Goldbelt 45th Annual Meeting

Goldbelt

2018 ANNUAL REPORT

Chilkat Weaving by Anna Brown Ehlers

FRAMEWORK

Former Board Members

Clarence Antioquia
Josephine Armstrong
Alberta Aspen
Catalino Barril, Jr.
Joseph Bennett, Sr.
Sandra J. Borbridge
Delfin "Del" Cesar
Niles Cesar
John Eldemar, Jr.
Murlin "Mike" G. Everson
Leonora Florendo
Charles Gamble
Margaret Gamble
Percy Hope
Myron Igtanloc
Lawrence Jackson, Jr.
Walter Johns, Jr.
Antoinette Kahklen-Hoffman
Joseph "Joe" Kahklen
Robert W. Loescher
Robert Martin, Jr.
James Mason
Edith McHenry
Alfred McKinley, Sr.
Chris McNeil, Jr.
Carl C. Nelson
Margaret Nelson
Raymond Paddock, Jr.
June Pegues
Kathryn "Kathy" Polk
Marcelo Quinto, Jr.
Ventura Samaniego, Jr.
Andrew Sutton
Joe Tagaban
Karen A. Taug
Randy Wanamaker
Dorothy Webster
Joseph G. Wilson
Dorothy Zura

BOARD OF DIRECTORS

Ben Coronell
Chairman

Katherine Eldemar
Vice-Chair

Richard A. Beasley
Treasurer

Lisa-Marie Ikonomov
Corporate Secretary

Andrea Cadiente-Laiti

Derek Duncan

Lori Grant

Trudy Skan

Leilani Wilson Walkush

LETTER FROM THE CHAIRMAN

Dear Shareholders,

The strategic plan the Goldbelt Board of Directors has put into place focuses on expanding Alaska-based development. Our primary aim is to bring the capital from our government contracting businesses back home, investing in business in our own backyard to increase opportunities for our shareholders.

To that end, we look towards a few opportunities specifically: making headway on projects in West Douglas, the creation of a deep water port, and developing our land holdings at Hobart Bay and Cascade Point. For decades, there have been no access roads to our land. Now with increased access, such as the newly completed West Douglas Pioneer Road, we can begin to strategically develop these resources.

Progress was made on the construction of a new marine vessel, the Goldbelt Sea Wolf, for Goldbelt Transportation in 2018. This upgraded addition to our fleet will allow Goldbelt Transportation to increase services provided to the Kensington Mine. The vessel will also provide Goldbelt Transportation with more flexibility and availability to take advantage of future business opportunities.

Vice-Chair of the Board, Katherine Eldemar, attended the Ribbon Cutting Ceremony for the new West Douglas Pioneer Road.

With each of these projects, we look forward to many future years of collaboration with other community organizations as we continue to develop these opportunities for our people. The capital increases and successes of every subsidiary company mean more capital available to fulfill visions for success here in Alaska.

Goldbelt Mount Roberts Tramway is an especially notable contributor to Goldbelt's success in Alaska. 2018, its twenty-second year in operation, was the Tramway's best season so far, serving 25% of the total tourism market in Juneau as the second most visited tourism attraction. This success provides Goldbelt with the ability to offer a variety of shareholder benefits in addition to dividends, providing scholarships, internships, elder benefits, cybersecurity camps and apprenticeships, career development, and more for shareholders and their descendants.

The Goldbelt Board of Directors is proud to work towards making these visions a reality for our shared future.

Sincerely,

Ben Coronell
Chairman of the Board

LETTER FROM MANAGEMENT

Dear Shareholders,

Goldbelt's gains have continued throughout operations, with revenue increases in both our Alaska Operations and Federal Business Operations. 2018 was a strong year for Goldbelt, with total revenue numbers slightly exceeding $221 million.

As part of the Board of Directors' strategic plan, Goldbelt has worked hard to increase our ownership in partially owned companies as well as create new, successful ventures. Goldbelt is now a full owner of Falcon, and has bought out most ownership partners for Hawk. We recently finalized the creation of our first joint venture with Black Bear Technology Solutions, and celebrate the newly founded Goldbelt NightHawk.

The Goldbelt team was excited to employ thirteen college interns in 2018, including returning interns who built on their previous experience to assist with a variety of important projects throughout the company. We are also thrilled to share these shareholder success stories from 2018: Jasmine Stewart was promoted to President of Goldbelt Frontier, while Justin Knott continued to thrive in his work in the Goldbelt Executive Development Program.

Looking to 2019, we will continue to challenge ourselves to seek out higher profit margin work, which requires a more niche skillset, in order to strategically increase profitability for Goldbelt and its subsidiaries. A new contracting company called Goldbelt Logistics Engineering Services is in the works for later this year, which will help us provide these specialized services.

Goldbelt also plans to develop additional opportunities here in Alaska, utilizing capital from our government contracting buisnesses to grow Alaska Operations, building on existing successes like the Goldbelt Mount Roberts Tramway as well as developing new opportunities, such as the potential for carbon credits from our land holdings.

I am excited for future growth and look forward to continuing Goldbelt's mission of building a brighter future for our shareholders.

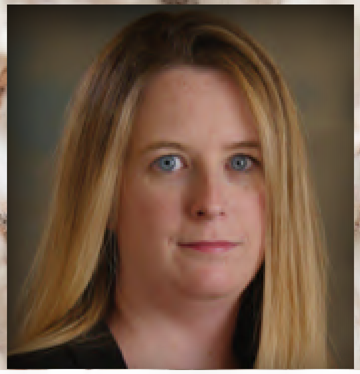
Sincerely,

McHugh Pierre
Acting President and CEO

McHugh Pierre
Vice President - Alaska Operations and Acting President/CEO

MANAGEMENT TEAM

Elliott "Chuck" Wimberly
President/CEO



Kathleen Moran
Chief Financial Officer

Ben Johnson
Chief Information Officer

Phil Livingston
Legal Counsel

John Mroz
VP - Construction Group

Bruce Swagler
VP - Information Technology Group

Pat Higgins
VP - Business Development

Tesla Cox "Kheil'teen"
Director of Shareholder Services

Lisa Fisher "Guna Sháa"
Director of Finance & Accounting

Barbara Fujimoto "Tsaa Do Aa"
Director of Small Business Government Contracting Compliance

Nadja Kookesh
Director of Human Resources

Judy Mason "Kaach Kooldeix'"
Lands Manager

YEAR IN REVIEW

Pictured Above: Anna Brown Ehlers
and granddaughter Kyrie Harrell

ALASKA OPERATIONS

Goldbelt's Alaska Operations make a large impact on the corporation's net income. The gross revenue for Alaska Operations represents 4% of the Goldbelt total, yet the group provides 28% of the net operating income. These businesses serve tourism and mining activities, and are mostly located in Juneau, but also operate throughout the Southeast region and the greater State of Alaska.

*Goldbelt Board Members visit the new Marine Vessel **Goldbelt Sea Wolf** while it is being built in Homer.*

Goldbelt Transportation took a large step forward by signing a contract with a boat building company in Homer, Alaska, to construct a new 130-passenger catamaran to serve the Kensington Mine, on the north side of Berners Bay. Goldbelt held a naming contest for shareholder to propose a name for the vessel. **Michael Isturis** was the winner with his suggested name of the **Goldbelt Sea Wolf**. The Goldbelt Sea Wolf will have state-of-the-art controls and design, and is anticipated to be completed by fall of 2019. By adding a new vessel to the business, Goldbelt Transportation will be able to provide consistent and professional transportation services to Kensington Mine for the remainder of the mine's operational life.

The tourism season expanded in 2018 to see the first small ship dock at the Goldbelt Seadrome on April 15th for the first sailing of the season. Goldbelt opened the Mount Roberts Tramway (MRT) to serve those visitors and celebrate what is now being called the "Alaska Awakening." The Seadrome successfully served small cruise ships by Un-Cruise all summer long, and expanded marine customers to serve more day-trip providers in the downtown area.

The Mount Roberts Tramway continues to set records for tickets sold, passengers served, and sales revenue. Most importantly, the MRT continues to lead all Goldbelt businesses for hiring shareholders and descendants with a total of 66 employed in 2018.

Tribal members gather at the Mount Roberts Tramway during Celebration.

There is an increased Tlingit cultural presence at the MRT and we are excited to have employees wearing regalia, singing, drumming, dancing, and carving. These past five years, we have also featured tribal artists engaging guests with interactive carving demonstrations. These totem poles and culturally modified trees will be the basis of the new Totem Park. Sharing Tlingit culture is what sets the MRT apart from other activities for tourists to enjoy in Juneau.

COMPANIES

- GOLDBELT AERIAL TRAMWAY, LLC
- GOLDBELT TRANSPORTATION, LLC
- CP MARINE, LLC
- GOLDBELT SEAFOODS, LLC

Wolf carving by Richard A. Beasley at the Mount Roberts Tramway Totem Park.

GOVERNMENT CONTRACTING

CAPITOL AREA

- GOLDBELT GLACIER HEALTH SERVICES, LLC
- GOLDBELT FRONTIER, LLC
- NISGA'A DATA SYSTEMS, LLC
- NISGA'A TEK, LLC

CONSTRUCTION

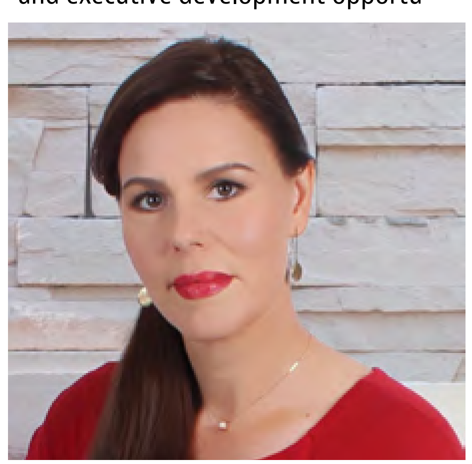
- FACILITY SUPPORT SERVICES, LLC
- GOLDBELT OPERATIONS SUPPORT SERVICES, LLC
- GOLDBELT SPECIALTY SERVICES, LLC

INFORMATION TECHNOLOGY

- GOLDBELT HAWK, LLC
- GOLDBELT NIGHTHAWK, LCC
- PEREGRINE TECHNICAL SERVICES, LLC
- GOLDBELT SECURITY, LLC
- GOLDBELT WOLF, LLC
- CP LEASING, LLC
- GOLDBELT FALCON, LLC
- GOLDBELT C6, LLC
- GOLDBELT RAVEN, LLC
- LIFESOURCE BIOMEDICAL, LLC

In 2018, Goldbelt's Government Contracting operations focused on maximizing net income and increasing opportunities for Goldbelt shareholders. To maximize net income, the Board and management pushed the government contracting entities to win a larger volume of contracts, negotiate higher profit margins, and perform work more profitably. Additional investments were made in business development and accounting systems to enable growth, while costs were controlled.

To increase opportunities for shareholders, the Board and management identified government contracting functions that could be performed at the Juneau office, appointed Jasmine Stewart as the first shareholder President of a government contracting subsidiary, and pushed the government contracting subsidiaries to provide employment, interning opportunities, and executive development opportunities to shareholders. 2018 produced strong results on both fronts.



Jasmine Stewart, President of Goldbelt Frontier, is the first shareholder to lead a government contracting subsidiary.

Goldbelt also increased its ownership of its government contracting subsidiaries, furthering a key Board priority. Since 2013, all newly formed Goldbelt subsidiaries have been 100% owned by Goldbelt. With strategic buy-outs of minority members at Hawk and Falcon in 2018, only two active government contracting subsidiaries have minority members, while thirteen are wholly owned. The remaining minority members make active contributions to their companies and Goldbelt as a whole, and are not passively profiting from Goldbelt's efforts. Goldbelt can now create, finance, grow, and manage government contracting companies without reliance on minority investors for capital or expertise.

MAXIMIZING NET INCOME

Improving the profitability of the government contracting subsidiaries depends on maximizing the benefits of the SBA's 8(a) Business Development Program, while preparing subsidiaries for success after graduation from the program. In 2018, Goldbelt's government contracting portfolio consisted of eight participants in the 8(a) program, and a mix of graduated companies and start-ups. Two graduates in particular, Goldbelt Hawk (2015) and Goldbelt Falcon (2014) had excellent years, and provide an example of the post-8(a) results Goldbelt seeks to achieve. In 2018 the Board authorized the creation of Goldbelt Nighthawk to become Goldbelt's next 8(a) company.

In 2017, the Board approved an investment in a major upgrade to Goldbelt's accounting system. During 2018, Goldbelt successfully implemented the new system. This upgrade allows corporate and subsidiary-level management improved access to contract performance data. Goldbelt is already experiencing benefits from this investment, and expects those benefits to grow moving forward.

The profits from obtaining additional 8(a) awards enable Goldbelt operating subsidiaries to develop the capabilities necessary to win competitive government work. As Goldbelt subsidiaries acquire experience and quality certifications, they expand their business targets to seek competitive 8(a) set asides, contracts set aside for all small businesses, and contracts open to all government contractors ("full and open competition"). While price competition typically impacts profit margins, competed contracts typically have higher values and longer durations. Wins in the "all small" or "full and open" categories also reduce Goldbelt's reliance on the 8(a) program, a long term Board and management goal.

In 2018, Goldbelt companies achieved success in the competitive arena. Goldbelt Hawk won a competitive small business set aside contract to provide IT services to the Department of Commerce. Goldbelt C6 teamed with Goldbelt Falcon to win a large small business set aside contract vehicle to operate Precision Measurement Equipment Laboratories for the Air Force. Goldbelt Glacier, in full and open competition, won a contract vehicle to bid on human resources solutions task orders for the United States Army. Facility Support Services (FSS) continues to win work in the commercial construction market in and around Pittsburgh, Pennsylvania. Wins like these demonstrate that Goldbelt's subsidiaries can grow and maintain success after graduation from the 8(a) program.

Goldbelt also monitors legislative and regulatory changes to pre-empt threats and take advantage of new opportunities. Recent changes in the SBA's joint venture (JV) regulations led to the authorization of a joint venture between Goldbelt Frontier and Black Bear Technology Solutions. The joint venture is a tool that incentivizes other businesses to drive contract opportunities to Goldbelt companies, and the new JV has already been awarded a substantial IT services contract that results in increased profits for Goldbelt Frontier.

INCREASE OPPORTUNITIES FOR SHAREHOLDERS

The mission of each subsidiary is to win new work and perform that work at the highest standards. Each subsidiary receives support from Goldbelt's corporate headquarters in Juneau and the office in Herndon, Virginia. To create additional employment opportunities for shareholders, the Board and Goldbelt management continue to look for opportunities where it is operationally viable for the Juneau office to support the government contracting businesses. Human Resources, Information Technology, and small business compliance for Goldbelt's government contracting operations are now either led (HR and IT) or supported (Compliance) by shareholders working in the Juneau office.

2018 also saw the appointment of Jasmine Stewart as the first shareholder President of a Goldbelt government contracting subsidiary, Goldbelt Frontier. Jasmine, a former participant in Goldbelt's shareholder mid-career development program, took the reins at Frontier in the middle of 2018. Frontier has thrived under her leadership. Jasmine's appointment reflects the commitment of Goldbelt's Board and management to increasing shareholder participation in all Goldbelt business operations, including government contracting, and not limited to administrative support. Goldbelt will continue to provide shareholders with opportunities to develop the skills necessary to follow in Jasmine's footsteps and lead govern-

GOVERNMENT CONTRACTING

ment contracting subsidiaries.

The Board and corporate management have adopted policies that push government contracting subsidiary presidents to find opportunities for shareholders and descendants in their organizations. For example, 2018 saw increased shareholder hire and internship participation at Hawk and Falcon. However, Peregrine Technical Solutions, led by Leigh Armistead, has set the standard for shareholder hire and engagement. Not only does Peregrine lead the government contracting subsidiaries in shareholder employment, Peregrine proactively prepares shareholders for cyber-security careers through its cyber-apprentice program. Beyond those efforts, Peregrine hosted twenty-three students from around Southeast Alaska for a weeklong cyber camp in the summer of 2018. Goldbelt aims to attract young shareholders to the field, with the goal of eventually employing them as cybersecurity professionals at Peregrine.

2018 saw success in many areas, including increased net income to Goldbelt, a strong volume of contract wins, key investments in personnel and systems, active measures to increase profits, and increased shareholder involvement in government contracting operations and administrative support. Most importantly, a solid foundation has been established for strong growth by 100% owned Goldbelt companies with substantial shareholder leadership and employment.

*Shareholder **Alexander Eldemar** accepts his certificate of completion at **Peregrine's Summer Cyber Camp** in Juneau, Alaska*

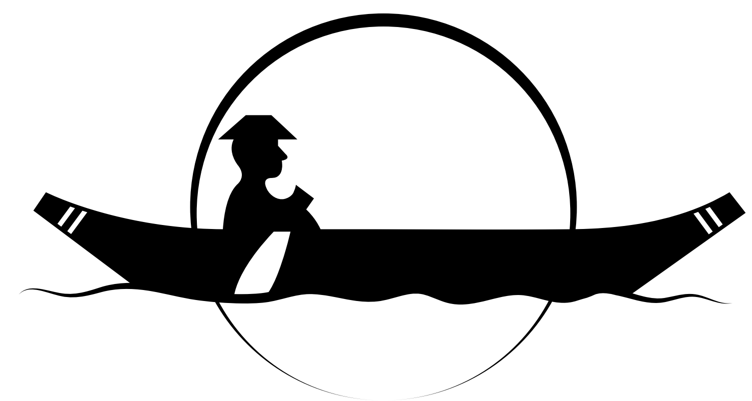
GOLDBELT ANCESTRAL TRUST

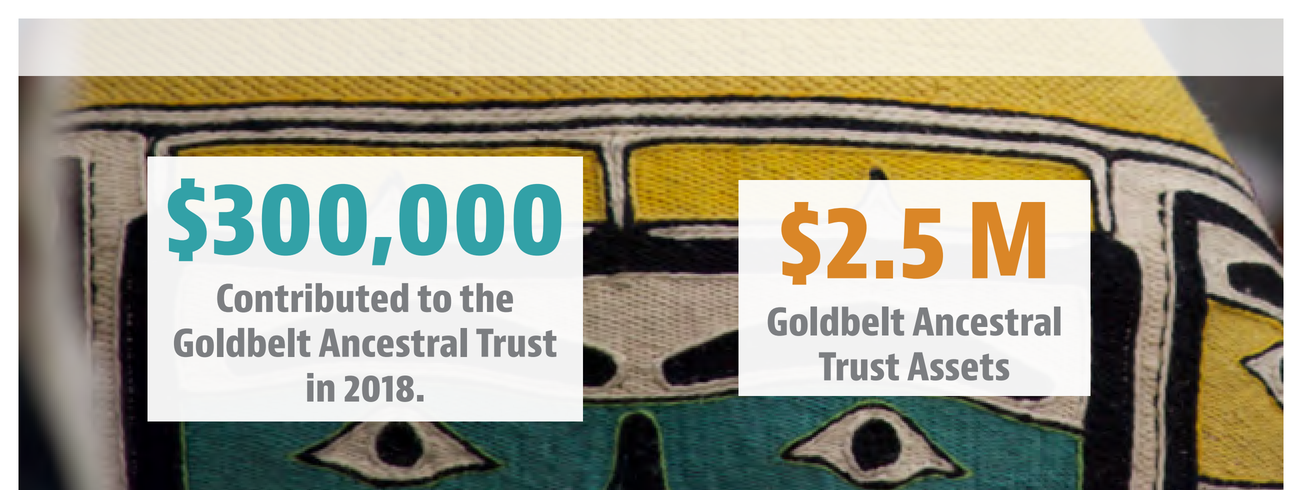
The Goldbelt Ancestral Trust was created pursuant to the terms of the Alaska Native Claims Settlement Act by a vote of the Goldbelt, Inc. shareholders at the 40th Annual Meeting of Shareholders in June of 2014. The purpose of the Trust is to provide dividends, scholarships, and burial cost assistance to the Trust's Beneficiaries. Trust Beneficiaries are lineal descendants of the original Goldbelt Shareholders.

The Trust is managed by a Trust Manager, who is subject to the direction of a five-member Board of Trustees. The Trustees are appointed by the Goldbelt Board of Directors. Two of the Trustees are Goldbelt Directors and three Trustees are independent. All of the Trustees must have financial education and experience in order to help secure sound financial oversight of the Trust assets. The Trust Manager and the Trustees all volunteer their time and experience in order to help grow the Trust's assets.

The Trust is legally separate from Goldbelt, Incorporated and sends an annual report to trust beneficiaries with its detailed financial statements. The Trust must act in the overall best interests of the Beneficiaries and protect the assets of the Trust.

Even with the possibility of Goldbelt building new trusts in the future, there are no plans to defer from the purpose of the Ancestral Trust. Goldbelt plans to continue to invest in the Trust as part of a long-term plan to provide for dividends, scholarships, and funeral benefits for future generations.

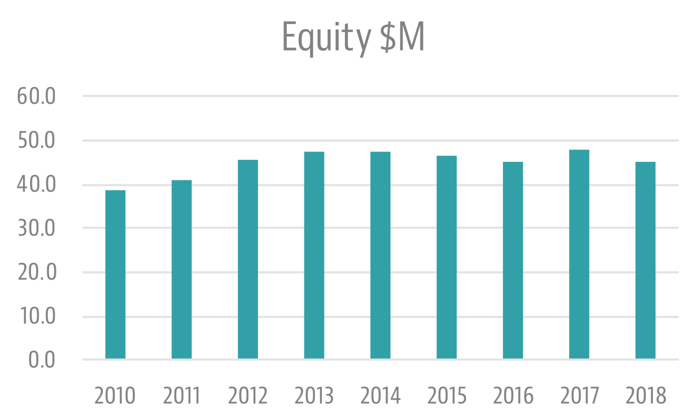




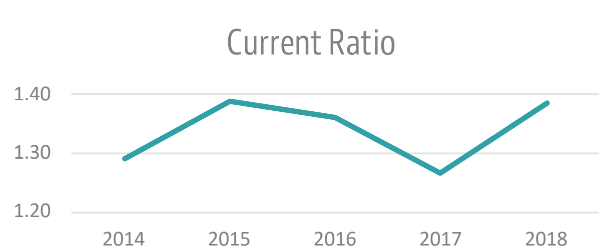
MANAGEMENT DISCUSSION & ANALYSIS

By Kathleen Moran, Chief Financial Officer

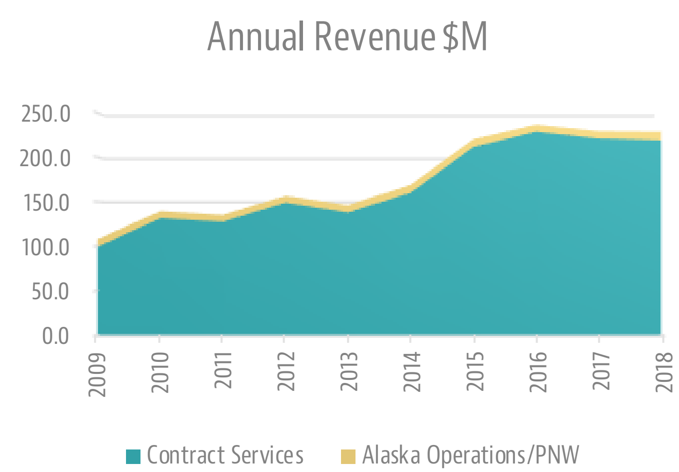
Goldbelt, Inc. and its subsidiaries (collectively Goldbelt) had another strong year in 2018 through continued strong performance in both federal and tourism operations. Goldbelt's 2018 performance was very consistent with performance in 2017 in revenue, income from operations, and net income to Goldbelt. Goldbelt continued to maintain a healthy balance sheet and strong overall equity position.



We continue to see improved liquidity of the business as evidenced through our improved current ratio. The ratio measures the company's ability to pay near term obligations and is calculated by dividing current assets by current liabilities. A healthy ratio is anything above 1.0 and represents the liquid assets available to pay current liabilities using current assets. Goldbelt's ratio for 2018 was 1.39, which was a **significant improvement** from a strong 1.27 ratio in 2017. The decline in total current assets is consistent with the decline in total current liabilities, showing that the company was increasingly efficient in operations.



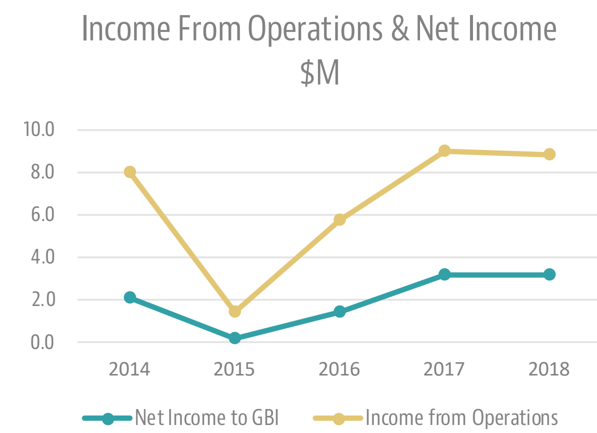
Long-term debt increased in 2018 by nearly $6.5 million. Most of this increase was related to the financing of vehicles pur-



chased to lease under two federal contracts. The remaining increase is related to costs associated with the construction of a new vessel to support our commercial operations at Goldbelt Transportation, which provides marine transportation between Juneau and the Kensington Mine. All new debt is directly supported by incoming contractual revenue.

Goldbelt continues to use the successful results of operations to provide benefits to shareholders. This is done through a combination of direct financial benefits through the annual dividend as well as numerous other programs and services intended to support the success of our shareholders. These programs include financial support to the Goldbelt Heritage Foundation and Goldbelt Ancestral Trust, scholarships, shareholder hire, internships, shareholder career development, burial assistance and other programs. There were **increases in nearly every category** of support in 2018, resulting in an overall increase of approximately $500,000. The most notable increases were to the shareholder dividend, which was increased from $4.00 per share to $5.00 per share, and an increase in Goldbelt's contribution to the Goldbelt Ancestral Trust from $200,000 in 2017 to $300,000 in 2018.

Goldbelt's federal market strategy is focused on growing its presence while maintaining diversity in the nature of contract work, types of contracts, and source of those contracts. Goldbelt's portfolio is made up of various services performed



for the federal government, including construction, administrative support, medical services, research and development, and various IT services such as cybersecurity support. These services are provided under a variety of contractual structures within the 8(a) program, the small business program, and as fully competitive contracts. Goldbelt works with a wide variety of federal agencies including those within the Department of Defense and other agencies helping to support critical functions of the government.

Goldbelt's focus moving into 2019 is to continue to grow its core businesses both in the Alaska market and federal market. We are working to create new subsidiaries in the federal market to support growth while maintaining success at the seven companies which graduated from the 8(a) program and are still actively working on federal contracts. Goldbelt took in more than $170 million in newly funded work under newly awarded federal contracts in 2018 and expects that success to continue into 2019. The Alaska market is focused on continuing its successes in the tourism industry in Juneau while continually evaluating new opportunities to expand our presence and work in Alaska going forward.

Shareholder Artist Anna Brown Ehlers, displaying the Killerwhale tunic she created.

SHAREHOLDER BENEFITS

Goldbelt is incredibly proud of the hard work and accomplishments of our 3,800 shareholders, and continues to dedicate time, energy, and resources to provide benefits and opportunities to shareholders. These benefits include dividends, scholarships, internships, elder stock payments, funeral benefits, and contributions to the Goldbelt Ancestral Trust and Goldbelt Heritage Foundation.

Goldbelt distributed a dividend of $5.00 per share in 2018, an increase from the 2017 dividend amount of $4.00 per share. The total dividend amount was $1.36 million.

While financial benefits such as dividends are a vital portion of shareholder benefits, Goldbelt continues to invest in other shareholder opportunities as well. Goldbelt employed 105 shareholders, 48 shareholder descendants, and five shareholder spouses in 2018. With each position comes the opportunity to grow and develop shareholder talents.

An additional bright spot in 2018 was the summer internship program. Goldbelt employed thirteen interns from a variety of different programs around the state and country. Interns were placed according to their interests, and provided valuable insights and contributions to their respective teams with their hard work and dedication. Goldbelt's interns also worked together to create a fun, professional video to help the Shareholder Services team recruit for 2019 interns. Visit Goldbelt's Facebook page to view the video.

Justin Knott, Executive Development Program Participant.

The Executive Development Program is an integral part of employee development, meeting the board's strategic priority of Goldbelt being a shareholder led corporation. Shareholder **Justin Knott** is currently in his third year of the program and has played a crucial role in managing the Seadrome Marina. He also works as a Program Manager with Goldbelt subsidiary Peregrine Technical Solutions, where he oversees sixteen employees in support of the Army National Guard.

Through these experiences, Goldbelt increases the value of the corporation as well as grows the marketable skills of our shareholders and desendants. Goldbelt's commitment to shareholder hire will continue in 2019 and beyond.

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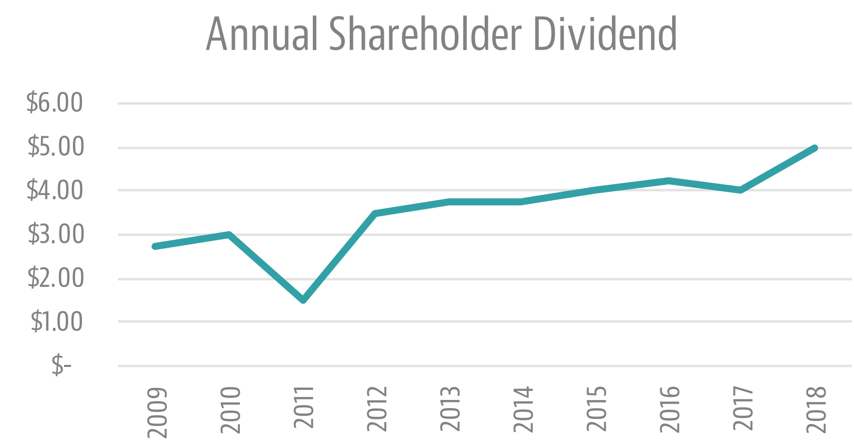
Shareholders Received Shares via Gifting or Inhertiance



Goldbelt Summer Interns participate in a variety of career development and networking actitives.

33

Elders turned 65 and received a $1,000 elder payment

35

Shareholder families were assisted with funeral expenses through the Funeral Benefits Program

2018 Shareholder Benefits

Shareholder Dividend	$1,361,000
Ancestral Trust Contribution	$300,000
Goldbelt Heritage Foundation Contribution	$200,000
Scholarship Fund	$137,175
Intern Program	$115,715
Elder Payments	$33,000
Funeral Benefits	$8,750
Charitable Contributions	$29,311
TOTAL	**$2,184,951**

Shareholder Kyrie Harrell, granddaughter to Anna Brown Ehlers, wearing a Killerwhale Chilkat robe made by her grandmother.

$10.5

Million Distributed in Shareholder Benefits Over Five Years.

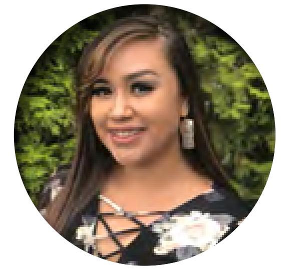
2018 SUMMER INTERNS

Jake Almeida
Alaska Operations · Univ. of Alaska Southeast · Political Science

Guy Bean
Information Technology · Portland State University · Business Management

Cora Bontrager
Accounting · Ft. Lewis College · Psychology

Eliza Chappell
Shareholder Services · Ft. Lewis College · Public Health



Sierra Coronell
Tlingit Culture & Language · Ft. Lewis College · Accounting

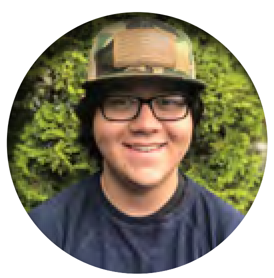
Christian Gomez
Business Ops. · Northeastern University · Business Administration

Michael Kahklen
Alaska Operations · University of Washington · Chemistry

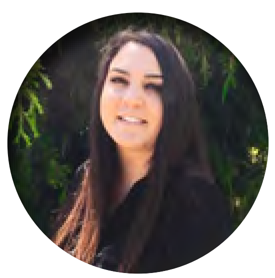
Toma Kimlinger
Human Resources · Colorado Mountain College · Outdoor Education

Shannon Mason
Corporate Communications King's College · Journalism

Mikayla Mitchell
Tlingit Culture & Language Southern Oregon University · Music



Jack Siverly
Forestry · University of Alaska Southeast · Power Tech. Diesel Mechanics



Katy Waid
Business Development · Northwest Indian College · Tribal Governance & Business Mgmt

Malina Walkush
Business Development · Marquette University · Criminology

SCHOLARSHIP REPORT

$137,175
Goldbelt's 2018 Contribution to Goldbelt Heritage for Scholarships

73
Scholarships Awarded for 2018-2019 School Year

$1,818
Awarded Per Student for the Academic Year

105
Shareholders Employed

5
Shareholder Spouses Employed

88%
of Employees at the Corporate Office are Shareholders

Pictured are shareholder employees: Judy Mason, Lands Manager; Bert Bennett, Human Resources Assistant; Haley Ballou, Human Resources Assistant; and Tesla Cox, Director of Shareholder Services

SHAREHOLDER EMPLOYMENT STATISTICS

48
Shareholder Descendants Employed in 2018

16
Career Development Participants are now Employed at Goldbelt

Pictured are shareholder employees: Angel Fujimoto, Human Resources Assistant and Barbara Fujimoto, Director of Small Business Government Contracting Compliance

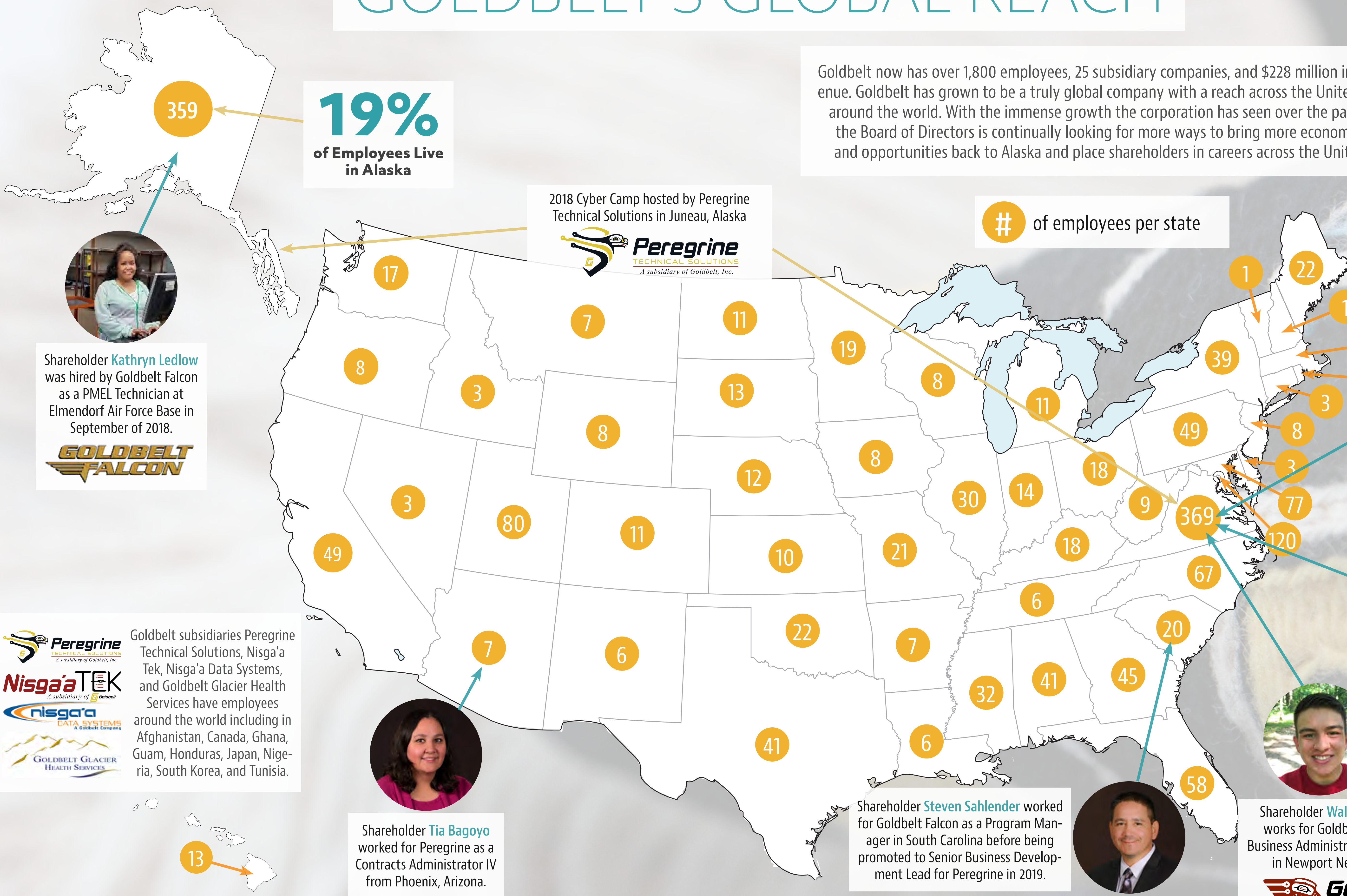
"We continuously strive to be good stewards of our Ancestral lands, following in the footsteps of those who came before us. We carry their traditions into today, intertwining our cultural values - respect for the land, language, and each other - with our business practices. By remembering our culture and traditions, we are wrapping our people in a Chilkat blanket of community. We work together to envelop ourselves and each other in the wisdom of the past as we walk into the future, following the paths of our ancestors." - *Benjamin D. Coronell, Chairman of the Board*

Pictured Above: Kyrie Harrell, Ben Coronell, and Anna Brown Ehlers

GOLDBELT'S GLOBAL REACH

Goldbelt now has over 1,800 employees, 25 subsidiary companies, and $228 million in annual revenue. Goldbelt has grown to be a truly global company with a reach across the United States and around the world. With the immense growth the corporation has seen over the past 45 years, the Board of Directors is continually looking for more ways to bring more economic growth and opportunities back to Alaska and place shareholders in careers across the United States.

19% of Employees Live in Alaska



\# of employees per state

2018 Cyber Camp hosted by Peregrine Technical Solutions in Juneau, Alaska

Shareholder Kathryn Ledlow was hired by Goldbelt Falcon as a PMEL Technician at Elmendorf Air Force Base in September of 2018.

Shareholder Jasmine Stewart is President of Goldbelt Frontier in Alexandria, Virginia

Shareholder Jonah Fisher works for Peregrine as a Cyber Security Analyst I in Newport News, Virgina.

Shareholder Walther Hoffman works for Goldbelt Hawk as a Business Administration Apprentice in Newport News, Virgina.

Shareholder Steven Sahlender worked for Goldbelt Falcon as a Program Manager in South Carolina before being promoted to Senior Business Development Lead for Peregrine in 2019.

Shareholder Tia Bagoyo worked for Peregrine as a Contracts Administrator IV from Phoenix, Arizona.

Goldbelt subsidiaries Peregrine Technical Solutions, Nisga'a Tek, Nisga'a Data Systems, and Goldbelt Glacier Health Services have employees around the world including in Afghanistan, Canada, Ghana, Guam, Honduras, Japan, Nigeria, South Korea, and Tunisia.

INDEPENDENT AUDITOR'S REPORT

Pictured Above: Anna Brown Ehlers and Judy Mason

BDO

Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

The Board of Directors
Goldbelt, Incorporated
Juneau, Alaska

We have audited the accompanying consolidated financial statements of Goldbelt, Incorporated and Subsidiaries (the Company) which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Goldbelt, Incorporated and Subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

Anchorage, Alaska
April 11 2019

Goldbelt, Incorporated and Subsidiaries
Consolidated Balance Sheets

December 31,		2018		2017
Assets				
Current Assets				
Cash and cash equivalents	$	330,182	$	2,014,305
Accounts receivable, net		47,629,263		49,748,109
Inventory		703,515		1,570,448
Costs and estimated earnings in excess of billings		366,156		2,005,582
Prepaid expenses and other		1,839,558		4,196,127
Total Current Assets		50,868,674		59,534,571
Investment in affiliates		39,306		39,306
Property and equipment, net		35,523,009		33,216,476
Deferred income taxes		5,069,562		5,069,562
Goodwill, net		675,000		810,000
Other assets		589,233		1,039,688
		41,896,110		40,175,032
Total Assets	$	92,764,784	$	99,709,603
Liabilities and Shareholders' Equity				
Current Liabilities				
Lines of credit	$	4,859,079	$	9,380,271
Accounts payable and accrued expenses		25,289,925		33,077,739
Billings in excess of costs and estimated earnings		1,805,481		2,067,422
Current portion of long-term debt		3,163,802		913,412
Deferred revenue		1,554,303		1,522,557
Total Current Liabilities		36,672,590		46,961,401
Long-term debt, net of current portion		11,079,377		4,979,074
Total Liabilities		47,751,967		51,940,475
Commitments and contingencies (note 16)				
Equity				
Goldbelt shareholders' equity:				
Common stock, no par value. Authorized 400,000 shares; issued and outstanding 272,200 shares		-		-
Elders stock, no par value. Authorized 400,000 shares issued and none outstanding		-		-
Contributed capital		26,825,465		26,825,465
Retained earnings		17,805,524		18,132,237
Total Goldbelt shareholders' equity		44,630,989		44,957,702
Noncontrolling interest		381,828		2,811,426
Total Equity		45,012,817		47,769,128
Total Liabilities and Shareholders' Equity	$	92,764,784	$	99,709,603

See accompanying notes to consolidated financial statements.

Goldbelt, Incorporated and Subsidiaries
Consolidated Statement of Operations

Years Ended December 31,		2018		2017
Revenues				
Contracted services	$	219,165,668	$	221,232,567
Tourism and real estate		9,545,570		8,102,641
Other		17,098		54,077
Total Revenues		228,728,336		229,389,285
Expenses				
Cost of contracted services		188,990,864		192,906,994
General and administrative		25,967,671		23,043,745
Tourism and real estate		4,685,659		5,453,146
Depreciation and amortization		3,507,524		2,133,010
Total Expenses		223,151,718		223,536,895
Income from Operations		5,576,618		5,852,390
Other Income (Expenses)				
Interest expenses		(942,292)		(421,546)
Other		115,407		199,058
Total Other Income (Expenses)		(826,885)		(222,488)
Income Before Provision for Income Taxes		4,749,733		5,629,902
Provision for income taxes		(148,845)		(543,545)
Net Income		4,600,888		5,086,357
Net income attributable to the noncontrolling interest		(1,380,495)		(1,901,344)
Net Income Attributable to Goldbelt	$	3,220,393	$	3,185,013
Net Income per Share	$	12	$	12

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Years Ended December 31, 2018 and 2017	Goldbelt Shareholders' Common Stock	Elders Stock	Contributed Capital	Retained Earnings	Non-controlling Interest	Total Equity
Balance, January 1, 2017	$ -	$ -	$ 26,825,465	$ 16,279,024	$ 1,861,031	$ 44,965,520
Net income	-	-	-	3,185,013	1,901,344	5,086,357
Distributions to noncontrolling interest	-	-	-	-	(950,949)	(950,949)
Shareholder dividends - $4.25 per share	-	-	-	(1,088,800)	-	(1,088,800)
Distribution to Ancestral Trust	-	-	-	(200,000)	-	(200,000)
Redemption of 4,300 shares of Elders stock ($10 per share)	-	-	-	(43,000)	-	(43,000)
Balance, December 31, 2017	-	-	26,825,465	18,132,237	2,811,426	47,769,128
Net income	-	-	-	3,220,393	1,380,495	4,600,888
Distributions to noncontrolling interest	-	-	-	-	(3,810,093)	(3,810,093)
Purchase of subsidiary shares	-	-	-	(1,853,106)	-	(1,853,106)
Shareholder dividends - $5.00 per share	-	-	-	(1,361,000)	-	(1,361,000)
Distribution to Ancestral Trust	-	-	-	(300,000)	-	(300,000)
Redemption of 3,300 shares of Elders stock ($10 per share)	-	-	-	(33,000)	-	(33,000)
Balance, December 31, 2018	$ -	$ -	$ 26,825,465	$ 17,805,524	$ 381,828	$ 45,012,817

See accompanying notes to consolidated financial statements.

Goldbelt, Incorporated and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31,	2018	2017
Cash Flows from Operating Activities		
Net income	$ 4,600,888	$ 5,086,357
Adjustments to reconcile net income to net cash from operating activities:		
Non-cash charges and credits:		
Depreciation and amortization	3,507,524	2,133,010
Bad debts	352,204	214,737
Gain on sale of assets	-	(578,133)
Changes in operating accounts providing (using) cash:		
Accounts receivable	1,766,642	(1,474,377)
Inventory	866,933	2,294,977
Costs and estimated earnings in excess of billings	1,639,426	2,087,306
Prepaid expenses and other	2,356,569	(1,111,352)
Other assets	450,455	(494,822)
Accounts payable and accrued expenses	(9,640,919)	6,691,065
Billings in excess of costs and estimated earnings	(261,941)	(3,182,833)
Deferred revenue	31,746	12,629
Net cash from operating activities	5,669,527	11,678,564
Cash Flows from Investing Activities		
Purchase of property and equipment	(5,679,057)	(7,951,438)
Proceeds from the sale of assets	-	1,279,808
Net cash for investing activities	(5,679,057)	(6,671,630)
Cash Flows from Financing Activities		
Distributions to minority interest	(2,869,293)	(950,949)
Disbursements in excess of available cash	-	(4,065,706)
Net borrowings (payments) under lines of credit	(4,521,192)	2,553,518
Proceeds from issuance of long-term debt	10,691,431	-
Principal payments of long-term debt	(3,281,539)	(952,160)
Distributions to Ancestral Trust	(300,000)	(200,000)
Dividends paid	(1,361,000)	(1,088,800)
Redemption of elder's stock	(33,000)	(43,000)
Net cash for financing activities	(1,674,593)	(4,747,097)
Net increase (decrease) in cash and cash equivalents	(1,684,123)	259,837
Cash and Cash Equivalents, beginning of year	2,014,305	1,754,468
Cash and Cash Equivalents, end of year	$ 330,182	$ 2,014,305
Supplemental disclosures:		
Cash paid for interest	$ 942,292	$ 506,970
Cash paid for income taxes	$ 88,000	$ -
Distributions accrued as accounts payable	$ 1,724,423	$ -
Subsidiary shares purchased through accounts payable	$ 1,025,577	$ -
Distributions accrued as notes payable	$ 1,045,333	$ -

See accompanying notes to consolidated financial statements.

1. History and Operations

Goldbelt, Incorporated (GBI) was incorporated according to the Alaska Native Claims Settlement Act (ANCSA). Under the terms of ANCSA (and amendments), the GBI is entitled to $250,000 and the surface estate of 32,627 acres of land. The regional corporation within whose designated boundaries the GBI is located will receive title to the subsurface estate. Until developed or leased or sold to third parties, lands conveyed to the GBI pursuant to ANCSA are exempt from adverse possession and similar claims and real property taxes with certain exceptions.

Under the provisions of ANCSA the Settlement Common Stock and right thereto may not be sold, pledged, or treated as an asset under Title 11. However, the stock may be transferred to a Native or a descendant of a Native in certain circumstances or by will or intestate succession. The stock shall carry voting rights only if the holder thereof is an eligible Native or a descendant of a Native.

On June 28, 1997, the GBI amended its Articles of Incorporation to authorize 400,000 shares of a new class of stock. This new class of stock is referred to as Elders Stock and is nonvoting, without par value, and ineligible for payment of dividends or distributions. This stock is restricted to issuance to shareholders meeting the eligibility requirements of: 1) 65 years of age or older and 2) holder of Settlement Common Stock that was not obtained through gift, inheritance or purchase, or who transferred such Settlement Common Stock by inter vivos gift. The shares cannot be sold, pledged or assigned in present or future, nor shall inchoate rights thereto, and present and future rights to receive dividends therefrom be sold, pledged or assigned.

Each eligible shareholder of record on May 1, 1997, and shareholders becoming eligible subsequent to that date, are issued 100 shares of the Elders Stock, which are immediately redeemed by the GBI for $10 per share. The redeemed shares are constructively retired by the GBI.

The GBI's operations are geographically concentrated in tourism in Alaska and government contracting with the U.S. Government. As a result of these concentrations, the GBI's growth and operations depend upon economic conditions of the Alaska tourism industry and spending by the U.S. Government.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of GBI and its wholly owned subsidiaries (collectively, the Company), CP Marine, LLC (CPM), Goldbelt Transportation, LLC (Transportation), Goldbelt Aerial Tramway, LLC (Tram), Goldbelt Security, LLC (Security), Goldbelt Raven, LLC (Raven), CP Leasing, LLC (CPL), Goldbelt Specialty Services, LLC (GSS), Facility Support Services, LLC (FSS), Nisga'a Data Systems, LLC (Nisga'a), Goldbelt Wolf, LLC (Wolf), Goldbelt Glacier Health Services, LLC (Glacier), Goldbelt Professional Services, LLC (GPS), Goldbelt C6, LLC (C6), Goldbelt Seafoods (SEA), Nisga'a Tek, LLC (NT), GBOSS, LLC (GBOSS), Goldbelt Frontier, LLC (Frontier), Goldbelt Falcon, LLC (Falcon), and their subsidiaries that are at least 51% owned. Operating subsidiary companies include, LifeSource Biomedical, LLC (LifeSource), Goldbelt Eagle, LLC (Eagle), Goldbelt Cedar, LLC (Cedar), Goldbelt Hawk, LLC (Hawk), Goldbelt Orca, LLC (Orca), Peregrine Technical Solutions, LLC (Peregrine), and GB3TS (GB3TS). All significant inter-company transactions have been eliminated in consolidation.

Goldbelt, Incorporated and Subsidiaries
Notes to Financial Statements

LifeSource, Nisga'a, Glacier, Peregrine, C6, Nisga'a Tek, Security and GBOSS currently hold 8(a) status under the Small Business Administration's Minority Small Business Development program. As of December 31, 2018 GSS, CPL, Raven, Orca, Cedar, Eagle, Falcon, Hawk, FSS, and Wolf have graduated from the 8(a) program.

Management Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and revenue and expenses for the period then ended. Actual results could differ from those estimates.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, that is, other than in a forced liquidation or distress sale.

Accounts Receivable

Accounts receivable consist of trade accounts receivable and are stated at amounts billed less any allowance for doubtful accounts. Credit is extended to customers after an evaluation of the customer's financial condition, and generally collateral is not required. Accounts are considered past due after 90 days. Management's determination of allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions, and other risks inherent in the accounts receivable portfolio.

Billing practices are governed by the contract terms for each project. When billings on service contracts are less than the recognized revenue, the difference is recorded as unbilled accounts receivable. Unbilled work is usually billed during the next normal billings process following achievement of contractual requirements.

Inventory

Inventory consists of tourism goods available for sale. Inventory is valued at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Investments in Affiliates

Investments in affiliates where the Company has significant influence are accounted for using the equity method of accounting, whereby the Company's pro rata share of the earnings or losses of each investment is included in the consolidated statements of operations and the undistributed earnings or losses are reported as in increase or decrease in the investment balance. Distributions are reported as a decrease in the investment balance when received. Equity investments not accounted for under the equity method are recorded at the lower of cost or estimated market value.

Noncontrolling Interests

The Company applies the provisions of Topic 810 of the FASB Accounting Standards Codification relating to noncontrolling interests in consolidated financial statements. This guidance requires noncontrolling interests to be reported as a component of equity separate from the parent's equity and purchases or sales of equity interests, that do not result in a change in control, to be accounted for as equity transactions. In addition, net income attributable to a noncontrolling interest is to be included in net income and, upon a loss of control, the interest sold, as well as any interest retained, is to be recorded at fair value, with any gain or loss recognized in net income.

Depreciation and Amortization

Depreciation for property and equipment is calculated using the straight line method over the estimated useful lives of the underlying assets. Depreciation for equipment under operating lease is calculated based upon the lease terms. Estimated useful lives by major category of fixed assets are as follows:

	Years
Buildings	40
Marine vessels and equipment	5-15
Furniture and fixtures	3-10
Production and office equipment	3-10

Land

Land totaling 2,784 acres was transferred to the Company under the terms of ANCSA that was received for other than its timber or other resources value is recorded as contributed capital at its estimated fair value on the date of conveyance of $11,876,600.

Land totaling 29,843 acres was conveyed to the Company under ANCSA for its timber or other resource value is recorded at zero value, in accordance with industry practice, because its fair value at the date of conveyance was not determinable within reasonable limits.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Goldbelt, Incorporated and Subsidiaries
Notes to Financial Statements

Goodwill

The Company applies the provision of FASB ASC 350's accounting alternative available to private companies. The Company amortizes goodwill on a straight-line basis over 10 years, or less than 10 years if another useful life is more appropriate. The Company has made the election to test goodwill for impairment at the entity level. Goodwill is tested for impairment when a triggering event occurs that indicates that the fair value of the Company may be below its carrying amount. When a triggering event occurs, the Company has the option to first assess qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs a quantitative test to compare the Company's fair value with its carrying amount, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary.

A goodwill impairment loss is recognized if the carrying amount of the Company exceeds its fair value. A goodwill impairment loss is measured and recorded at the amount by which the carrying amount of the Company including goodwill exceeds its fair value without exceeding the carrying amount of goodwill.

Other Assets

Other assets consist of art and intangible assets. Finite lived intangible assets are amortized over their estimated life. Infinite-lived and acquired intangible assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset, the amount of the impairment is the difference between the carrying amount and the fair value of the asset.

Income Taxes

Funds received under provisions of ANCSA from the Alaska Native Fund are not subject to federal, state or local income taxes. Real property interests received pursuant to ANCSA are also not subject to income taxes; however, income derived from the real property interests and other operations of the Company are subject to federal, state and local income taxes.

The Company and subsidiaries file consolidated federal and state income tax returns. The Company accounts for income taxes utilizing the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Income tax benefits derived from differences between the book and tax basis of assets received under ANCSA are recorded as increases to contributed capital.

The Company applies the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes. The Company annually reviews its tax return and positions taken in accordance with the recognition standards. The Company believes that it has no uncertain tax positions which would require disclosure or adjustment in these financial statements.

For the year ended December 31, 2018, there were no material changes to the total amount of unrecognized tax benefits. The Company does not expect any significant increases or decreases for uncertain tax positions during the next 12 months.

The Company files income tax returns in the U.S. and various state jurisdictions. The tax years 2015 through 2018 remain subject to examination by the tax jurisdictions.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. There is no interest or penalties accrued at December 31, 2018.

Revenue Recognition and Contract Costs

Revenue for rental and tourism activities is recognized at the time of service or over the rental period. Revenues on long-term service contracts are recognized ratably over the term of the contract, as services are performed or based on the terms of the contracts.

Revenue related to reimbursable cost line items is recognized when the applicable expense is incurred. Award fee revenue is recognized as the Company achieves performance criteria if they are objective in nature otherwise when notified of the fee by the U.S. government agency. Variances between provisional rates and actual rates are accrued if the variance is unfavorable to the Company. If they are favorable to the Company, they are only accrued when the Company has the ability and intent to collect the variances.

Revenue from sales where the Company has transferred all significant risk to vendors, manufactures or purchasers are recorded net of costs.

The Company recognizes revenues from long-term construction contracts on the percentage-of-completion method. Under this method, the completion percentage is measured by the percentage that costs incurred to date bears to total estimated final costs for each contract. For financial statement purposes, income is determined by applying the percentage of completion, determined at the financial statement date, to the estimated final gross profit for each contract.

The Company utilizes this method because management believes it is the best available measure of progress on contracts. Because of inherent uncertainties in estimating costs, it is reasonable to assume that estimates will change in the future. When changes in job performance, job conditions, and estimated profitability occur, including those arising from contract penalty provision and final contract settlements, these changes may result in revision to final estimated revenue, costs, and income and are recognized in the period in which the revision is determined. Provision for estimated losses on uncompleted contracts is made in the period in which such losses are determined.

Contract costs include all direct labor, labor burden, material, subcontract and equipment costs, and those indirect costs related to contract performance, such as indirect labor, supplies, tools, and depreciation costs. General and administrative expenses are charged to expenses when incurred. Profit incentives are included in contract revenue when realization is reasonably assured. An amount equal to contract costs attributable to claims is included in revenue only when the Company has a measurable claim and the amount can be reliably estimated.

Goldbelt, Incorporated and Subsidiaries
Notes to Financial Statements

The current asset "costs and estimated earnings in excess of billings" represents contract revenues recognized in excess of amounts billed. The current liability, "billings in excess of costs and estimated earnings" represents billings in excess of contract revenues recognized.

Reclassification

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation.

Recent Accounting Pronouncements

See Note 15 for recent accounting pronouncements.

Subsequent Events

The Company has evaluated subsequent events through April 11, 2019, the date on which the financial statements were available to be issued.

3. Cash and Cash Equivalents

Credit Risk

The Company maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The cash balances in excess of FDIC insurable limits are $239,654 and $592,505 at December 31, 2018 and 2017, respectively.

4. Accounts Receivable

Accounts receivable consist of the following at December 31:

	2018	2017
Billed	$ 41,863,659	$ 44,353,019
Unbilled	6,543,877	5,821,159
	48,407,536	50,174,178
Allowance for doubtful accounts	(778,273)	(426,069)
Accounts Receivable, net	$ 47,629,263	$ 49,748,109

5. Property and Equipment

Property and equipment, at cost, consists of the following at December 31:

	2018	2017
Aerial tramway and buildings	$ 20,834,782	$ 20,528,595
Land and land improvements	14,174,246	14,174,246
Operating and office equipment	12,834,914	12,657,374
Marine vessels and equipment	4,672,091	2,606,255
Furniture and fixtures	3,484,486	2,602,847
Commercial buildings	3,037,140	3,037,140
Land transportation equipment	1,270,594	767,190
Construction in progress	1,568,611	20,672
	61,876,864	56,394,319
Less accumulated depreciation	(26,353,855)	(23,177,843)
Property and Equipment, net	$ 35,523,009	$ 33,216,476

Depreciation expense was $3,372,524 and $1,947,060 in 2018 and 2017, respectively.

Real estate held for investment purposes, which is part of property and equipment, consists of the following at December 31:

	2018	2017
Land acquired under the ANCSA and held for investment or development:		
Land on West Douglas, 1,402 acres	$ 6,506,000	$ 6,506,000
Land near Echo Cove, 1,382 acres	5,370,600	5,370,600
	$ 11,876,600	$ 11,876,600

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Goldbelt, Incorporated and Subsidiaries
Notes to Financial Statements

6. Costs and Estimated Earnings on Contracts in Progress

Work in progress on uncompleted contracts at year end consists of the following at December 31:

	2018	2017
Costs incurred on contracts in progress to date	$ 87,949,574	$ 114,126,622
Estimated earnings to date	4,834,852	6,277,991
Contract revenue earned to date	92,784,426	120,404,613
Less billings to date	(94,223,751)	(120,466,453)
Contract Revenue Adjustment Required to Reflect Percentage of Completion	$ (1,429,325)	$ (61,840)

This contract revenue adjustment is included in the accompanying balance sheet under the following captions at December 31:

	2018	2017
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 366,156	$ 2,005,582
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,805,481)	(2,067,422)
	$ (1,439,325)	(61,840)

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7. Lines of Credit

	2018	2017
Line of credit with a financial institution to $15.0 million subject to the borrowing base, bearing interest at LIBOR plus 3.00%, (currently at 5.3125%), guaranteed by the Company, maturity date of September 30, 2019 *	$ 4,859,079	$ 9,380,271
Line of credit with a financial institution to $1.0 million, unsecured, bearing interest at 4.50%, guaranteed by the Company, maturity date of March 5, 2019	-	-

*The Company maintains a shared $15,000,000 line of credit with the bank, guaranteed by Goldbelt, Incorporated and other subsidiaries. The Company has set individual limits for each subsidiary. Amounts available for advances on the line are limited to an amount determined by specific criteria of accounts receivable and costs incurred on uncompleted projects including. The combined borrowing base for all companies was $18,300,512 as of December 31, 2018. In connection with the line of credit financing agreement, the Company has agreed to comply with certain financial covenants.

The Company also maintains a letter of credit for $350,000, which is pledged to the State of Alaska, in connection with a tidelands lease that the Company has obtained from the Department of Natural resources of the State of Alaska. The project is not complete but the letter of credit serves as a source of funds that the State could use to restore the tidelands to its natural state at the termination of the lease.

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Goldbelt, Incorporated and Subsidiaries
Notes to Financial Statements

8. Long-term Debt

A summary of long-term debt at December 31 follows:

	2018	2017
Note payable to a financial institution, principal and interest at 6.5%, due in monthly principal payment of $58,333 plus the interest through December 2023, secured by all assets of Aerial Tramway with a net book value of $8,072,171	$ 3,500,000	$ 4,200,000
Note payable to a financial institution, principal and interest at 5.25%, due in monthly payments of $12,550 through December 1, 2025, and a single payment of $673,592 on January 1, 2026, secured by a building and land with a net book value of $1,800,221.	1,329,167	1,411,799
Note payable to a financial institution, principal and interest at 6.50%, due in monthly payments of $ 10,330 through January 11, 2021 secured by the vessel of GB Tours with a net book value of $594,495	150,200	280,687
Note payable to a financial institution, principal and interest at 5.92%, due in monthly payments of $12,606 through December 15, 2033, secured by all assets of the vessel of GBSS with a net book value of $1,989,745.	1,500,000	-
Note payable to a financial institution, principal and interest range from 5.29% to 5.49%, due in monthly payments beginning January 1, 2020 that range from $14,791 to $14,821 through December 1, 2039. This is a construction loan with a total principal amount of $2,173,875 and a net book value of $734,655.	734,655	-
Lease payable to a financial institution, principal and interest at 5.48%, due in monthly payments starting at $330,000 and decreasing to $60,000 through May 1, 2023, and a single payment of $1,511,584 on June 1, 2023. Secured by equipment with a net value of $6,825,484	6,088,357	-
Notes payable to former noncontrolling interest	940,800	-
Total long-term debt	14,243,179	5,892,486
Less current portion	3,163,802	913,412
Long-term Debt	$ 11,079,377	4,979,074

There are covenants contained in the long-term debt agreements. The Company believes it is in compliance with these covenants.

Scheduled payment of principal payments on long-term debt is as follows:

2019	$ 3,163,802
2020	2,196,776
2021	1,990,076
2022	1,832,005
2023	2,925,335
Thereafter	2,135,185
	$ 14,243,179

9. Income Taxes

Income tax expense attributable to continuing operations for the years ended December 31, 2018 and 2017 is as follows:

December 31, 2018	Current	Deferred	Total
Federal	$ -	$ -	$ -
State	148,845	-	148,845
Total	$ 148,845	$ -	$ 148,845

December 31, 2017	Current	Deferred	Total
Federal	$ 223,224	$ -	$ 223,224
State	320,321	-	320,321
Total	$ 543,545	$ -	$ 543,545

Actual income tax expense differs from "expected" income taxes (calculated at the Federal statutory tax rate of 21% and 34%, respectively) attributable to continuing operations, for the years ended December 31 as follows:

	2018	2017
Computed "expected" tax expense	$ 880,355	$ 995,558
State income tax expense, net of federal effect	311,310	231,809
Net operating losses	(1,310,232)	(1,313,658)
Basis difference of joint ventures and subsidiaries	(53,724)	90,229
Alternative minimum tax	-	223,224
Other	321,136	316,383
	$ 148,845	$ 543,545

The components of and changes in deferred tax assets and liabilities as of and for the years ended December 31, follows:

	2018	2017
Deferred tax assets and liabilities:		
Net operating loss carryforward	$ 7,067,769	$ 7,999,290
Fixed assets	(1,091,720)	(2,500,374)
ANCSA land	1,685,262	1,685,262
Basis in LLC's	906,311	58,649
AMT credit carryforward	948,341	948,341
Other	684,361	532,499
Net deferred tax asset	10,200,324	8,723,667
Valuation allowance	(5,130,762)	(3,654,105)
Net Deferred Tax Asset	$ 5,069,562	$ 5,069,562

A valuation allowance has been estimated by management to reduce the deferred tax asset to the amount that is more likely than not to be realized based on estimated future taxable income and utilization of tax planning strategies. The valuation allowance relates primarily to net operating loss carryforwards.

The Company's net operating loss carryforwards and the years of expiration are as follows:

Year Ended December 31,	Federal	State
2019	$ -	$ 11,739,000
2020	1,064,000	1,423,000
2021	6,253,000	6,091,000
2022	6,407,000	5,800,000
2023	5,943,000	5,421,000
2024	1,677,000	1,083,000
2025	800,000	424,000
2026	64,000	226,000
2036	815,000	-
	$ 23,023,000	$ 32,207,000

10. Pension Plan

The Company has 401(k) employee savings plans. The plans allow full-time employees to become eligible to participate after completing 90 days of service. Under the plans, the Company at its discretion may match a percentage of participant contributions. The Company elected to match employee contributions of $2,058,515 in 2018 and $2,456,777 in 2017.

The Company also makes contributions to various multi-employer pension plans under collective bargaining agreements on behalf of its union employees. Total contributions to the plans were approximately $196,418 and $319,439 for the years ended December 31, 2018 and 2017, respectively.

11. Concentration Risks and Uncertainties

The Company received substantially all of its contracting revenue from contracted government services from the U.S. Government. Changes in the U.S. Government spending could have a positive or negative impact on the Company.

12. Related Party Transactions

The Company's contracted government service businesses have various agreements with minority owners and related subcontractors that provided for fees for services and participation in profits of the subsidiaries. The subsidiaries paid related entities approximately $3.2 million and $10.8 million for subcontracting and administrative services in 2018 and 2017, respectively. Amounts payable to related parties was approximately $11.1 million and $4.7 million at December 31, 2018 and 2017, respectively.

13. Commitments and Contingencies

Contract Audits

The Company incurred various costs on U.S. Government contracts in 2018 and 2017 that are subject to direct reimbursement from the U.S. Government. The U.S. Government has the right to audit these costs. Disallowed costs, if any, would have to be reimbursed to the U.S. Government. Management believes that disallowed costs, if any, would be insignificant to the Company. At this time no material adjustments or audit issues are outstanding on U.S. Government contracts.

Claims

In the ordinary course of business, the Company may be involved in legal actions, claims, employee matters, and disputes incidental to its operations. While the ultimate results of these items cannot be predicted with certainty, management does not expect at this time the resolution of them to have a material adverse effect on the Company's financial position, results of operations or its liquidity.

14. Subsequent Events

Subsequent to year end, the Company has drawn on their line of credit for operations cash needs. The amount outstanding on the line is $2,683,000 as of April 11, 2019.

15. Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process

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to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods that begin after December 15, 2019, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The Corporation is currently evaluating the impact of its pending adoption of ASU 2014-09 on its consolidated financial statements and have not yet determined the method by which it will adopt the standard in 2019.

Leases

In February 2017, the FASB issued Accounting Standards Update No. 2017-02, Leases (ASU 2017-01). The core principle is that a lessee should recognize the assets and liabilities that arise from leases. All leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, Elements of Financial Statements, and, therefore, recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. There continues to be a differentiation between finance leases and operating leases.

However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the statement of financial position. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP.

The amendments in this Update are effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments in this Update is permitted for all entities. The Company is currently evaluating the impact of its pending adoption of ASU 2017-02 on its consolidated financial statements and has not determined the method by which it will adopt the standard.

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