more appeal to the international market (Europe and Japan) who travel longer distances to begin the experience.

Individuals or small groups of two or four would ideally be hosted at one time, although larger groups could be accommodated. It is essential on this type of package tour that the guest is made to feel part of the family, kept reasonably active and has details of traditional life explained and experienced first-hand if possible.

The experience would be marketed as a limited and exclusive tour package. In discussions with selected wholesalers/agents, we found a limited demand for this type of product. Because it is such a limited market, it can be fairly easily traced. The potential for guests is small when compared to hunting or fishing, but only a few are needed to make the operation a success. There seem to be two extremes to this market -- those that are only willing to pay a minimum (ie., \$75-\$100) a day and "rough it", and those wanting the same experience but willing to pay a premium (ie., \$200-\$350/day) for their unique "on the land" experience. We suggest contacting wholesalers/agents for both, but rates to start should be at the low end of the scale.

International wholesalers/agents whom we have found may be interested in this type of venture include:

Snovit Adventures  
Box 7385  
S-103-71 Stockholm, Sweden  
Telephone: 08-208-509

Canada Reise Dienst GMBH  
Grosse Strasse 2  
Ahrensburg, West Germany D-2070  
Telephone: 04102-51167

Canam Touristik GMBH  
Alter Teichweg 17-19  
2000 Hamburg 76, West Germany  
Telephone: (040) 291118

Tokyo Tourist Corporation  
Shibuya Metro Building 9F  
1-16-4 1-Chrome, Shibuya-Ku  
Telephone: (03) 407-0955

Maupintour Inc.  
P.O. Box 807  
Lawrence, Kansas USA 66044  
Telephone: (913) 843-1211

F. Big Game Outfitting (Sports Hunts)

Drum Lake Lodge on Wrigley Lake is presently in outfitting zone E 1-6 leased to Hugh MacCauley of Redstone Mountain Trophy Outfitters. This is one of 8 outfitting zones licensed by the Department of Renewable Resources for the purpose of sport hunting for big game, primarily Dahl sheep as well as caribou and moose. Grizzly has previously been sports hunted with success, but due to unknown numbers is now closed to sport hunting.

The market for these sports hunts at \$5,000-\$7,000 US each is primarily the U.S. and European big game hunter -- one who hunts a number of times a year and likely in different countries. This hunter is usually loyal to a specific outfitter, regardless of his outfitting area, and one who is very demanding of his guide and outfitter.

Traditionally, Mackenzie Mountain hunts, because of the terrain and type of animal hunted, are hiking/backpacking or horseback hunts. Guides/outfitters require a vast knowledge of the area, knowledge of either horseback or backpack style of hunting, and must have excellent endurance. Either spike camps are used or camp is moved every night. A base camp (ie., Drum Lake Lodge) would be used at maximum only for the first and last nights of the hunt. Spike camps are most effective as you are closest to the game as possible, and most efficient in a location where a S.T.O.L. plane such as a "super cub" can safely land.

The adjoining outfitter area zone E-1-7, E-1-5 and E-1-14 and a buffer zone east of the outfitting zones and west of the Mackenzie River border the area of interest as indicated by Paul Wright.

Hugh MacCauley utilizes two spike camps close to Drum Lake Lodge -- one at Dahl Lake and one at Hook Lake, both of which provide for the majority of his business, estimated to be 20 hunters per year, paying roughly \$6,000 US each. Each hunting zone, including the MacCauley area, should not be hunted much more heavily, as great care must be taken to protect the resource.

There are a number of options which may allow the Wrights to become involved in outfitting based from Drum Lake Lodge, none of which we suggest are viable -- at least at this point in time:

- a) Purchase the area outright from H. MacCauley. Costs would be \$300,000-\$350,000 to purchase outright. Based on an estimated yearly income of \$120,000 from sports hunts by 20 guests per year, it would take many years to pay off the initial investment. The purchase price, an initial capital outlay of \$50,000-\$75,000 as well as operating expenses including the all-important marketing aspect would prove too much to finance at regular bank rates.
- b) Purchase part of H. MacCauley's area. This would require heavy lobbying, as outfitting zones cannot at this moment be split. The present owner would likely not agree to this, as two of his main spike camps at "Hook" and "Little Dahl" Lakes are close to Drum Lake Lodge.

- c) Purchase of another outfitting area. Although there are outfitting areas for sale, these are certainly not feasible, at least not in conjunction with Drum Lake Lodge, because of the distance apart, and again because of cost.

Regardless of options, there are a number of considerations:

- For successful transfer of ownership, ongoing professional management and marketing/booking must be in place for at least 3-5 years. This would cost, we guesstimate, \$30,000-\$50,000 per year to hire the qualified manager/promoter.
- Paul Wright, at 65 years of age, has a limited number of years left to be actively involved in outfitting and guiding, and Fabian Bird has limited knowledge of sports hunting, the mountain area surrounding Drum Lake Lodge, and how and where to locate trophy game.
- Present legislation does not provide assistance for a direct buy-out for Territorial residents, nor does it provide for new zones or splitting of zones to occur. As the existing outfitters are long established, and in zones designated to them by the Department of Renewable Resources, an outright purchase with an ongoing management/marketing and training component promised by the "sellers" seems to be most logical, but questionable from a financial viability point of view.
- It is a myth that big game outfitters make an excessive amount of money! Certainly gross revenues may be high for a relatively short operating season, but expenses are very high and a complete and extensive marketing program must be completed in the off season.
- In considering the future development of outfitting for big game, we suggest Paul Wright be involved primarily in a guide training capacity for Fabian and other interested and already experienced guides in Ft. Norman. All hiring would be local as many guides from Ft. Norman have had experience guiding for various MacKenzie Mountain outfitters.
- The outfitters have been granted use of their areas for a specific number of years. The question of "Land Claims" will also have major implications on the future of "outfitter zones"!

If regulation changes or "land claims" allow use of an outfitting area these agents may be sources of hunters:

Klineburger Brothers  
3639 1st Ave South  
Seattle, Washington  
U.S.A. 90134

Safari Travel  
3505 Hart Avenue  
Rosemead, California  
U.S.A. 91770

Destiny West Travel Inc.  
3145 N. San Gabriel Blvd.  
Rosemead, California  
U.S.A. 91770  
(818) 307-5502

Canada Reise Dienst GMBH  
Grosse Strasse 2  
Ahrensberg, West Germany  
D-2070  
04102 51167



D. LAND, BUILDINGS AND EQUIPMENT

The attached diagram indicates the proposed layout - Drum Lake Lodge

The present Lodge land lease is adequate, while an additional land lease is suggested for the airstrip and possibly for the trail to the lake within a year or two. At present, a trail (for the 3-wheel A.T.C. and trailer) connects the airstrip and the lake. Guests and freight must now be taken by boat for the 2-minute ride to the Lodge. The "Little Dana" River separates the strip from the lodge (its high spring and periodic flood levels do not permit regular crossing by a A.T.V. or the construction of a reasonably priced bridge). Most summer traffic is however flown in by float plane which lands at the beach immediately in front of the Lodge.

When considering volume of people on a number of flights per season, price per person is lower for wheel planes using the airstrip (ie., twin otter rates for a trip to the Lodge airstrip are \$900. vs \$1,250. for a twin otter on floats). When considering the long range viability of the Lodge, the value of extending the present strip from 1,500 feet to 2,000 feet and longer is considerable, allowing use by additional aircraft. We suggest that 15 days' work with a caterpillar could extend the present strip, while 15 days of caterpillar work may provide 1,500 to 2,000 feet of east/west strip, allowing planes to land in most winds, on either of the two strips.

The present strip, paced off at 1,500', is on a natural, flat gravel bed, with an approach in a mountain valley. A minimum of "cat" work would provide 2,000' of excellent runway, while a substantial amount of work would provide a runway of 3,000 in length, adequate for a 185 or twin otter to both land and take off loaded.

We suggest propane for fridge, grill, oven, freezing facilities, and lights. Propane can be transported in 100-pound cylinders, refilled when required in Norman Wells, and when properly installed is safer than gas lamps and more efficient and less costly than a gas-fired generator providing electricity to appliances. Heat for cabins, kitchen and conference centre should be through firewood in efficient, safe and pleasant-looking wood stove heaters. While propane lines and related equipment must be professionally installed by a gas fitter, an introductory course on use and care of propane equipment is suggested, especially in light of traditional use of a wood stove for cooking.

The Wrights are presently living in the originally planned dining area between the kitchen and the conference room. We suggest that, although not efficient, it may prove more viable than building a complete, new manager's cabin -- at least at this point in time. Food can be served in the conference room, and dishes cleared away before meetings.

Items as suggested for capital costs are either to attract and please guests and/or to make the operation more efficient.

With two guest cabins on site, we suggest one additional cabin in '86, for a total of three. Cabin capacity would be 18, while the existing three tent frame accommodation units would accommodate a further 12, for a full camp total of 30. As most conferences and seminars are 16-25 in number, most guests could then be accommodated in the attractive and comfortable cabins. If revenues allow further expansion, 1-2 additional cabins could be built along the beach at a later time. Construction/renovations costs include labour, except where noted.

All equipment (ie., boats, motors, propane stove, fridge, etc.) is to be purchased wholesale at commercial rates, and all outboard motors should be of the same make and model to ensure ease of repair. Closeness to dealer (ie., Ft. Norman, Simpson, Yellowknife) should be considered. Quality equipment should be chosen as opposed to cheaper/short lasting equipment; "commercial" or heavy duty equipment chosen when possible.

Decor and appeal of the Lodge, especially the main conference centre, can be enhanced greatly, at minimal cost, through prints, photos, local fur, game heads and wall-mounted trophy fish, maps indicating points of local interest, display of artifacts from the Wrights collection, etc.

An amount of \$10,000 has been granted to Drum Lake Lodge from the Department of Indian and Northern Affairs to allow log cutting this year; this is detailed as part of total equity.

Flush toilets and showers in the shower house will be used June through September, while we suggest "honey buckets" replace toilets for off season and winter conference use. A propane heater in each of the mens' and womens' side will heat as required. This, combined with fully insulated cabins and conference centres, would effectively expand the operational season to a full twelve months from its present four.

From a total estimated cost per guest cabin of \$16,800, we estimate \$11,000 in total labour (log cutting, limbing, peeling, construction of cabin with bunks, roof, windows, doors, complete) and \$5,800 in materials and accessories. Based on \$70.00 per day, per worker, 157 working man days per cabin are required.

A construction foreman/carpenter paid at \$2,500/month would be required for the total building program to start in April and continue until the end of September. All room, board and transportation is included in the wages package.

We suggest 4 electric plugs be installed in the conference center, 1 in the office, 1 in the dining room and 3 in the kitchen for periodic use of appliances with power supplied when required only by a portable generator.

Although the Lodge has not supplied sheets, blankets and pillows in the past, we suggest they do so now as part of the total program is to service guests better. Guests will no longer have to bring sleeping bags, while laundry will be done at the Lodge.

The "shower, toilet, sauna building" is a 28 x 16 log building with divider walls allowing four separate functions, each with separate doors to the outside (see attached layout):

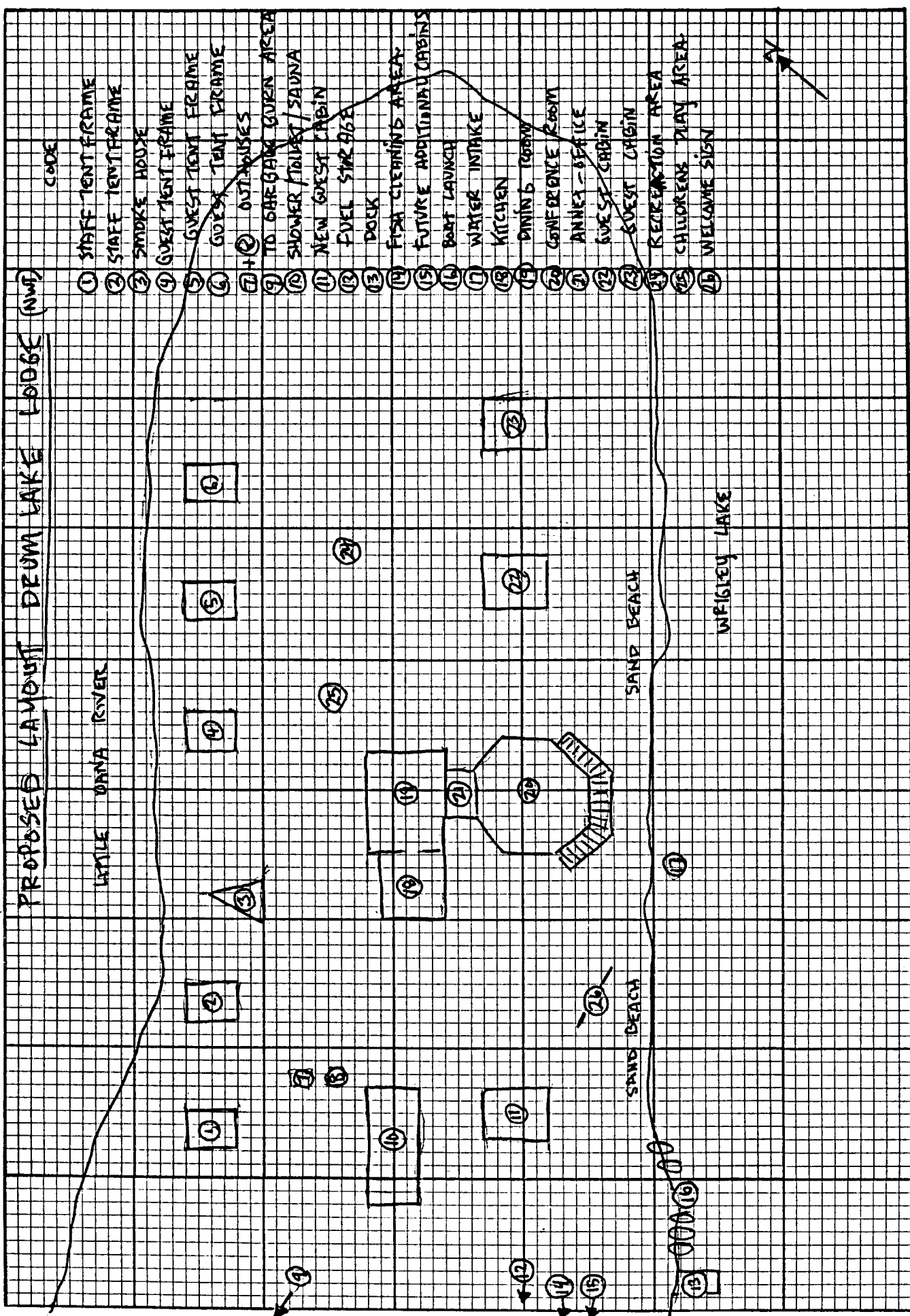
- a) storage for linen, dry goods, hot water heater, washing machine;
- b) sauna and change room;
- c) women's shower, toilet and sink;
- d) men's shower, toilet and sink.

All equipment and supplies must be purchased at "camp" or wholesale prices. References made to specific kitchen equipment are from "Russel Food Equipment Ltd" catalogue -- one of a number of such commercial outlets.

Both a Findlay oven (wood) cook stove and a commercial gas stove are suggested. The Wrights are accustomed to cooking and heating with wood, while guests appreciate fresh baked goods and food cooked on a traditional wood stove. The gas unit will be used for larger groups making quantity food preparation more efficient.

The office/confectionary room will be lockable with a sales window openable to the dining room. Sales items will include crafts: mukluks, moccasins, hairbands, gloves, mitts, watch bands, wallets (some made at the lodge and some purchased from Ft. Norman); also cigarettes, pop, chocolate bars, fishing lines, leaders, lines, rods, toiletries, film etc.

PROPOSED LAMOST DRUM LAKE LODGE (NWF)



CODE

- ① STAFF TENT FRAME
- ② STAFF TENT FRAME
- ③ SMOKE HOUSE
- ④ GUEST TENT FRAME
- ⑤ GUEST TENT FRAME
- ⑥ GUEST TENT FRAME
- ⑦ H<sub>2</sub>O OUTHOUSES
- ⑧ TO GARGANA QUEN AREA
- ⑨ SHOWER, HUBBET, SAUNA
- ⑩ NEW GUEST CABIN
- ⑪ FUEL STORAGE
- ⑫ DOCK
- ⑬ FISH CLEANING AREA
- ⑭ FUTURE ADDITIONAL CABINS
- ⑮ BOAT LAUNCH
- ⑯ WATER INTAKE
- ⑰ KITCHEN
- ⑱ DINING ROOM
- ⑲ CONFERENCE ROOM
- ⑳ ANNEX - OFFICE
- ㉑ GUEST CABIN
- ㉒ GUEST CABIN
- ㉓ RECREATION AREA
- ㉔ CHILDREN'S PLAY AREA
- ㉕ WELCOME SIGN

7

LITTLE DANA RIVER

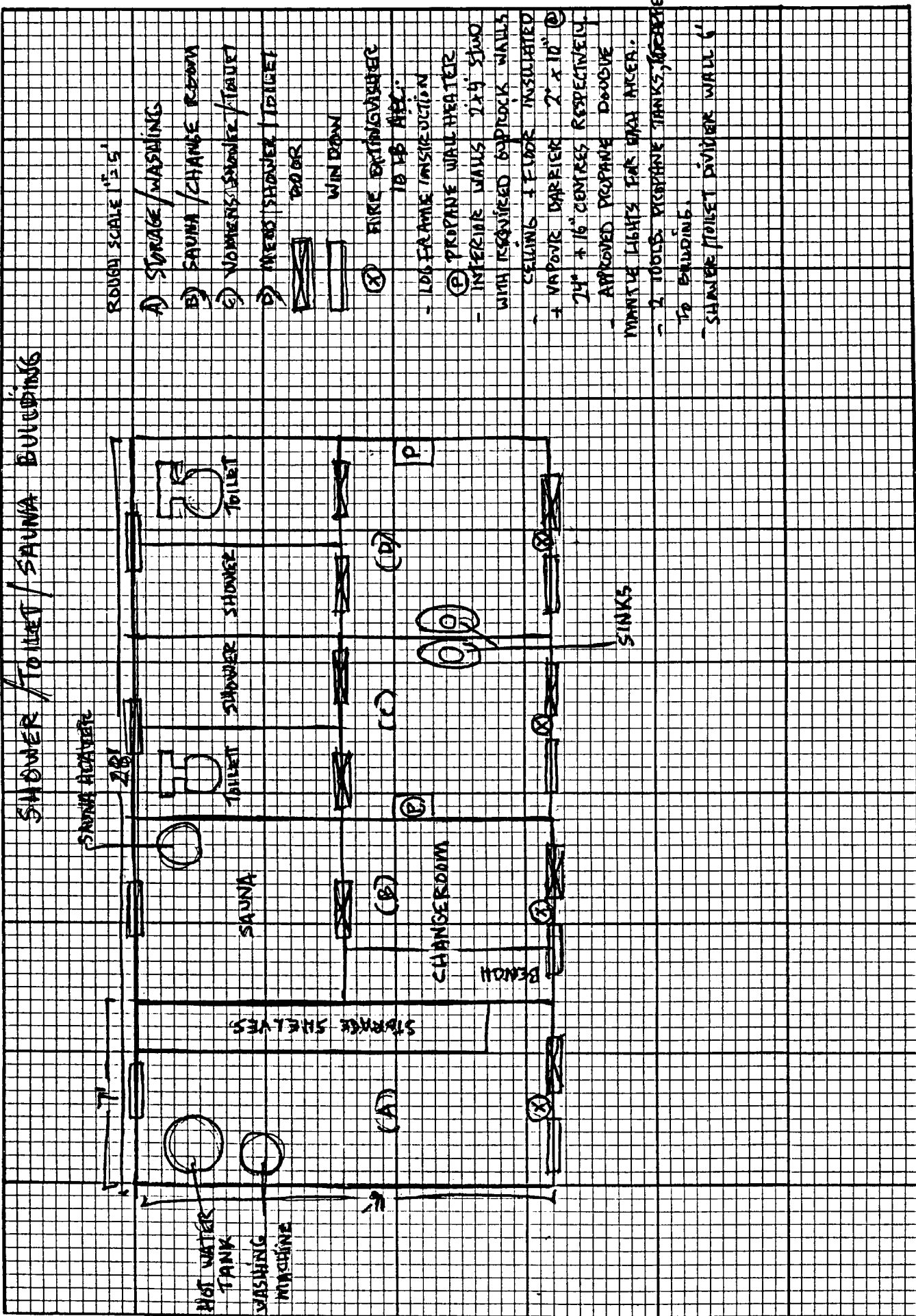
SAND BEACH

WELLSLEY LAKE

SAND BEACH

7

# SHOWER / TOILET / SAUNA BUILDINGS



PROJECTED "CAPITAL" EXPENSES

<u>Item</u>	<u>Use</u>	<u>Est. Cost (Year 1)</u>
1. Two Stihl Model (024-AV-5)	chainsaws with accessories (2 x \$450)	900
2. Two 16 foot Lund boats (high Transom)	recreation use by guests/with guides (2 x \$2,400)	4,800
3. Two 25 hp Johnston outboard motor	recreation use by guests/with guides @ \$1800	3,600
4. Three 6 hp Johnston backup motors	recreation use by guests/with guides (3 x \$900)	2,700
5. Portable generator	Yamaha generator 5000 watts to allow changing of water system batteries, plus periodic power to freezer, washer, etc., as required only.	2,100
6. Conference aids	Including slide projector and screen, electrical cords, erasable wall boards, Beta and T.V.	3,000
7. Chairs	60 comfortable stacking chairs (\$25 ea.)	1,500
8. Brush cutter	"Stihl" brush cutter for use on trails, behind camp, airstrip to dock.	400
9. Table saw	Model 34-5800 Rockwell with motor for finish carpentry.	433
10. Recreational equipment	volleyball and net, badminton, rackets and net, baseball and bat, soccer and football, and various indoor games (checkers, chess, monopoly).	750
11. One lawn mower	commercial "Toro" model to clip grass around lodge and cabins	400
12. Various	garbage cans, ash trays, mirrors, smoke detectors, 6 flotation life jackets, paddles, 3 filing cabinets, office desk, calculator, cash box, paper supplies.	3,000

PROJECTED "CAPITAL" EXPENSES (CONT'D)

<u>Item</u>	<u>Use</u>	<u>Est. Cost (Year 1)</u>
13. Fire extinguishers	1 10-lb ABC for each guest cabin, 3 in kitchen, 1 in dining hall, 1 in conference hall, 1 by dock, 1 at fuel storage, 1 in each tent frame and shower/sauna unit. (16 x \$88.95)	1,423
14. Two 12 x 16 5' wall tents	staff accommodation @ 400 each	800
15. Renovate existing two guest tent frames	@ 500 x 2	1,000
16. Linen	sheets and blankets, pillows and pillow cases for 40 people (30 guests and 10 staff) including extra sheets for 40.	
	12 Tablecloths @ 12/252	252
	84 bath towels @ 12/32 x 7	224
	84 hand towels @ 12/18 x 7	126
	84 face cloths @ 12/10 x 7	77
	48 tea towels @ 12/10 x 4	44
	84 twin fitted sheets 12/150 x 7	1,050
	48 pillow cases @ 12/120 x 7	840
	84 flat sheets @ 12/150 x 7	840
	40 blankets @ 40 x 20	800
	4 20 x 30 shower mat @ 37 x 4	148
	2 shower curtains	36
		<hr/> 4,437
17. Water system	Via battery operated pump to garden hose from lake feed to: a) mechanical building with propane water heater via copper lines to washer to b) shower/toilet building; two flush toilets and two shower units and two wash sinks to c) kitchen for dish and hand washing:	

PROJECTED "CAPITAL" EXPENSES (CONT'D)

<u>Item</u>	<u>Use</u>	<u>Est. Cost (Year 1)</u>
Water system (cont'd)	Pump, hose, copper line, fittings, drains, misc. and system installation.	3,000
	Propane hot water heater (50 gal.)	405
	Electric washer (commercial)	850
	Two toilets (\$125 ea)(water saver)	250
	Three industrial sinks to fit into counter (\$54 ea.)	165
	Two shower stalls (\$360 ea.)	720
18. Conference room renovation	Four large windows (approx. 6'x4' ea.) for view to lake and mountains (double pane) (\$375 ea.) with curtains.	1,500
	Decor/library and mini museum. A library for main conference building, of northern and general interest books, magazines, and manuals. Decor for main conference building and cabins; local arts, crafts, maps with local points of interest, blow-up colour photographs of area, moose, bear, caribou and sheep pelts or head mounts, rugs, caribou drum, snowshoes etc. A mini museum in main conference centre consisting of articles gathered by the Wright family over the years; depicting the history of the Wrigley Lake, Ft. Norman and Mackenzie Mountain area. To catalogue and display along with a documented history of the Lodge and the area.	2,500
	Renovate annex (between conference centre & dining room) to office and confectionary.	1,500



PROJECTED "CAPITAL" EXPENSES (CONT'D)

<u>Item</u>	<u>Use</u>	<u>Est. Cost (Year 1)</u>
	Electrical outlets wired to outside of building for hookup to generator. 4 in conference room, 2 in office, 1 in dining room, 3 in kitchen.	1,000
	Two skylights in roof@ (\$350 ea.)	700
	One large carpet & two 6' throw rugs	1,500
	Insulation, vapour barrier and finished 1/2" x 6" slats - ceiling	4,000
	Clear varnish interior & exterior	500
	Large woodstove with glass windows finished with approved chimney and base	2,000
	Deck in front of Lodge approx. 8'x30' (2"x6")	500
	Insulate exterior and finish with slats between logs.	500
	Two couches and cushion chair combinations (\$1,200 ea.)	2,400
	Eaves troughs	250
	Six other comfortable sitting chairs (\$200 ea.) and four end tables @(\$175 ea.)	1,900
	One circulating fan	200

PROJECTED "CAPITAL" EXPENSES (CONT'D)

<u>Item</u>	<u>Use</u>	<u>Est. Cost (Year 1)</u>
19. Kitchen renovations and additions	New floor-to-ceiling shelves, cabinets, and moulded counter tops (stainless steel) with section chopping block	5,000
	Small propane fridge	800
	Electric freezer (23 cu. ft. large)	700
	Propane grill	600
	Paint plywood floor	100
	Various pots, pans, utensils, dishes	2,000
	Electric meat grinder (moose, sheep caribou & beef)	880
	Coffee maker 100 cup perculator	150
	One oven rangModel 286 (6 burners & one oven.	2,100
	One Findley oval (wood) cook stove with reservoir to complement gas range for cooking and provide kitchen heat. Air Tight Model #A19-3	3,020
	Stainless steel triple sink and counter top with faucets.	1,400
	New glass, 3 (double pane) to replace broken window panes	200
20. One additional guest cabin	16 x 20 log, one storey (as existing) complete with log frame; beds in each to accommodate six people in either single, double or bunk beds with foam mattresses, chairs, wood stoves on approved bases and chimneys, wash basins, roofing paper, painted plywood floors and double-paned windows, roof-insulated cabins (\$16,800 ea. complete based on \$40/sq.ft. for 320 sq.ft. = \$12,800 and \$4,000 ea. for accessories.	16,800

PROJECTED "CAPITAL" EXPENSES (CONT'D)

<u>Item</u>	<u>Use</u>	<u>Est. Cost (Year 1)</u>
21. Lighting	Propane lights (double mantles #6-2707 type) (\$160 ea.) complete with approved copper lines, fittings and individual 100-pound cylinders for each light or combination of, including installation = \$6,000 total:  inclusive each guest cabin: Guest cabins x 3      2 lights kitchen                      6 lights dining room                6 lights, conference room         8 lights, shower/toilet cabin     4 lights office                        1 light	6,000
22. Shower/toilet/sauna building	One 28x16 one-story log building with 4 separate rooms: a) storage, washing b) sauna & change room c) women's shower/toilet d) men's shower/toilet each with propane lights and washrooms only with propane heaters. Sauna for relaxation of guests and staff, includes wood sauna heater with pipes and base, cedar finish wood. (based on 448 sq.ft. x 30 sq.ft. = \$13,340 and accessories = \$5,520).	18,860
At a later date and dependent on available financing, other components may be added to this existing building (ie.) 1) larger storage unit for kitchen and dry goods; 2) mechanical repairs/carpentry shop and 3) ice house).		
23. Existing guest cabin improvements	Insulate vapour barrier and ceiling New log frame beds, some single double, and bunk beds, screened windows and doors with curtains, wood stoves with approved base and chimneys, wood box, coat hooks, 16' x 16' front deck, wash stand and desk, shelves estimated at \$3,000 ea. x 2 cabins	6,000
24. Freight for capital items to Drum Lake		5,000
		<u>TOTAL = \$127,193</u>

DEFERRED CAPITAL EXPENSES

A number of capital items were initially considered for Drum Lake Lodge, as they would either assist in the operation or would attract additional guests. They have not, however, been included in the suggested capital program at this time, but may be considered in a year or two, dependent on "actual" revenue and expenses figures. These include:

<u>Item</u>	<u>Use</u>	<u>Est. Cost</u>
1. Four-wheel drive Honda A.T.C.	haul passengers and freight from airstrip to lodge; garbage disposal; general freight transport.	4,500
2. Heavy duty trailer	for Honda A.T.C.	500
3. Ice house	block ice for additional food and perishables storage.	3,000
4. Greenhouse	Aluminum or wood frame with a usable "plastic greenhouse", 16 x 20 size; production 6 months/year of fresh vegetables.	3,000
5. Chicken coup	Built back from camp, same as greenhouse, small 8 x 16 chicken coup to house 20-30 chickens to provide fresh eggs for guests and staff	3,000
6. Two docks	one at main camp and one at airport trail, both solid docks designed to be pulled from the water in fall to alleviate ice damage. (2 x \$1,500)	3,000
7. Screened-in deck	Roof, pillar supports and screen in conference room porch	4,000
8. Various kitchen implements	commercial meat cutter, vegetable peeler/dicer, large propane freezer, stainless steel kitchen table with racks and various kitchen appliances.	7-11,000
9. Airstrip improvement	moving gravel, levelling present strip, extending present and new areas east/west strip with caterpillar if available.	5-8,000
10. Aircraft	Cessna 180, 185 or DeHavilland Beaver aircraft - lease or purchase.	25-85,000 (purchase)

DEFERRED CAPITAL EXPENSES (CONT'D)

<u>Item</u>	<u>Use</u>	<u>Est. Cost</u>
11. Manager's cabin	20x24 built same as guest cabins to accommodate six on a permanent basis at \$23,200 complete based on \$40/sq.ft. x 480 sq.ft. and \$4,000 for accessories.	23,200
12. Guest cabin	Additional guest cabin 16 x 20 log, one story (as existing) complete with log frame beds in each to accommodate six people in either single, double or bunk beds with foam mattresses, chairs, wood stoves on approved bases and chimneys, wash basins, roofing paper, painted plywood floors and double-paned windows, roof-insulated cabins (\$16,800 ea complete based on \$40/sq.ft, for 320 sq. ft. = \$12,800 and \$4,000 ea. for accessories.	16,800
13. Two walkie-talkies	communication between boats or hiking parties and Main Lodge	700-1,800
14. Four-wheel drive 3/4 ton	for expediting and annual supply trip to Edmonton and Ft. Norman travel, etc.	15,000
15. Heavy duty trailer	supply trip to Edmonton and Ft. Norman travel, etc.	2,500

SCHEDULE AND BUILDING PRIORITIES

The following is our suggested scheduling of construction and renovations. Improving the conference centre and the kitchen unit first will add appeal as well as function, while the existing two guest cabins and three tent frames could handle present guests until the third guest cabin is completed.

	<u>WEEK OF</u>
1. Project approval	JANUARY 25
2. Subsequent bank approval	FEBRUARY 1
3. Plan detailed purchase list and construction program	FEBRUARY 1, 8, 15
4. Purchase all material	FEBRUARY 23, MARCH 2
5. Transport all material to Norman Wells by ice road	MARCH 8
6. Transport all material to Drum Lake Lodge on the ice by plane.	MARCH 15
7. Cut logs and transport to camp	MARCH, APRIL, MAY
8. Conference centre renovations and finishing work	MARCH, APRIL, MAY
9. Peel logs	APRIL, MAY
10. "Mill work"	APRIL, MAY, JUNE, JULY
11. Kitchen renovations and finishing work	MARCH, APRIL, MAY
12. New guest cabin	MAY, JUNE
13. Two 12 x 16 tent on pole frames for staff	MAY
14. Renovate 2 guest tent frames	JUNE
15. Wash/shower/toilet building complete with hot/cold water system and hook-up to kitchen	JULY, AUG., SEPT.
16. Finish existing guest cabins	JULY, AUG., SEPT.
17. Propane lights	AUG.
18. Renovation/expansion program completed	SEPT 27

E. MANAGEMENT

Judith Wright will act as Manager of Drum Lake Lodge, with input from Paul and Murray Rose Wright and Fabian Bird. (Resumes are documented in Section F.)

Judith has carried out the management role the last two years, utilizing the experience and background of her parents and her desire to make Drum Lake Lodge a viable entity. Primarily through her efforts, over \$52,000 worth of business was generated in 1985, and plans are actively pursued by her and her family for further development in 1986 and beyond.

With the initiation of this expansion/renovation project, management will become nearly a full time job with increased demands placed upon it. We expect Judith will work closely with her parents and Fabian utilizing a committee approach to some of the decision making. Paul Wright's experience, especially as Band Chief of Ft. Norman for years, will help immensely. The combination of "old" and "new" ideas in the project will certainly benefit.

As discussed in detail under Training, we strongly suggest funds are made available to insure a management/marketing consultant to work closely with the Wrights. The ongoing "training on the job" will be valuable also as a medium for discussion and decision making on day-to-day business problems.

As "management" and "marketing" are the two key areas of this business, the consultant must have experience in both of these areas and be able to work with the Wrights.

F. EMPLOYEES, INCLUDING MANAGERS

The key people involved in the project are Paul Wright, his wife Mary Rose Wright, their daughter Judith Wright and her husband Fabian Bird.

RESUMES/PERSONAL BACKGROUND OF PRINCIPALSPaul Wright (Dene)

- Guide training with Renewable Resources.
- Camp Manager, 4 years for Stan Grel, a past outfitter in the Mackenzie Mountains; responsible for 5 guides and 30 horses, hosting 40 hunters per year.
- Carpenter/log builder; built Drum Lake Lodge as it is today.
- Co-ordinated and ran two guide courses for 8-15 people.
- Chief, Ft. Norman, 8 years.
- Camp Manager, Drum Lake Lodge, 8 years.
- Training children, various "on the land" programs, through the Department of Education and Social Services, on bush life with wife Mary Rose.
- First aid instruction re bush, camp life.
- Trapper - 30 years.
- DPW maintenance of school and homes in Ft. Norman.
- Children's supervisor in hostel, 2 years.
- Loader operator (Esso), 3 years.
- Guided game wardens in Mackenzie Mountains with dog team from Ft. Norman, Ft. Franklin, Norman Wells and Drum Lake (1950's and 60's).

Mary Rose Wright (Dene)

- Food planner/cook for various Dene Nation assemblies (250-1,000 people).
- Cook for Drum Lake Lodge, past 8 years, feeding groups of 20-250.
- Cook for an outfitting camp (Stan Grel), feeding a total of 40 hunters plus staff, for 4 summer seasons.
- Course instructor, cultural oriented, at Drum Lake Lodge.
- Association and group work, Ft. Norman.
- Translator/instructor (to be used for onsite translation services) at Drum Lake Lodge.

Judith Wright (Dene)

- Lab technician - Esso Resources.
- General administration and bookkeeping.
- Spent most of her summers at the Lodge while going to school.
- Trapping experience with parents at Lodge.
- C.N.A. nurse's aid program.
- Grade 12 graduate.
- Implemented various correspondence bookkeeping courses.
- Assistant cook and main cook at Drum Lake Lodge.
- Treasurer and secretary of Drum Lake Lodge, Ltd., at present.
- Manager past 2 years - Drum Lake Lodge.



Fabian Bird (Metis)

- Worked closely with the Wright family last 4 years with Drum Lake Lodge construction and maintenance.
- Experienced in motor and heavy equipment maintenance.
- Carpentry.
- Previous work at Schaffer Lake (Burnt Lake Lodge) in the Ft. Smith region.
- Experienced in general bush work.
- A.V.T.C. heavy equipment course.
- Heavy equipment operator and mechanic with Robinson's Trucking and Esso Resources.
- Apprentice millwright (pumps, motors).
- Completed an outdoor guide training course.

JOB DESCRIPTIONS

As of January 1st, 1986, the following are job descriptions, who might fill each job, and details of, in two sections: A) Operations and B) Construction.

A) Operations

Manager/Bookkeeper (Judith Wright, with input from Paul and Mary Rose Wright, and Fabian Bird)

- An ongoing job, full time June to September, and half time the balance of eight months, except during the building program which would be full time (1986).
- Includes ongoing development, food and equipment ordering, staff training as well as on-site management during the summer months, staff hiring and supervision, coordination of marketing and expediting services, correspondence and basic bookkeeping, and preparation of financial records for the accountant.
- In the case of Drum Lake Lodge, although the major management decisions will be the responsibility of Judith Wright, consultations and decision making will to a large extent be a "family affair".

Expediter (Likely someone (individual or company) from Norman Wells to do the bulk of the expediting; an established and experienced business; familiar with expediting)

- Booking and scheduling of all freight and people.
- Transportation to and from Drum Lake Lodge.
- Communication on a regular basis with the Lodge, suppliers and booking/marketing agents.
- Purchase food, equipment and expedite to Lodge.
- Meet/greet guests and staff to/from Lodge.

Foreman (Fabian Bird, with input primarily from Paul Wright)

- Responsible for guides, staff, including training and scheduling, maintenance and upkeep of equipment and buildings, repairs, cleanliness of camp, garbage, water, firewood.
- Meet and greet all planes, load, unload.
- Guiding/hosting.

Head Cook (Mary Rose Wright)

- Responsible for cook staff, helpers and cleaning staff.
- All food planning, ordering, preparation and service, clean-up.
- Overall management of kitchen and dry goods storage area.
- Delegate duties of cabin and dining, cleaning, linen change and washing, etc.

Cook Assistant/Cleaner (Women from Ft. Norman)

- Assist head cook in all preparations, service, cleaning of kitchen, dining.
- Cleaning of cabins and tent frames, staff quarters, shower/toilet/sauna building.
- Hired as required.

Guides (men from Ft. Norman)

- Primarily to host/guide guests to fish, hike, explore.
- Boat and equipment cleanliness.
- Clean camp and maintenance as required.
- When not doing the above, peel logs and assist in ongoing building, renovation or repair.
- Hired as required.

B) Construction (jobs over and above operations or staff)Construction Foreman/Log Builder/Carpenter (experienced from the area)

- Management of all building supplies to site, storage, log peeler and building supervision.
- Log building and all carpentry.
- Milling.

Log Cutters/Builders (men from Ft. Norman)

- Cutting, peeling, transport of logs to Lodge site and mill.
- Log building.
- Renovations and painting.

EMPLOYEES CHART (1986)

Job	# of	Length of Time (years)	Male or Female	Wages	Aboriginal Ancestry	Permanent/ Seasonal; Full Time/ Part Time
<u>OPERATIONS</u>						
Manager/ Bookkeeper	1	Equal to 9 months	Female	16,000	Dene	Permanent
Expediter	1	Equal to 3 months	N/A	5,000	N/A	Seasonal
Foreman	1	Equal to 6 months	Male	8,000	Metis	Permanent
Head Cook	1	Equal to 7 months	Female	10,000	Dene	Permanent
Cook Assistant/ Cleaner	1-2	Equal to 3 months	Female	4,000	Dene	Seasonal
Guides	1-4	Equal to 7 months	Male	11,000	Dene	Seasonal
<b>TOTAL</b>	<b>10</b>	<b>35 months or 2.91 man-years</b>		<b>54,000</b>		
<u>CONSTRUCTION</u>						
<u>to October 1/86 only - in addition to above</u>						
Log Cutters/ Builders	2	2 x 7 = 14 months	Male	20,500	Dene	Seasonal
Foreman/ Log Builder/ Carpenter	1	7 months	Male	17,500	N/A	Seasonal
Gasfitter/ Electrician	1	.5 month	Male	2,000	Dene	Part Time
<b>TOTAL</b>	<b>4</b>	<b>21.5 months or 1.79 man-years</b>		<b>40,000</b>		

## G. TRAINING

We suggest that the Wrights have the opportunity of visiting and working in similar and competitive operations, especially those similar to their own, i.e., Colville Lake Lodge or the Ramparts Hotel in Fort Good Hope. We feel this is essential to provide an opportunity to learn what is available elsewhere as well as the positive and negative aspects of these operations.

An ongoing combination "Marketing and Management Training Program" would involve 3-4 days per month of training on the job during start-up and busy summer season months, while 12 days total for the remaining 6-7 months may be all that is required. The management component would include assisting the Wrights in the everyday management and development of the Lodge, problems with guests, planning, equipment ordering, etc. A total of 3-4 days spent by an experienced consultant trainer with the Wrights every month would ensure an ongoing source of management expertise. The marketing component may consist of developing a comprehensive marketing plan, seeking assistance from Travel Arctic, Tourism Canada and the Inuvik Zone Tourist Association, preparing slide and verbal presentations, and in summary actively implementing the marketing plan as designed. We would expect for example the marketing consultant to both plan and carry out presentations with Judith Wright to prospective conference clients. The consultant trainer would also be available to answer phone calls on specific or urgent business problems. The Wrights' contribution would be to assume all trainer/consultant costs: room, board and transportation from Norman Wells to Drum Lake Lodge and return, for an estimated 32 days in total. Total estimated cost for the program would be roughly \$15,000 for consultant/trainer fees and expenses for year 1.

Some \$3,000 should be allotted for Judith and/or Fabian to attend various 1-3 days' professional seminars and workshops (i.e., they attended a 1-day D.I.Z. "Small Business Seminar" in Norman Wells) which was very worthwhile. This may include bookkeeping, management; small engine repair, carpentry, new log building techniques.

A 2- 3-week "cook training" on-the-job course for Judith and Mary Rose Wright and cook helpers would greatly assist them. 1 - 1 1/2 weeks before a major conference would be spent on food ordering, menu planning and expediting, while the actual conference time be spent on food preparation, service, clean up, food storage, wastage, etc. \$3,000 would cover a cook trainer's wages and expenses from Ft. Smith or Yellowknife, based on trainers' wages of \$125/day.

Judith Wright would benefit from joining a Tourism Department inspection tour of tourism facilities in the region.

H. FINANCIAL

As the Lodge has been operated on a very part-time basis since 1977, bookkeeping has been sporadic and full records have not been kept of all transactions. The filing and financial bookkeeping system for 1985 has however been considerably improved.

The balance sheet indicates a book value of approximately only \$25,000, while an August 1985 appraisal indicated a value of \$100,000. This appraised value did not include an inventory of boats, motors, 3-wheel vehicles originally owned by the Wrights and Fabian and now part of their equity in the Lodge. This attached list "Inventory of Assets (Over and Above Appraisal)" totals \$37,000. Regardless, the equity position is excellent as there are no outstanding payables.

A year-end statement properly documented by an accountant has never been completed, due to the part-time operation of the business. From available records, Andy Anderson, A.E.D.O. Norman Wells, has documented balance sheets and statement of income from 1977 to the present.

The Accountant Firm of "Mackay & Partners" has been retained, and Principal Andrew Waywell will act on an ongoing basis for the company. This accountant will assist in major financial decisions, negotiating with commercial lending institutions, preparing suggested 6-month and year-end statements and comparing to budgets, tax and grant suggestions, etc.

Prices are to be kept competitive; it may be better in this case to look at potential profit through volume of business, rather than attempting to make a lot of money on a few conferences. The more satisfied the guests, the more word of mouth advertising!

A long term loan of \$68,000 required from a commercial lending institution would be taken, and is calculated, over a period of 5 years. According to our projections, a net income would be positive in the second year, while cash flow would be positive during the third year of operation. As the loan would be paid off before 5 years, the statement would look excellent after that time if our projections hold true.

We expect interest payments to be paid on a monthly basis, while a once-a-year payment will be paid toward the principal at the end of September, every year for 5 years, to complete the required loan. Although we have documented regular payments in our operating projections, we anticipate negotiating a once-a-year principal payment, at the conclusion of the busy season, with the financiers.

A total equity package of \$152,400 offered by the Wrights and Fabian Bird include:

A. Lodge (at appraised value of)	\$100,000
B. Food/cleaning supply inventory at Lodge at December 15, 1985 (estimated)	3,000
C. Equity in form of equipment from Judith, Rose, Mary and Paul Wright and Fabian Bird	37,000
D. Logs cut, limbed at Lodge or side of lake: 80 30'-logs @ \$30 ea.	2,400
E. Contribution to Drum Lake Lodge, Ltd., from Indian and Northern Affairs to be used primarily for log harvest	<u>10,000</u>
	TOTAL \$152,400

The "book value" from available records indicates approximately \$25,000. This is grossly underestimated due primarily to little inclusion of labour. From available records, we find total contribution of man-days between the four partners in 1982 is 204 days, 1983 - 261 days, 1984 - 301 days and 1985 - 294 days, for a total of 1,060 man-days. We assume that these man-days combined with the book value is roughly equivalent to the recent appraised value of \$100,000.

DRUM LAKE LODGE

BALANCE SHEET

OCTOBER 31, 1985

\* NOTE: AS INFORMATION WAS ONLY BEING COMPLETED AT TIME OF WRITING, THE FIGURES FOR THE 6 MONTH PERIOD ENDING OCTOBER 31 ARE SIMILAR TO THOSE ENDING APRIL 30, 1985. HOWEVER BECAUSE OF A (POSITIVE) INCOME OF \$2,117.00 AND INCREASED EQUITY, ANY CHANGES IN POSITION WOULD BE POSITIVE.

RECEIVED  
OCT 09 1985  
REGISTRY

DRUM LAKE LODGE

BALANCE SHEET

APRIL 30, 1985

ASSETS

BANK		827
BUILDINGS	15,397	
EQUIPMENT	8,980	
FURNITURE	589	
	<u>24,966</u>	
		<u>25,793</u>

LIABILITIES & PARTNERS' EQUITY

GRANTS		4,446
LOAN PAYABLE		4,500
PARTNERS' EQUITY	3,943	
PROFIT (DEFICIT) THIS PER	12,904	
PARTNERS' DRAWING		
	<u>16,847</u>	
		\$ <u>25,793</u>



DRUM LAKE LODGE

BALANCE SHEET

APRIL 30, 1984

ASSETS

BANK		103
BUILDINGS	3,924	
EQUIPMENT	8,356	
FURNITURE	509	
	<u>          </u>	<u>12,789</u>
		<u>12,892</u>

LIABILITIES & PARTNERS' EQUITY

GRANTS		4,446
LOAN PAYABLE		4,500
PARTNERS' EQUITY	3,843	
PROFIT (DEFICIT) THIS PER	250	
PARTNERS' DRAWING	(150)	
	<u>          </u>	<u>3,946</u>
		<u>12,892</u>

DRUM LAKE LODGE

BALANCE SHEET

APRIL 30, 1983

ASSETS

BANK		\$ 4,447.00
BUILDING	\$ 3,924	
EQUIPMENT	8,356	
FURNITURE	<u>509</u>	<u>17,236.00</u>

LIABILITIES & PARTNERS' EQUITY

GRANTS		4,446.00
LOAN PAYABLE		4,500.00
PARTNERS' EQUITY	4,261.00	
PROFIT (DEFICIT) THIS PER	6,134.00	
PARTNERS' DRAWING	<u>(2,104.00)</u>	<u>3,843.00</u>
		<u>17,236.00</u>

\*NOTE; BANK FIGURE FROM "ADDED INCOME OF \$ 7,140 LESS EXPENSES OF \$ 2,693.00 = \$ 4,447.00. SAME FIGURES ADDED TO PROFIT UNDER LIABILITIES.

DRUM LAKE LODGE

BALANCE SHEET

APRIL 30, 1982

ASSETS

BANK		875
BUILDINGS	3,924	
EQUIPMENT	7,899	
FURNITURE	509	
		<u>12,332</u>
		<u>13,207</u>

LIABILITIES & PARTNERS' EQUITY

GRANTS		4,446
LOAN PAYABLE		4,500
PARTNERS' EQUITY		4,261
PROFIT (DEFICIT) THIS PER		
PARTNERS' DRAWING		
		<u>13,207</u>

DRUM LAKE LODGE

BALANCE SHEET

APRIL 30, 1981

ASSETS

BANK		875
BUILDINGS	3,924	
EQUIPMENT	7,899	
FURNITURE	509	12,332
		<u>13,207</u>

LIABILITIES & PARTNERS' EQUITY

GRANTS		4,446
LOAN PAYABLE		4,500
PARTNERS' EQUITY	(757)	
PROFIT (DEFICIT) THIS PER	7,355	
PARTNERS' DRAWING	(2,337)	4,261
		<u>\$ 13,207</u>

DRUM LAKE LODGE

BALANCE SHEET

APRIL 30, 1980

ASSETS

BANK		(2,387)
BUILDINGS	3,924	
EQUIPMENT	6,299	
FURNITURE	353	
	<u>10,576</u>	
		<u>8,189</u>

LIABILITIES & PARTNERS' EQUITY

GRANTS		4,446
LOAN PAYABLE		4,500
PARTNERS' EQUITY	643	
PROFIT (DEFICIT) THIS PER	0	
PARTNERS' DRAWING	(1,400)	(757)
	<u>8,189</u>	

DRUM LAKE LODGE

BALANCE SHEET

APRIL 30, 1979

ASSETS

BANK		113
BUILDINGS	3,924	
EQUIPMENT	5,199	
FURNITURE	353	9,476
		<u>9,589</u>

LIABILITIES & PARTNERS' EQUITY

GRANTS		4,446
LOAN PAYABLE		4,500
PARTNERS' EQUITY	1,207	
PROFIT (DEFICIT) THIS PER	186	
PARTNERS' DRAWING	(750)	643
		<u>\$ 9,589</u>

DRUM LAKE LODGE

BALANCE SHEET

APRIL 30, 1978

ASSETS

BANK		456
BUILDINGS	3,924	
EQUIPMENT	2,399	
FURNITURE	253	
	<u>6,576</u>	
		<u>7,032</u>

LIABILITIES & PARTNERS' EQUITY

GRANTS		1,446
LOAN PAYABLE		5,000
PARTNERS' EQUITY	(64)	
PROFIT (DEFICIT) THIS PER		
PARTNERS' DRAWING		
RETAINED EARNINGS	650	
		<u>586</u>
		<u>7,032</u>

DRUM LAKE LODGE

BALANCE SHEET

APRIL 30, 1977

ASSETS

BANK		56
BUILDINGS	3,924	
EQUIPMENT	2,399	
FURNITURE	<u>253</u>	<u>6,576</u>

LIABILITIES & PARTNERS' EQUITY

GRANTS		1,446
LOAN PAYABLE		5,000
PARTNERS' EQUITY	(850)	
PROFIT (DEFICIT) THIS PER		
PARTNERS' DRAWING		
RETAINED EARNINGS	<u>1,036</u>	<u>186</u>



DRUM LAKE LODGE

STATEMENT OF INCOME

FOR THE SIX MONTH PERIOD ENDING OCTOBER 31, 1985

INCOME FROM TOURISTS		\$ 46,279.00
ADVERTISING		
BANK CHARGES & INTEREST		
COMMUNICATION		
FOOD SUPPLIES		
FREIGHT - IN		
FUEL - BOATS		
LEGAL AUDIT & PROFESS.		
LIGHT & POWER		
LAUNDRY		
OFFICE SUPPLIES		
REPAIRS & MAINTENANCE		
TAXES & LICENSES		
TRANSPORTATION		
WAGES & BENEFITS		
TOTAL EXPENSES	\$ 44,162.00	<u>\$ 44,162.00</u>
INCOME		\$ 2,117.00

RECEIVED  
OCT 09 1985

DRUM LAKE LODGE

STATEMENT OF INCOME

FOR THE YEAR ENDED APRIL 30, 1985

INCOME FROM TOURISTS		\$ 6,010
ADVERTISING		
BANK CHARGES & INTEREST	21	
COMMUNICATION	288	
FOOD SUPPLIES	953	
FREIGHT - IN	1,203	
FUEL - BOATS		
LEGAL AUDIT & PROFESS.	50	
LIGHT & POWER		
LAUNDRY		
OFFICE SUPPLIES		
REPAIRS & MAINTENANCE	48	
TAXES & LICENSES	70	
TRANSPORTATION	1,949	
WAGES & BENEFITS	(11,473)	
	<u>TOTAL EXPENSES</u>	<u>(6,891)</u>
INCOME (DEFICIT)		<u>\$ 12,901</u>

DRUM LAKE LODGE  
STATEMENT OF INCOME  
FOR THE YEAR ENDED APRIL 30, 1984

INCOME FROM TOURISTS		7,091
ADVERTISING	1,050	
BANK CHARGES & INTEREST	14	
COMMUNICATION	346	
FOOD SUPPLIES	2,259	
FREIGHT - IN		
FUEL - BOATS		
INSURANCE	1,703	
LEGAL AUDIT & PROFESS.		
LIGHT & POWER		
LAUNDRY		
OFFICE SUPPLIES		
REPAIRS & MAINTENANCE	200	
TAXES & LICENSES		
TRANSPORTATION	1,073	
WAGES & BENEFITS	193	
	<u>TOTAL EXPENSES</u>	<u>6,838</u>
INCOME (DEFICIT)		<u>\$ 250</u>

DRUM LAKE LODGE

STATEMENT OF INCOME

FOR THE YEAR ENDED APRIL 30, 1983

INCOME FROM TOURISTS		\$ 11,223.00	
ADVERTISING			
BANK CHARGES & INTEREST	\$ 1.00		
COMMUNICATION	201.00		
FOOD SUPPLIES	650.00		
FREIGHT - IN			
FUEL - BOATS			
LEGAL AUDIT & PROFESS.			
LIGHT & POWER			
LAUNDRY			
OFFICE SUPPLIES			
REPAIRS & MAINTENANCE	200.00		
TAXES & LICENSES			
TRANSPORTATION	807.00		
TRAVEL	231.00		
WAGES & BENEFITS	306.00		
MISCELLANEOUS	<u>2,693.00</u>		
TOTAL EXPENSES		\$ <u>5,089.00</u>	
INCOME (DEFICIT)		\$	6,134.00

DRUM LAKE LODGE

STATEMENT OF INCOME

FOR THE YEAR ENDED APRIL 30, 1982

INCOME FROM TOURISTS

ADVERTISING  
BANK CHARGES & INTEREST  
COMMUNICATION  
FOOD SUPPLIES  
FREIGHT - IN  
FUEL - BOATS  
LEGAL AUDIT & PROFESS.  
LIGHT & POWER  
LAUNDRY  
OFFICE SUPPLIES  
REPAIRS & MAINTENANCE  
TAXES & LICENSES  
TRANSPORTATION  
WAGES & BENEFITS

NO EVIDENCE OF ACTIVITIES  
FROM MAY 1/81 TO APRIL 30, 1982

TOTAL EXPENSES

INCOME (DEFICIT)

DRUM LAKE LODGE

STATEMENT OF INCOME

FOR THE YEAR ENDED APRIL 30, 1981

INCOME FROM TOURISTS		25,770
ADVERTISING		
BANK CHARGES & INTEREST	32	
COMMUNICATION	781	
FOOD SUPPLIES	5,146	
FREIGHT - IN		
FUEL - BOATS		
LEGAL AUDIT & PROFESS.		
LEASE	125	
LIGHT & POWER	17	
LAUNDRY		
OFFICE SUPPLIES	80	
REPAIRS & MAINTENANCE	229	
TAXES & LICENSES	65	
TRANSPORTATION	2,164	
WAGES & BENEFITS	9,776	
	<u>TOTAL EXPENSES</u>	<u>18,415</u>
INCOME (DEFICIT)		<u>\$ 7,355</u>

DRUM LAKE LODGE

STATEMENT OF INCOME

FOR THE YEAR ENDED APRIL 30, 1980

INCOME FROM TOURISTS		3,842
ADVERTISING		
BANK CHARGES & INTEREST		
COMMUNICATION	151	
FOOD SUPPLIES	809	
FREIGHT - IN		
FUEL - BOATS	235	
LEGAL AUDIT & PROFESS.		
LIGHT & POWER	20	
LAUNDRY		
OFFICE SUPPLIES		
REPAIRS & MAINTENANCE	696.71	
TAXES & LICENSES	65	
TRANSPORTATION	1,515	
TRAVEL	150	
WAGES & BENEFITS	200	
	<u>TOTAL EXPENSES</u>	<u>3,842</u>
INCOME (DEFICIT)		\$ 0

DRUM LAKE LODGE

STATEMENT OF INCOME

FOR THE YEAR ENDED APRIL 30, 1979

INCOME FROM TOURISTS		4,085
ADVERTISING		
BANK CHARGES & INTEREST	26	
COMMUNICATION	324	
FOOD SUPPLIES	994	
FREIGHT - IN		
FUEL - BOATS		
LEGAL AUDIT & PROFESS.		
LIGHT & POWER		
LAUNDRY		
OFFICE SUPPLIES		
REPAIRS & MAINTENANCE	618	
TAXES & LICENSES		
TRANSPORTATION	1,261	
WAGES & BENEFITS	676	
	<u>TOTAL EXPENSES</u>	<u>3,899</u>
INCOME (DEFICIT)		<u>\$ 186</u>



DRUM LAKE LODGE

STATEMENT OF INCOME

FOR THE YEAR ENDED APRIL 30, 1978

INCOME FROM TOURISTS		1,305
ADVERTISING		
BANK CHARGES & INTEREST	34	
COMMUNICATION	221	
FOOD SUPPLIES	400	
FREIGHT - IN		
FUEL - BOATS		
LEGAL AUDIT & PROFESS.		
LIGHT & POWER		
LAUNDRY		
OFFICE SUPPLIES		
REPAIRS & MAINTENANCE		
TAXES & LICENSES		
TRANSPORTATION		
WAGES & BENEFITS		
	<u>TOTAL EXPENSES</u>	<u>655</u>
INCOME (DEFICIT)		<u>\$ 650</u>

DRUM LAKE LODGE

STATEMENT OF INCOME

FOR THE YEAR ENDED APRIL 30, 1977

INCOME FROM TOURISTS		8,777
ADVERTISING	143	
BANK CHARGES & INTEREST	30	
COMMUNICATION	211	
FOOD SUPPLIES	2,795	
FREIGHT - IN		
FUEL - BOATS	113	
LEGAL AUDIT & PROFESS.	70	
LIGHT & POWER	90	
LAUNDRY		
OFFICE SUPPLIES		
REPAIRS & MAINTENANCE	121	
TAXES & LICENSES	6	
TRANSPORTATION	3,064	
WAGES & BENEFITS	1,096	
	<u>TOTAL EXPENSES</u>	<u>7,739</u>
INCOME (DEFICIT)		<u>\$ 1,038</u>

DRUM LAKE LODGE LTD.

OPERATING PROJECTIONS  
(Unaudited - See Notice To Reader)

FIRST FIVE YEARS OF OPERATIONS

NOTICE TO READER

We have compiled the accompanying operating projections, source and application of cash flow and balance sheets for the first five years of operations of Drum Lake Lodge Ltd. from information supplied to us. The principal assumptions and estimates, which were made by project management and upon which the projected financial statements are based, are set forth in the assumptions to the projected financial statements. In order to compile these projected financial statements, we made a review which indicates that the projected financial statements have been compiled on the basis of the assumptions and estimates referred to above. Inasmuch as the projected financial statements and the assumptions and estimates relate to the future and may be affected by unforeseen events, we can express no opinion on the projected financial statements or on how closely they will correspond with the actual results, or on the assumptions on which they are based. No representation may be made or implied that we take any responsibility for the accuracy of the projected financial statements.

*Mackay + Partners*

Yellowknife, Northwest Territories  
December 27, 1985

CHARTERED ACCOUNTANTS

DRUM LAKE LODGE LTD.

PROJECT COSTS AND SOURCES OF FINANCING  
(Unaudited - See Notice To Reader)

Total costs:	
Equipment	\$38,689
Marine equipment	11,554
Building	69,352
Furniture	7,598
	<u>127,193</u>
working capital	10,000
	<u>\$137,193</u>

Proposed financing of the project:

Special ARDA grant @ 50% of total costs	\$68,597
Long-term debt for balance	68,596
	<u>\$137,193</u>

DRUM LAKE LODGE LTD.

PROPOSED FIXED ASSET ADDITIONS  
(Unaudited - See Notice To Reader)

Equipment

2 Stihl chainsaws	\$900
Portable generator	2,100
Slide projector and screen	3,000
Stihl brush cutter	400
Tablesaw	433
Recreational equipment	750
Lawn mower	400
Miscellaneous	3,000
Fire extinguisher	1,423
2 Tents	800
Renovate existing tents	1,000
Linen	4,437
water system (hose, pump, etc.)	3,000
Hot water heater	405
Electric heater	850
2 Toilets	250
3 Industrial sinks	165
woodstove	2,000
Circulating fan	200
Propane fridge	800
Electric Freezer	700
Propane grill	600
Pots & pans	2,000
Electric meat grinder	880
Coffee maker	150
Oven range	2,100
Cook stove with resevoir	3,020
Stainless steel sink	1,400
	<hr/>
	37,163
Freight	1,526
	<hr/>
	\$38,689
	<hr/> <hr/>

Marine equipment

2 16' Lund boats	\$4,800
2 25 hp. Johnson motors	3,600
3 6 hp. Johnson backup motors	2,700
	<hr/>
	11,100
Freight	454
	<hr/>
	\$11,554
	<hr/> <hr/>

## Building

Decor - library and mini museum	\$2,500
Renovate annex	1,500
Electrical outlets	1,000
2 Shower stalls	720
Renovations to conference room	1,500
2 Skylights	700
Insulation and vapor barrier	4,000
Varnish interior and exterior	500
Deck - front of lodge	500
Insulate exterior	500
Eve troughs	250
Kitchen renovations	5,000
Paint floor	100
New glass	200
Guest cabin	16,800
Shower, toilet, sauna building	18,860
Lighting for above buildings	6,000
Renovate existing guest cabin	6,000
	<hr/>
Freight	66,630
	2,722
	<hr/>
	\$69,352
	<hr/> <hr/>

## Furniture

60 Stacking chairs	\$1,500
Large carpet and 2 throw rugs	1,500
2 Couches	2,400
6 Sitting chairs	1,900
	<hr/>
Freight	7,300
	298
	<hr/>
	\$7,598
	<hr/> <hr/>

DRUM LAKE LODGE LTD.

OPENING BALANCE SHEET  
(Unaudited - See Notice To Reader)

ASSETS	EXISTING	EXPANSION	TOTAL
Cash	\$0	\$10,000	\$10,000
Fixed Assets			
Equipment	18,150	38,689	56,839
Marine equipment	18,893	11,554	30,447
Building	83,600	69,352	152,952
Vehicle	10,050	0	10,050
Furniture	0	7,598	7,598
Airplane runway	5,000	0	5,000
	<u>\$135,693</u>	<u>\$137,193</u>	<u>\$272,886</u>

LIABILITIES & EQUITY

Long term debt	\$0	\$68,596	\$68,596
Equity - Special ARDA	0	68,597	68,597
- Shareholders	<u>135,693</u>	<u>0</u>	<u>135,693</u>
	<u>\$135,693</u>	<u>\$137,193</u>	<u>\$272,886</u>



DRUM LAKE LODGE LTD.

LONG TERM DEBT SERVICE COSTS

FOR THE NEXT FIVE YEARS  
(Unaudited - See Notice To Reader)

Original principal	\$68,596
Interest rate	12.00%
Term (months)	60

Pmt. No.	Principal	Interest	Total Payment	Balance
1	\$840	\$686	\$1,526	\$67,756
2	848	678	1,526	66,908
3	857	669	1,526	66,051
4	865	661	1,526	65,186
5	874	652	1,526	64,312
6	883	643	1,526	63,429
7	892	634	1,526	62,537
8	901	625	1,526	61,636
9	910	616	1,526	60,726
10	919	607	1,526	59,807
11	928	598	1,526	58,879
12	937	589	1,526	
	<u>\$10,654</u>	<u>\$7,658</u>	<u>\$18,312</u>	<u>\$57,942</u>

Pmt. No.	Principal	Interest	Total Payment	Balance
13	\$947	\$579	\$1,526	\$56,995
14	956	570	1,526	56,039
15	966	560	1,526	55,073
16	975	551	1,526	54,098
17	985	541	1,526	53,113
18	995	531	1,526	52,118
19	1,005	521	1,526	51,113
20	1,015	511	1,526	50,098
21	1,025	501	1,526	49,073
22	1,035	491	1,526	48,038
23	1,046	480	1,526	46,992
24	1,056	470	1,526	
	<u>\$12,006</u>	<u>\$6,306</u>	<u>\$18,312</u>	<u>\$45,936</u>

<u>Pmt. No.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Balance</u>
25	\$1,067	\$459	\$1,526	\$44,869
26	1,077	449	1,526	43,792
27	1,088	438	1,526	42,704
28	1,099	427	1,526	41,605
29	1,110	416	1,526	40,495
30	1,121	405	1,526	39,374
31	1,132	394	1,526	38,242
32	1,144	382	1,526	37,098
33	1,155	371	1,526	35,943
34	1,167	359	1,526	34,776
35	1,178	348	1,526	33,598
36	1,190	336	1,526	
	<u>\$13,528</u>	<u>\$4,784</u>	<u>\$18,312</u>	<u>\$32,408</u>

<u>Pmt. No.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Balance</u>
37	\$1,202	\$324	\$1,526	\$31,206
38	1,214	312	1,526	29,992
39	1,226	300	1,526	28,766
40	1,238	288	1,526	27,528
41	1,251	275	1,526	26,277
42	1,263	263	1,526	25,014
43	1,276	250	1,526	23,738
44	1,289	237	1,526	22,449
45	1,302	224	1,526	21,147
46	1,315	211	1,526	19,832
47	1,328	198	1,526	18,504
48	1,341	185	1,526	
	<u>\$15,245</u>	<u>\$3,067</u>	<u>\$18,312</u>	<u>\$17,163</u>

<u>Pmt. No.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Balance</u>
49	\$1,354	\$172	\$1,526	\$15,809
50	1,368	158	1,526	14,441
51	1,382	144	1,526	13,059
52	1,395	131	1,526	11,664
53	1,409	117	1,526	10,255
54	1,423	103	1,526	8,832
55	1,438	88	1,526	7,394
56	1,452	74	1,526	5,942
57	1,467	59	1,526	4,475
58	1,481	45	1,526	2,994
59	1,496	30	1,526	1,498
60	1,498	15	1,513	
	<u>\$17,163</u>	<u>\$1,136</u>	<u>\$18,299</u>	<u>\$0</u>

DRUM LAKE LODGE LTD.

INTERIM FINANCING  
(Unaudited - See Notice To Reader)

<u>Pmt. No.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Balance</u>
				\$68,597
1	\$0	\$686	\$686	68,597
2	0	686	686	68,597
3	0	686	686	68,597
4	0	686	686	68,597
5	0	686	686	68,597
6	0	686	686	68,597
7	0	686	686	68,597
8	0	686	686	68,597
ARDA Grant	68,597	0	0	0
	<u>\$68,597</u>	<u>\$5,488</u>	<u>\$5,488</u>	

DRUM LAKE LODGE LTD.

PROJECTED INCOME STATEMENT

FOR THE NEXT FIVE YEARS  
(Unaudited - See Notice To Reader)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>REVENUE</b>					
Conference, seminars and workshops	\$80,000	\$138,000	\$185,000	\$203,500	\$223,850
Sport fishing	15,000	20,500	25,500	28,050	30,855
General family vacation	6,000	7,500	8,500	9,350	10,285
Adventure experiences	3,000	5,000	7,000	7,700	8,470
Learn, observe traditional experiences	2,000	3,500	5,500	6,050	6,655
Miscellaneous revenue	18,500	23,000	28,000	30,800	33,880
	<u>124,500</u>	<u>197,500</u>	<u>259,500</u>	<u>285,450</u>	<u>313,995</u>
<b>EXPENSES</b>					
Salaries					
- management	16,000	19,000	21,000	23,100	25,410
- cook	10,000	12,500	14,000	15,400	16,940
- guides	11,000	15,000	18,000	19,800	21,780
- others	12,000	14,000	16,000	17,600	19,360
Employee benefits	4,900	6,050	6,900	7,590	8,349
Marketing	9,500	13,000	16,000	17,600	19,360
Bank charges and interest	1,000	1,000	1,000	1,000	1,000
Expediting and communication	5,000	7,000	9,000	9,900	10,890
Insurance	2,000	2,500	3,000	3,000	3,500
Food	24,900	39,500	51,900	57,090	62,799
General supplies	4,000	5,000	6,000	6,600	7,260
Transportation	15,400	18,400	21,000	23,100	25,410
Fuel, oil, gas and propane	4,000	5,000	6,000	6,600	7,260
Professional fees	3,000	3,500	4,000	4,400	4,840
Telephone and telex	1,500	1,800	2,200	2,420	2,662
Repairs and maintainance	2,000	2,000	2,500	2,750	3,025
Land lease, licences and other memberships	1,000	1,000	1,000	1,000	1,000
Miscellaneous	5,000	6,000	7,000	7,700	8,470
Interim financing	5,488	0	0	0	0
Interest on LTD	7,658	6,306	4,784	3,067	1,136
Depreciation	33,085	26,448	21,441	17,633	14,711
Amortization of D.G.A.	(3,430)	(9,775)	(8,309)	(7,062)	(6,003)
	<u>175,001</u>	<u>195,229</u>	<u>224,416</u>	<u>240,288</u>	<u>259,159</u>
INCOME BEFORE TAXES	(50,501)	2,271	35,084	45,162	54,836
INCOME TAXES @ 25%	0	0	0	8,004	13,709
NET INCOME	<u>(\$50,501)</u>	<u>\$2,271</u>	<u>\$35,084</u>	<u>\$37,158</u>	<u>\$41,127</u>

DRUM LAKE LODGE LTD.

PROJECTED CASH FLOW

FOR THE NEXT FIVE YEARS  
(Unaudited - See Notice To Reader)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Net Income	(\$50,501)	\$2,271	\$35,084	\$37,158	\$41,127
Add Depreciation	33,085	26,448	21,441	17,633	14,711
Deduct Amortization	(3,430)	(9,775)	(8,309)	(7,062)	(6,000)
From Operations	<u>(20,846)</u>	<u>18,944</u>	<u>48,216</u>	<u>47,729</u>	<u>49,838</u>
Principal Payments On Long Term Debt	<u>(10,654)</u>	<u>(12,006)</u>	<u>(13,528)</u>	<u>(15,245)</u>	<u>(17,160)</u>
	(31,500)	6,938	34,688	32,484	32,678
Opening cash	<u>10,000</u>	<u>(21,500)</u>	<u>(14,562)</u>	<u>20,126</u>	<u>52,610</u>
CLOSING CASH	<u><u>(\$21,500)</u></u>	<u><u>(\$14,562)</u></u>	<u><u>\$20,126</u></u>	<u><u>\$52,610</u></u>	<u><u>\$85,282</u></u>

DRUM LAKE LODGE LTD.  
 PROJECTED BALANCE SHEET  
 FOR THE NEXT FIVE YEARS  
 (Unaudited - See Notice To Reader)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
ASSETS					
Cash	(\$21,500)	(\$14,562)	\$20,126	\$52,610	\$85,282
Fixed Assets					
Equipment	56,839	56,839	56,839	56,839	56,839
Marine equipment	30,447	30,447	30,447	30,447	30,447
Building	152,952	152,952	152,952	152,952	152,952
Furniture	7,598	7,598	7,598	7,598	7,598
Vehicle	10,050	10,050	10,050	10,050	10,050
Airplane runway	5,000	5,000	5,000	5,000	5,000
	<u>262,886</u>	<u>262,886</u>	<u>262,886</u>	<u>262,886</u>	<u>262,886</u>
Accumulated Depreciation	(33,085)	(59,533)	(80,974)	(98,607)	(113,318)
	<u>229,801</u>	<u>203,353</u>	<u>181,912</u>	<u>164,279</u>	<u>149,568</u>
	<u>\$208,301</u>	<u>\$188,791</u>	<u>\$202,038</u>	<u>\$216,889</u>	<u>\$234,850</u>

LIABILITIES & EQUITY

Long term debt	\$57,942	\$45,936	\$32,408	\$17,163	\$0
Deferred Incentive Grant	65,167	55,392	47,083	40,021	34,018
Equity - Shareholders	135,693	135,693	135,693	135,693	135,693
Retained Earnings	(50,501)	(48,230)	(13,146)	24,012	65,139
	<u>\$208,301</u>	<u>\$188,791</u>	<u>\$202,038</u>	<u>\$216,889</u>	<u>\$234,850</u>

DRUM LAKE LODGE LTD.

PRINCIPLE ASSUMPTIONS TO PROJECTIONS

FOR THE NEXT FIVE YEARS

(Unaudited - See Notice To Reader)

1. Revenue and expense amounts have been estimated by project management in years 1, 2, and 3, based on previous operating results and current expectations. Years 4 and 5 increases are estimated by project management at the rates or figures noted below.  
For all years food purchases are estimated by project management at 20 % of total revenue.

	% Increase over yr 3	% Increase over yr 4
All Revenue	10%	10%
Expenses		
Bank charges and interest	0%	0%
Insurance	\$0	\$500
Land lease, licences and other memberships	0%	0%
All other expenses	10%	10%

2. Depreciation has been provided for by the diminishing method at the rates set out below.

Equipment	20%
Marine equipment	30%
Building	5%
Furniture	20%
Vehicle	30%
Airplane runway	8%

3. Deferred Government Assistance is being amortized at 15 % , the approximate average rate the assets that qualified for the assistance are being depreciated.

The above assistance is not going to be received until the project is implemented (estimated at eight months into year 1) consequently only four months amortization has been taken in year 1.

4. The existing fixed assets are valued at their appraised value.

NOTES: PROJECTED INCOME STATEMENT (GENERAL)

An estimated "working capital" figure of \$10,000 has been added to the project costs.

Interim financing of \$68,597 has been estimated for eight months (to the end of September 1986), at which time the capital program should be completed. At that time, the hopefully approved A.R.D.A. funding will be put in place after inspection.

Long term financing of \$68,596 is based on 12% interest over a 5-year period.

The cash flow shortage of \$21,500 in year 1 can be covered by the Wrights leaving a portion of their salaries in the company. This has been done in the past to cover periodic cash shortages.

Year 1 indicates a total depreciation of \$33,085., based on the total value of buildings and equipment at \$262,986 after renovations and additions. A year-end cash flow is \$(21,500), while year 3 indicates a positive cash flow of \$20,126. Depreciation would naturally be much lower if the recorded "book value" were used!

Our projections indicate a need for \$137,000 in capital expenses, expanded over 5 years, and \$175,000 in operating expenses for year 1, with total expected revenue of \$124,000.



A) Notes - Projected Expenses

Management based on \$1,000/month for eight months (\$8,000) and \$2,000/month for the four busy summer months (\$8,000). It is assumed the manager may also be involved in other aspects of the business, i.e., cooking, hosting, cleaning, promotion/marketing, bookkeeping.

Cook, guides and other wages (excluding log hauling and building which is detailed under capital costs) are based on total revenues of \$124,500 (for 1986).

Guides will be required on a part-time basis only for conferences but full time for sport fishing, family groups and most other markets. Estimated cook wages at \$90/day, guides at \$80/day and other wages at \$65.00 per day. Other wages for camp clean-up, maintenance, and assisting the manager, cook and guides.

"Projected capital expenses" include labour costs as part of the total. We estimate that of \$127,193 in total capital expenses for the expansion and renovation program, approximately \$40,000 would be allocated for labour.

An estimated contract wage for a foreman/carpenter/log builder would be \$2,500 a month, and log cutters/builders \$1,500 a month. Operational staff (i.e., foreman and/or guides) would assist the construction crew when not busy on operations.

Marketing expenses based on details of the attached "Suggested Marketing Program" includes travel (room and board and miscellaneous travel expenses) for marketing purposes. The figure of 9,500 for year 1 takes into account that some revenue may be available from the Zone, and some "marketing training" may be subsidized.

An expediter, also handling communications, supplies, flight arrangements and scheduling of guests may cost \$250 per month for eight months and \$750 per month for the four busy months, on a part-time basis in Ft. Norman. An expediter, paid on an hourly basis, must also be required in Norman Wells.

We strongly suggest liability, fire and accident insurance.

Food costs are based on an estimated 20% of total gross revenue. Use of game meat and fish (highly in demand by both guests and staff) will greatly reduce costs. Food for staff as well as guests is included in this total year 1 figure of 24,900.

Estimated maximum transportation costs of \$15,400 includes trips from Ft. Norman or Norman Wells for food and various supplies, assorted guest trips recoverable at cost, and various Twin Otter and Cessna 185 trips for staff and supplies. It is assumed all conference packages will allow for the client to pay transportation costs from the point of origin. This figure may be cut down as some staff supplies and staff transportation may be available on planes paid for by guest groups (on a space available basis).

A miscellaneous/contingency estimate of \$5,000 is included for unexpected or underestimated items.

B) Notes - Projected Revenue

We assume a concentration of marketing effects will be aimed towards the conference/seminar/workshop market with good results. Based on a past yearly maximum of 6 conferences hosted in any one year, we estimate 8 medium conferences hosted in 1986 with an increase of four per year. Based on past figures we estimate average conference meeting size to be 25-30, with an average stay of 2.5 days per conference. Sizes will likely vary from a minimum of six to a maximum of 40, and length of conference will vary from one day to 2-3 weeks (as is the case with various training sessions). With an average per person daily fee of \$110 in 1986 (room, board and conference room), a minimum average revenue per conference would be \$6,875. We also anticipate one to three training-type meetings per year, averaging 12 people @ \$100/day x 15 days = \$18,000 per conference.

We have considered the prime season to be four months, June through September, although other activities could certainly now be held during the "off" season. If we consider even a minimum of a 4-month season over the 1st year's operation (1986), we indicate conference/seminar groups occupying 25% of the total occupancy of the Lodge (based on capacity of 24). Year 2 conference revenues show occupancy at 40% and year 3 conference revenues at 50%. based again on the prime 4 month season.

Miscellaneous revenue of \$18,500 in 1986 comes from estimated guiding fees (over and above conference fees) of \$6,000., profit on sale of some craft confectionary items (\$5,000), provision of daily or overnight visits by various officials (\$3,500), and periodic groups who wish only partial service (ie., museum group wanting two meals a day but no accommodation as they tent), \$4,000.

Adventure experiences (ie., cross-country skiing, nature trips, canoeing, hiking, etc.) to be estimated at a total of \$3,000., while general family vacations may generate a maximum of \$6,000., much of it as a spinoff from past business.

Sport fishing revenues we have estimated at \$15,000 due to the fact that past years have consistently generated revenues from this market (ie.: 1983 - \$500; 1984 - \$500; 1985 - \$9,175, with little marketing effort.

No revenue has been allocated under the "big game outfitting" market area although potential regulation changes or the settlement of "land claims" may significantly alter the situation, allowing the Wrights to outfit and further complement use of their facilities. If this did occur, substantial additional revenues are possible.

Revenue increases are substantial and based on an aggressive marketing program -- not only by the Wrights themselves, but by hired agents, as detailed under the "Marketing" and "Training" sections of this study. Our increases are also based on effective word of mouth advertising from satisfied customers, and from the fact that 1985 produced \$52,000 in revenues from no established marketing program. All revenues produced to date have been in the summer months of June through September. The recommended renovations and additions would allow operations 12 months a year -- thus expanding the total season by 3 times.

INVENTORY OF ASSETS (OVER AND ABOVE APPRAISAL)Contributed by Judith Wright & Fabian Bird

- 1 Chainsaw Huskavarna	\$ 500	
- 1 1984 Blade	400	
- 1 1983 Suzuki 4-Wheel A.T.C.	2,200	
- 1 1984 Trailer	500	
- 1 1984 Honda Generator	1,500	
- 1 1985 Johnston 25 hp Outboard	1,999	
- 1 1973 Mercury 6 hp Outboard	600	
- 1 1976 Mercury 20 hp Outboard	1,200	
- 1 1981 Skidoo 4500 Citation Skidoo	<u>1,000</u>	
		\$ 8,899

Contributed by Paul and Mary Rose Wright

- 1 Pioneer Chainsaw	300	
- 1 Homelite Chainsaw	100	
- 1 Homelite Chainsaw	150	
- 1 Homelite Chainsaw	150	
- 1 Homelite Chainsaw	400	
- 2 Tripper Canoes	1,000	
- 1 18-foot Cedar Strip Freighter Canoe	3,900	
- 1 18-foot Lund Boat	2,300	
- 2 14-foot Starcraft Boats @ \$1,300 ea.	2,600	
- 1 Honda Generator	1,500	
- 1 Robson Generator	1,000	
- 1 1981 Johnston 25 hp Outboard	900	
- 1 Johnston 25 hp Outboard	995	
- 1 Mercury 4.5 hp Outboard	1,000	
- 1 Johnston 20 hp Outboard	1,300	
- 1 Johnston 25 hp Outboard	1,999	
- 1 250 Elan Snowmobile	1,500	
- 1 250 Elan Snowmobile	300	
- 1 250 (18) Elan Deluxe Snowmobile	700	
- 1 Sleigh	350	
- 1 250 Elan Snowmobile	2,500	
- 2 SBx11 Radios with 3 Crystals and Aerials @ \$1,800 ea.	3,600	
- 1 Freezer (Electric)	400	
- 1 Washing Machine (Electric)	250	
- 3 Wooden Toboggans	<u>1,000</u>	
		<u>28,194</u>
	TOTAL =	<u>\$37,093</u>

I. PROFESSIONAL AND TECHNICAL SERVICES

- Legal representation by Cooper, Johnson, Hardy & Fournier (Yellowknife) (Richard Hardy).
- Accountant from MacKay & Partners (Yellowknife), under the direction of Principal Andrew Waywell.
- Bank C.I.B.C. (Norman Wells and Yellowknife).
- It is suggested that an airstrip engineer with the Department of Local Government and/or a representative from Federal lands (who must approve a land lease and land use permit) for the airstrip evaluate potential airstrip lengthening before any work progresses.

J. POLLUTION

Garbage transported by an A.T.C. has been, and will continue to be, burnt and buried on a regular basis in a garbage pit now situated 300 feet behind the kitchen/conference centre.

No evident noise, air, water or soil pollution will result due to expansion.

The suggested sewage, shower and wash water system will conform to code; we do suggest however that the Environmental Health Officer see the site and approve first hand the system before completion. As the total camp area is on a sandy soil area, drainage and leeching are excellent.

K. ECONOMIC BENEFITS

The Drum Lake Lodge expansion and renovation program will create new jobs for four people, for a total of 21 months or 1.75 man-years, while the operational side of Drum Lake Lodge for the summer of '86 and beyond will create jobs for 10 people, for a total of 35 months or 2.91 man-years. Total direct wage income generated from operations is \$54,000, while construction generates \$40,000.

Spin-off benefits of an estimated \$75,000 from operations and \$87,000 from the capital program, for a total of \$162,000 for '86, will go to air charter companies, expediter, food and supplies, insurance, snow machine, outboard motor sales and maintenance, wood stove and chimney sales, propane and accessories, fuel sales, etc. The "multiplier effect" indicates those initial 162,000 dollars turning hands several times in the N.W.T., creating an even greater economic benefit.

All labour required for construction and renovation is available in Ft. Norman, where unemployment is quite high. Sub-trades (electrician, carpenter, etc.) are available in Ft. Norman, while a propane gas fitter or journeyman plumber may have to be brought in from Norman Wells or Yellowknife to complete the expansion and renovations.

The communities of Ft. Norman and Norman Wells will receive the greatest benefits from the project, while other N.W.T. communities will obtain some benefit through sales (ie., Yellowknife, Hay River, etc.). All efforts will be made to purchase items within the N.W.T., while large and bulk items will be purchased commercially at the most economical rate.

L. SOCIAL BENEFITS

Drum Lake Lodge is known throughout the Mackenzie Valley, mainly through conference and seminar use. The expansion and renovation leading to increased revenue and financial viability will be a good example of a successful Dene small business.

Through described training projects, those involved will increase their skill levels through meaningful, on-the-job programs.

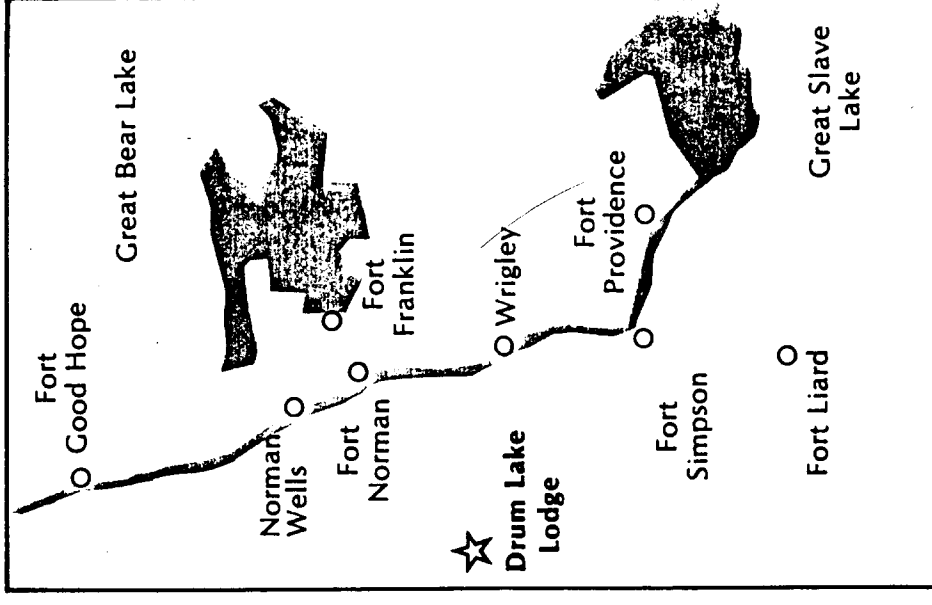
Cultural benefits are substantial as all guests at Drum Lake Lodge will have the opportunity of experiencing traditional Dene life skills -- drying of fish and meat, tanning hides, smoking hides, and so on.

# DRUM LAKE LODGE

WRIGLEY LAKE  
Northwest Territories

*Stay with us at  
Drum Lake Lodge  
and really  
get away  
from it all*

*The Mackenzie Mountains  
are a spectacular backdrop for  
your fishing, hunting or  
naturalist adventure. You'll see  
them as you land at our private  
airstrip on Wrigley Lake.  
Pacific Western Airlines pro-  
vides jet service to nearby  
Norman Wells from Edmonton,  
Alberta and Yellowknife, N.W.T.*





### *The Lodge*

Our lodge is built of logs, hewn from the richly-timbered shores of Wrigley Lake. Here you'll dine in natural surroundings, and sample wilderness cooking at its best.

Traditional log cabins and the cozy, heated tent-frames so familiar to the trappers and prospectors of the North sleep 20 guests. We'll make special arrangements for larger groups and conventions.

### *Fishing*

Drum Lake Lodge caters to sport fishermen from around the world. When you strike one of our strong, healthy Lake Trout, Arctic Grayling or a delicious Dolly Varden, you'll know the reason why.

Skilled guides will take you by outboard-equipped boat or canoe over the area's shining waterways, to the places where the big ones lurk.

## **See you at the lodge!**

Your host is

Mr. Paul Wright  
Drum Lake Lodge  
Fort Norman, N.W.T.  
Canada X0E 0K0

tel. (403) 588-3161

**Write or call us for information and reservations today!**

### *Naturalists/Canoeing*

Wrigley Lake and the surrounding lands have been a fishing and hunting centre for generations of Mountain Indians. We at Drum Lake Lodge are descended from these people.

We want to share our knowledge and love of this unspoiled wilderness. Its beautiful scenery and abundant wildlife, including moose, caribou and rare Dahl sheep, make our camp a paradise for outdoor photographers and naturalists.

Sightseers who like to paddle their own canoe are invited to try the trip up from the famed Mackenzie, highway of the Dene and the early explorers they guided to a fur-rich land. We can supply you with a canoe and guide for your expedition to the Redstone River and up to the lodge.

### *What You Should Bring*

Bedrolls are a must, in this wilderness camp. Your favourite fishing hat, gloves, waterproof boots, windbreaker, a warm jacket, rain gear, sunglasses and insect repellent will keep you comfortable in our summer climate, which ranges from cool in the evenings early or late in the season to very warm indeed under the Midnight Sun of mid-summer.

Bring your camera and film, of course, and your fishing rod and lures. Cigarettes and alcoholic beverages are not supplied at camp, so if you want them, bring them.

### *Conventions*

Drum Lake Lodge is known across the North as a relaxed setting for conferences, workshops and assemblies. Our convention hall accommodates 50 hard-working delegates with ease.

### *Friends,*

For several years we worked as cook, guides and outpost camp operators for the hunting and fishing outfits in this area. Now we have established our own outfit: Drum Lake Lodge. This is a small camp where we can give personal service and provide a vacation specially suited to your wishes. We operate a clean and orderly camp, but more important we have made our camp a part of our country.

This is a good country; the country of our fathers and grandfathers. We have come to know it well. We can show you where the game is most plentiful, where fish are biggest and where the caribou moss is the softest. We know the ways of the bush and will share that knowledge with you.

We cordially invite you to visit our lodge and share the beauty and richness of our land.

Sincerely yours,  
Paul and Mary Rose Wright

## Drum Lake Lodge

### 1983 Rates

#### Transportation to Drum Lake Lodge

Pacific Western Airlines flies north down the Great Mackenzie River watershed to Norman Wells direct from Yellowknife, Northwest Territories and Edmonton, Alberta. Arrangements should be made with a charter company to fly the last leg of the journey by float plane to Wrigley Lake. Charter service is available through the following companies:

**Nahanni Air Services** Ph. (403) 587-2288

**Page Flight** Ph. (403) 857-2177

#### Fishing

Includes guide, boat, accommodation and meals. **\$175/day per person**

Seven-day package **\$1050**

#### Weekend at Drum Lake Lodge

Includes flight to Drum Lake Lodge from Norman Wells, meals and accommodation for two nights (Friday and Saturday). Also included are guides and boats for fishing excursions.

**Party of four** **\$475 per person**

**Party of six** **\$400 per person**

#### Conference Rates

Includes accommodation and meals, boats and guides for fishing excursions are extra. Transportation to Wrigley Lake is not included.

**20 people and under** **\$100/day per person**

**over 20 people** **80/day per person**

#### Boat Rental

We have two 14-foot canoes available for \$25/hr, two 16-foot aluminum boats and one 20-foot canoe for \$40/hr.

A deposit of 30 percent of total cost in Canadian currency refundable on 30 days notice, is required to confirm your reservations. All payments must be paid by certified cheque or travellers cheques.

**For more information on rates and facilities please write:**

Judith Wright

Box 1139 FORT NORMAN, NWT

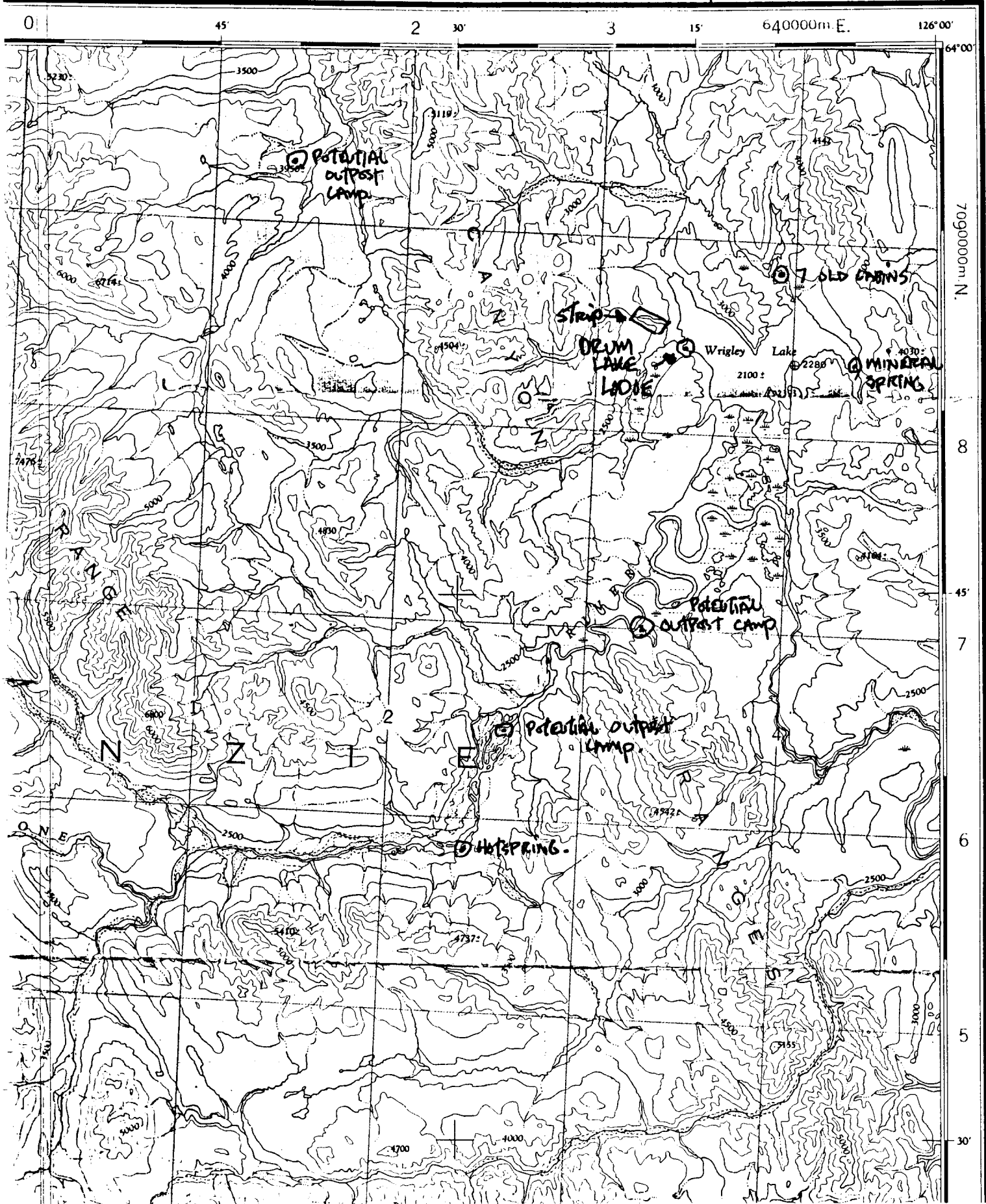
Fort Smith, N.W.T. X0E 0P0

(403) 588-3161

X0E 0K0

ADA

EDITION 2 WRIGLEY LAKE 1:250,000 → 95 M





TRAVEL AND OUTDOOR RECREATION ORDINANCE

# LICENCE

Subject to the Travel and Outdoor Recreation Ordinance, the Regulations and subject to the limitations endorsed hereunder:

DRUM LAKE LODGE

Peace, Northwest Territories

X01-000

is licensed as

DRUM LAKE LODGE

a 20-guest establishment

at

Wrigley Lake

in the Northwest Territories.

This licence expires March 31, 1986

Licence Number 10783

DATE APR 15, 1985

*Allen Roberts*  
Licence Issuer

*John H. Parker*  
Commissioner of the Northwest Territories



THIS LICENCE MUST BE KEPT POSTED IN A CONSPICUOUS PLACE.

APPRAISAL REPORT - PROPERTY DESCRIPTION

OCT 09 1985

SCOPE: To determine the value of improvements

LOCATION OF PROPERTY:

Wrigley Lake, Northwest Territories  
Federal Crown Land, Lease No. 95N-16/1/5  
Tourist Camp

Long. 126°15" West  
Lat. 63°52" North

Being located 75 miles Southwest of Fort Norman  
and 100 miles S.W. of Norman Wells

TRANSPORTATION:

Eg. of Cost - Porter Aircraft - Nahanni Air  
\$692. Charter - 1400 lbs or 7 passengers

DESCRIPTION OF LOT:

Flat, sandy delta; grassy, sparsely covered with coniferous  
trees (12' max); surrounded by the Mackenzie Mountains;  
5.6 hectare

DESCRIPTION OF IMPROVEMENTS:

Meeting Hall: Octagon shape; 32' dia; approx 1000 sq ft;  
Walls: 15'x8' - 8" dia (max) Spruce logs  
ROOF: Log support beams to centre post - uninsulated  
Plywood and rolled tarpaper roofing  
Foundation: Log beams on ground  
Windows: 4 double sliding glass  
Doors: 2 exterior solid, 1 aluminum storm  
Eaves: are unfinished  
Floor: Plywood painted - not insulated  
Age: 5 years

Attached to dining room by 8' annex complete with exterior  
door.

Dining Room: 20'x 24' or 480 sq ft attached to kitchen by common  
log wall  
Foundation: Log beams on ground  
Floor: Painted plywood  
Walls: 8" dia (max) 8' high spruce logs  
fibreglass insulation for chinking  
Roofing: Plywood, rolled roofing and wood stripping  
between logs  
Windows: 2 large double sliding glass  
Doors: 1 solid door to annex

Kitchen: 18' x 20' or 360 sq ft attached to dining room by  
common log wall  
Foundation: Log beams on ground  
Roof: Plywood and rolled tarpaper  
Floor: Painted plywood  
Walls: 8" dia (max) 8' high spruce logs  
Windows: 1 double sliding glass  
Doors: 1 solid exterior

DESCRIPTION OF IMPROVEMENT (cont'd)

2 Guest Cabins: 14' x 16' (224 sq ft) Wood Stoves  
 3 double bunks each  
 Foundation: 3x3' wood pad and log beams  
 Floor: Plywood painted - uninsulated  
 Walls: Spruce log 8" dia (max) lateral groves  
 filled with pink fibreglass insulation;  
 wood stripping for chinking  
 Roof: Plywood and rolled roofing - uninsulated  
 Windows: 2 double glass sliding windows  
 Door: 1 solid exterior door  
 Age: 11 years

Tent Frame: 1 - 12'x16' Plywood floor, wall (4') roof with 2x4's  
 Lined with plastic and covered with heavy  
 W.P. tarp  
 1 door, wood stove, unpainted  
 Age: new in 1985

2 - 18'x16' same as above except built in 1984  
 and painted

Privy: 2 privies - log walls, plywood rolled roofing

Electrical: not wired; portable Honda Generator 115/230V, 1500w

Plumbing: none; water carried from lake

Land and improvements have been well maintained; eg. logs covered  
 with clear preservative; construction is rough but strong and  
 durable.

Valuation by Replacement Cost:

Building:	Meeting Hall	1000 sq ft @ \$30	\$ 30,000
	Dining Room	480 sq ft @ \$30	14,400
	Kitchen	360 sq ft @ \$30	10,800
	Guest Cabins	224 sq ft @ \$50 (11,200x2)	22,400
	Tent Frames	\$2,000 each x 3	<u>6,000</u>
	TOTAL BUILDINGS		\$ 83,600
Extras:	Privies, bunks, annex, stoves, generator tables, benches, etc		10,000
	Improved 1200 ft Air strip		<u>5,000</u>
	TOTAL VALUATION		\$ 98,600

VALUATOR'S CERTIFICATE:

I certify that on the 22nd day of September, 1985, for the purpose  
 of ascertaining the value of improvements, I made a careful and  
 thorough examination of the property and site described herein. I  
 have no present or contemplative interest in the property appraised  
 and to the best of my knowledge and belief the statements and  
 opinions in this appraisal are correct.

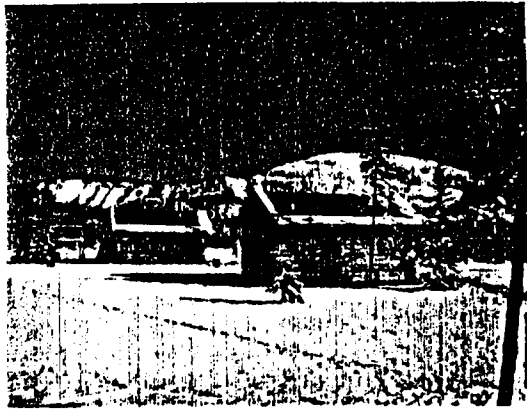
The final estimate of value for mortgage purposes is \$ 100,000.

Date September 27 19 85

*R. Wagner*  
 Valuator

Valuator has 5 years real estate appraisal experience and has  
 appraised property for the CIBC, Norman Wells, N.W.T.

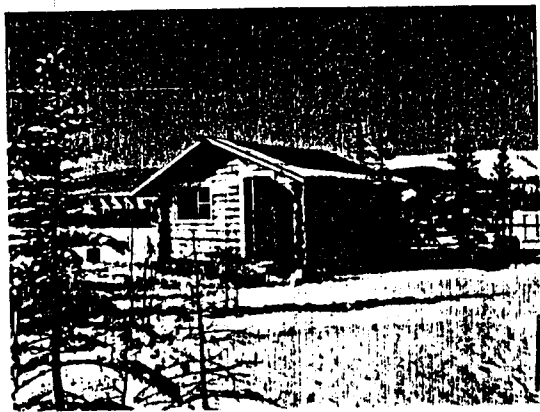
DRAIN LAKE LODGE  
WRIGLEY LAKE N.L.U.T.



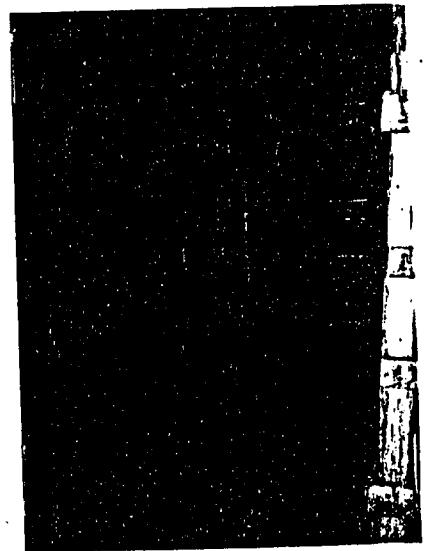
SIDE VIEW OF GUEST CABINS



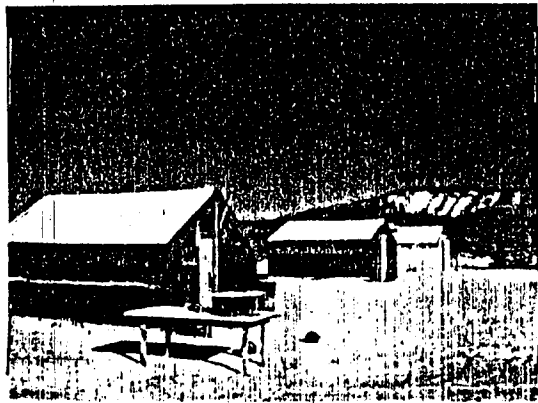
FRONT VIEW OF GUEST CABIN  
14' x 16'



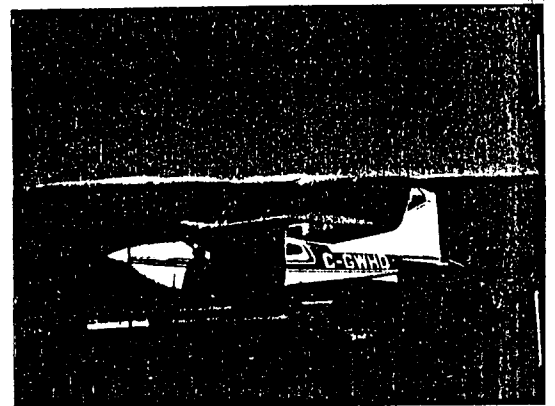
GUEST CABIN ACCOMMODATES  
6 GUESTS



INTERIOR OF GUEST CABIN  
WITH 3 DOUBLE BUNKS, WOOD STOVE  
AND PORTABLE BATH TUB



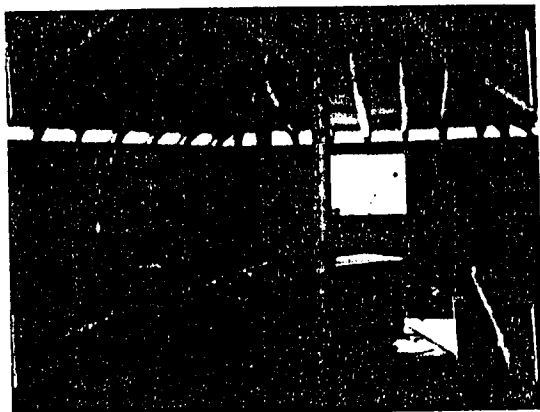
3 TENT FRAMES - 1 - 12 x 16 AND  
2 - 18 x 16 COMPLETE WITH BUNKS  
AND STOVES



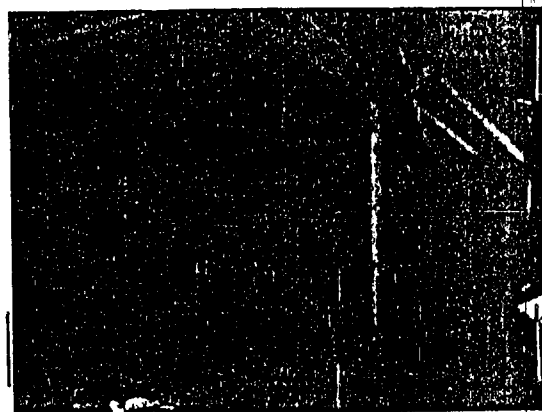
TRANSPORTATION

12.000.000  
S.H.

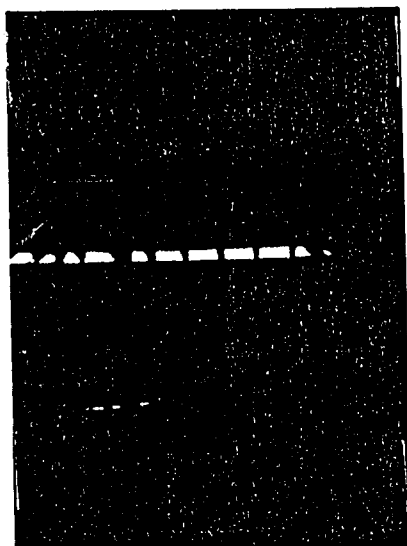
DAMN LAKE LODGE  
WRIGLEY LAKE N.W.T.



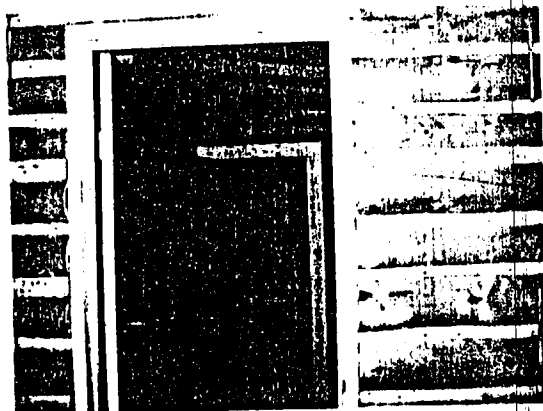
INTERIOR OF OCTAGON SHAPE MEETING HALL



REAR ENTRANCE TO MEETING HALL



INTERIOR OF MEETING HALL



ENTRANCE TO DINING ROOM FROM MEETING HALL



KITCHEN WITH WOOD COOK STOVE AND REAR EXIT

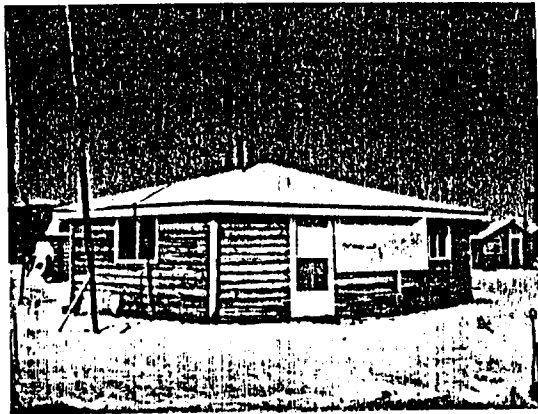


ENTRANCE TO KITCHEN FROM DINING ROOM

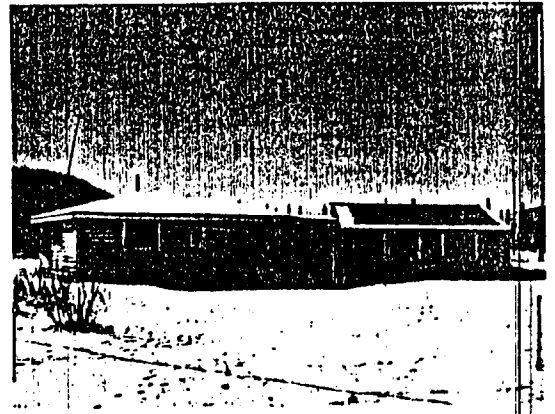
2/27/71



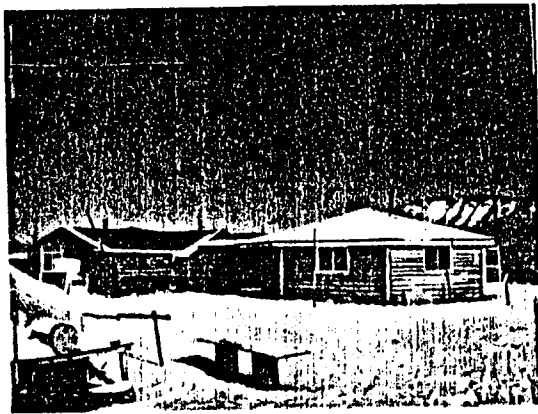
DRUM LAKE LODGE  
WRIGLEY LAKE N.W.T.



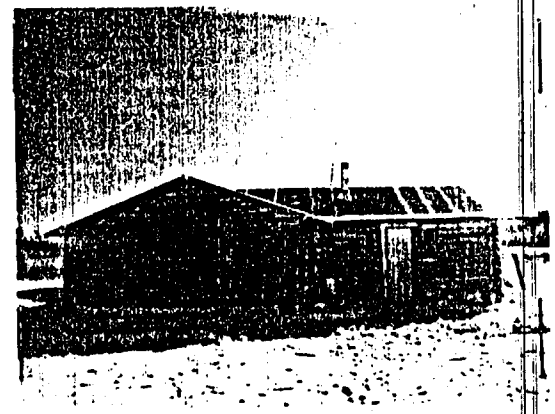
FRONT ENTRANCE OF MEETING HALL  
ACCOMMODATES 50 PEOPLE



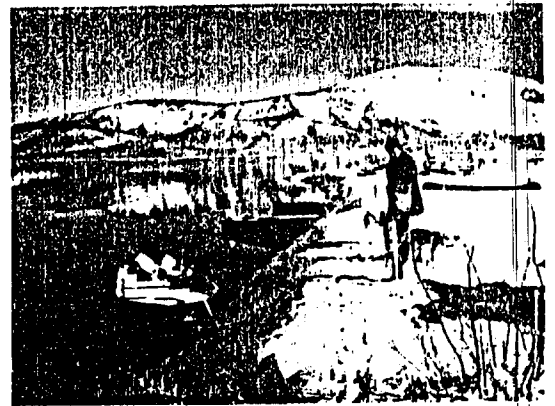
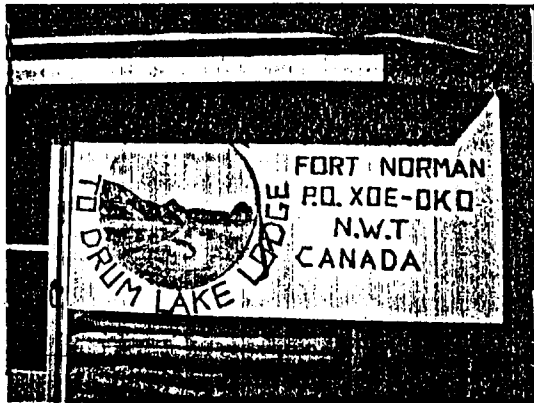
SIDE VIEW OF MEETING HALL  
AND DINING ROOM



SIDE VIEW OF MEETING HALL  
AND KITCHEN



REAR VIEW OF DINING ROOM  
AND REAR ENTRANCE TO KITCHEN



BOAT DOCKING AT RIVER  
ENTRANCE TO LAKE

1954.1.17/67