





2009 Annual Report

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Cover – "Tlingit Warriors" by Bill Holmes
Staff Photos by Art Sutch and Peter Metcalfe

PRESIDENT'S LETTER TO SHAREHOLDERS



Dear Shareholders:

I am pleased to report that for the sixth year in a row your Corporation is in the black. Since 2004, we have maintained our profitability and continued to pay shareholder dividends. In 2009 we increased our investments in new government ventures and infrastructure projects that will help the Company grow over the next three years. Consequently, the income reported for 2009 was less than that of the previous year. Reflecting the financial health of Goldbelt, our cash flow enabled us to increase the 2009 dividend to \$2.75 per share, an increase of nearly 10 percent over 2008.

As I reported to you last year, we expected to see our tourism business suffer from the poor economy and from the State's excessively high head tax. Fortunately, the Mt. Roberts Tramway was not affected by these events, as its key location and low cost compared to other tourist attractions contributed to a record year in terms of revenue and visitors. The number of cruise ships that visited Juneau in 2009 remained stable, in spite of the weak economy and warnings by cruise lines that demand for Alaska was weak. The Goldbelt Hotel was not so fortunate, however, because the independent visitor market in Alaska suffered greatly from the aftermath of the financial crisis that occurred in late 2008. Hotel occupancy in 2009 was down significantly from 2009 and 2008.

Our government contracting business, which makes use of the Small Business Administration's 8(a) program, remains strong and continues to grow. In our newly adopted strategic plan, we have emphasized continued investment in the 8(a) program as we expect this sector will continue to make significant contributions to the Company's profits over the next several years.

The low cost of the investments we have made in 8(a) ventures, and relatively high rate of return, place them well above most other investment alternatives. While there have been numerous attacks on the 8(a) program as it relates to ANCSA Corporations and Indian Tribes, we believe that opponents will fail to pass legislation that would eliminate the program.

We recently renewed a Memorandum of Understanding with the City and Borough of Juneau, which will be the framework for utilizing a State of Alaska appropriation of approximately \$3 million available to develop a pioneer road on West Douglas. This project should greatly enhance our ability to bring West Douglas development closer to reality.

Now that the Kensington Mine is back on track, thanks to the ruling of the US Supreme Court, we have begun efforts to resume development of a Marine facility at Cascade Point to support the Kensington Mine. We hope to resume construction on that project before the end of the year.

We have a lot on our plate in 2010, but most of it represents good problems to deal with. We believe we are making progress in moving closer to the bright future for all shareholders that Goldbelt's Vision Statement calls for.

Sincerely,

A handwritten signature in black ink that reads "J. Gary Droubay". The signature is written in a cursive, flowing style.

J. Gary Droubay
President & CEO



Dear Shareholders:

With the perspective of my long involvement in Goldbelt, I am proud to say we have really turned the corner and achieved sustained profitability. It is also gratifying that over the past couple of years we have welcomed two young, well-qualified directors to the board. One has extensive finance and accounting experience, and the other has a Masters Degree in Business Administration. Along with their strong qualifications, they have brought new energy to the board.

One of the major milestones during 2009 was initiating a strategic planning process. Phase I began in November and concluded this year in January. Over the years, I have been involved in many strategic planning processes, but this was far and away the best and most productive exercise of this type in my experience. One result of Phase I was the approval, by the board, of a plan to restructure the management and administrative functions of Goldbelt. Our planning process identified this as a necessity due to the growth in the government contracting businesses we have created under the Small Business Administration's minority preference 8(a) program.

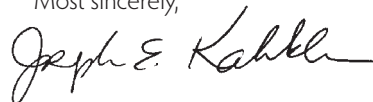
We now have fifteen 8(a) companies. Looking for economies of scale, we formed the Goldbelt Government Services Group, through which our subsidiaries can realize savings for such business needs as accounting services, group health and workers compensation insurance, as well as providing centralized assistance for proposals and contracts.

Our lead role in supporting the Kensington Mine has been amply rewarded. At our last annual meeting, the fate of the mine was still in doubt, but in late June 2009, the U.S. Supreme Court upheld the mine's permits. Since then we have secured a transportation contract to shuttle mine workers across Berners Bay, and we expect to expand the contract for Goldbelt Security. Such contracts are likely to last for many years.

Our shareholders have preference for jobs with our subsidiaries servicing the Kensington Mine, as well as for jobs at the mine itself. Goldbelt is a founding member corporation of the BBC Human Resource Development Corporation, which recruits and helps place workers in jobs with the mine. In addition, each of our 8(a) companies now has a budget item for hiring shareholders as interns. On behalf of the Goldbelt Board of Directors, I strongly encourage shareholders or shareholder descendants who might be interested in such jobs to get us your contact information so we can put you in touch with these opportunities.

Please consider joining us at the 2010 Annual Meeting to learn more about your corporation and the opportunities that may be of interest to you.

Most sincerely,



Joseph E. Kahklen
Chairman of the Board

BOARD OF DIRECTORS



Andrea Cadiante-Laiti



Del Cesar



Ben Coronell



Joseph Kahklen



Karen Taug



Edith McHenry



Derek Duncan



Trudy Skan



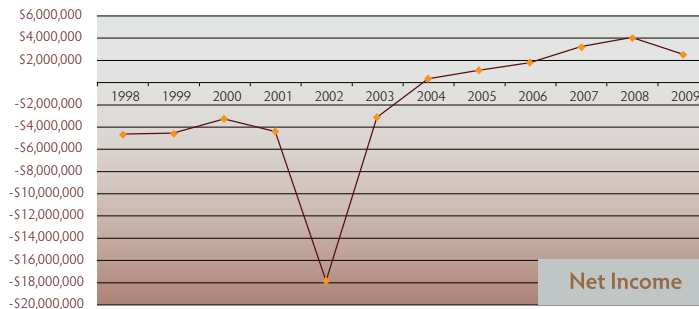
Randy Wanamaker



Victor R. Scarano, CFO

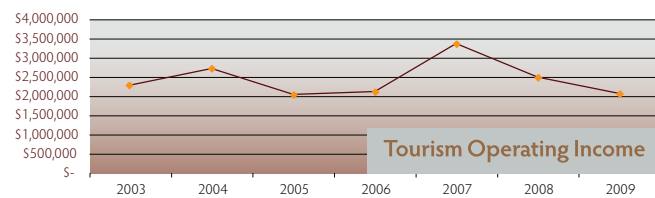
Goldbelt, Incorporated had another profitable year in 2009. We were faced with significant challenges to our tourism entities and federal contracting entities but responded well. We ended 2009 with \$2.5 million in Net Income. It was down from our 2008 year end but still successful.

This achievement is a result of ongoing Board and Management focus on profitability. This ongoing focus on profitability has yielded more working capital, enabling us to develop new opportunities in the government contracting arena, tourism and invest in ongoing development of our lands.



TOURISM

Tourism continues to be a difficult market to navigate as we see diminished cruise ship passengers visiting our venues due to cruise companies cutting back their port calls. We continue to see the impact of the head tax and other programs implemented through initiative making Alaska ports very expensive. The company has responded to dipping profits in the past by cutting unprofitable operations while retaining those that contribute well to the bottom line. The Goldbelt Hotel and Mount Roberts Tram are the two operations that continue to contribute while providing opportunity to shareholders in terms of jobs. 2009 brought with it wonderful weather which had a noticeable positive impact on Tram revenues while diminished small cruise ship calls negatively impacted hotel revenues.



The Goldbelt Hotel ended 2009 with \$2.25 million in gross revenues yielding \$161,804 in net income. This was a substantial decline from 2008, and reflected the weak independent travel market to Alaska, which the hotel depends on.

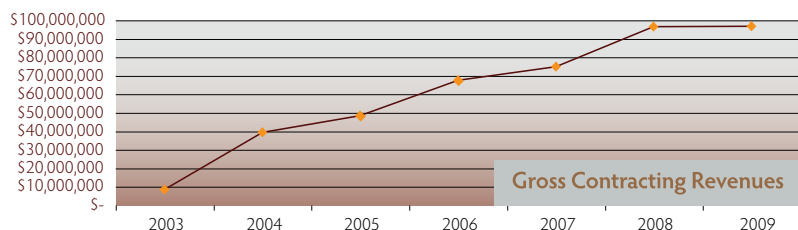
Mt. Roberts Tram had a good year in 2009. It's total revenues exceed \$5.7 million and net income was nearly \$700,000. The tram realized a larger share of the tourism market due to the very sunny summer and because it is a relatively low cost tour.

CONTRACTING

Goldbelt's federal contracting entities continue to grow their revenues and profitability. Goldbelt 8(a) businesses grew their geographic footprint to include many of the contiguous 48 States, Central and South America with potential opportunities in Africa as well. Services we provide include construction, facilities management, technical staffing, vehicle and equipment leasing, hi-tech solutions, security and bio-tech to name a few.

We ended the year with gross revenues of \$96.5 million. This related to operating income for the year of \$15.9 million. From these earnings, we made cash distributions of \$3.23 million back to Goldbelt enabling the corporation to pay shareholder dividends, support Goldbelt Heritage Institute, fund capital improvements and to seek expansion opportunities.

In 2009, Lifesource Biomedical, LLC received its 8(a) certification in January, Nisga'a Data Systems received its 8(a) certification in December and Facility Support Services received its 8(a) certification in January of 2010.



The company continues to look for opportunity in federal contracting and has had success. This provides a bulk of the revenue to Goldbelt while our Tourism entities provide revenues and the bulk of the jobs for shareholders. We continue to look to grow and diversify to dampen the impact on cash that comes with summer tourism related entities and have had good success toward that goal.

LANDS

We no longer have an agreement to lease lands at Hobart Bay. We do have a caretaker to watch over the property and have some modest expenses associated to that oversight. Those costs including other land related costs were \$113,854 in 2009.

EQUITY

We earned \$2.5 million in net income, less the \$19,000 paid to elders and less the \$748,550 paid in dividends to Shareholders led to an increase in equity of \$1.7 million.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended 2009 with cash and cash equivalents of \$9.1 million. Most of the increase over the \$2.4 million from 2008 is related to cash provided by operating activities. Accounts receivable balances at the end of 2009 were \$26.6 million, down \$11.3 million from 2008.

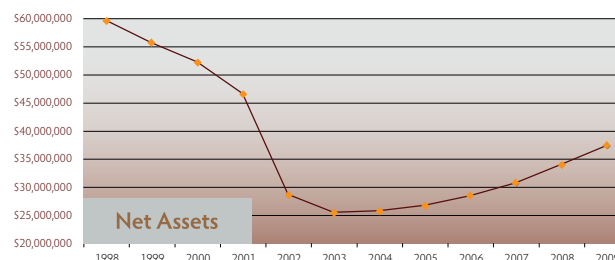
In government contracting, there is a positive correlation between the receivable balances and payable balances. When accounts receivable balances are high, accounts payable balance will usually be high. On December 31, 2009 our accounts payable balance was \$23.3 million, and accounts receivable balance was \$26.6 million. These higher than normal balances were a result of some high dollar value transaction occurring near year end.

We have a number of lines of credit that are used by our subsidiaries from which to draw when they have to pay bills before receiving payment for services by the government. Wolf owed \$1.6 million at the end of 2009, Raven \$1.76 million, Eagle \$957 thousand and LifeSource \$450 thousand. These lines of credit grow and recede in correlation to the receivable balances. The government must pay the receivables to the contracting entities within 30 days or pay interest on the outstanding balances.

Goldbelt, Incorporated has long-term debt related to the Hotel, Tram, CP Marine and the investment in Auk Ta Shaa totaling \$17.8 million. The bulk of the debt is related to the Mt. Roberts Tram which was refinanced in 2008, reducing our overall rate of interest on a fully amortizing 15 year note at 6.5%. Our regular debt payments in 2009 were \$3.1 million. We took on additional debt this year in Goldbelt Security for \$4.9 million worth of vehicles leased to the Federal government .

Investment activities in 2009 were related to a number of items. We purchased \$5.8 million of vehicles through Goldbelt Security to lease to the Federal government. The Tram conducted ongoing capital improvements of \$272,000 in 2009 for a new steel cable , and refurbishment of the Tram Cars. The Hotel invested \$294,000 in ongoing capital improvements for a new roof, furniture and equipment.

2009 was a good year and continued a positive growth trend for Goldbelt, Incorporated. The Board and staff continue to look to diversify and find opportunity to continue that trend in 2010 and forward.





The Board of Directors and Shareholders

Goldbelt, Incorporated:

We have audited the accompanying consolidated balance sheets of Goldbelt, Incorporated and Subsidiaries (the Company) as of December 31, 2009 and 2008, and the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Mikunda, Cottrell & Co.

Anchorage, Alaska
April 15, 2010

CONSOLIDATED BALANCE SHEET

December 31, 2009 and 2008

Assets	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 9,112,934	2,400,280
Accounts receivable	26,599,640	37,941,068
Income tax receivable	303,937	256,232
Inventory	6,538,088	389,375
Costs and estimated earnings in excess of billings	202,218	–
Prepaid expenses and other	1,995,305	3,471,535
Assets held for sale	69,943	146,727
Total current assets	<u>44,822,065</u>	<u>44,605,217</u>
Investment in affiliates	1,130,170	1,329,863
Equipment under operating lease, net	9,159,959	4,046,790
Property and equipment, net	34,963,860	35,077,006
Deferred income taxes	5,069,562	4,699,050
Other assets	972,884	1,243,831
Total assets	<u>\$ 96,118,500</u>	<u>91,001,757</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Lines of credit	\$ 4,950,243	11,075,013
Disbursements in excess of available cash	811,147	2,560,669
Accounts payable and accrued expenses	23,384,416	21,174,319
Billings in excess of costs and estimated earnings	269,900	–
Current portion of long-term debt	4,538,067	2,219,365
Deferred revenue	6,928,367	600
Total current liabilities	<u>40,882,140</u>	<u>37,029,966</u>
Long-term debt, net of current portion	17,855,928	16,303,370
Total liabilities	<u>58,738,068</u>	<u>53,333,336</u>
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 outstanding none	–	–
Contributed capital	26,825,465	26,825,465
Retained earnings	8,920,616	7,184,218
Total Goldbelt shareholders' equity	<u>35,746,081</u>	<u>34,009,683</u>
Noncontrolling interest	1,634,351	3,658,738
Total equity	<u>37,380,432</u>	<u>37,668,421</u>
Total liabilities and equity	<u>\$ 96,118,500</u>	<u>91,001,757</u>

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF OPERATIONS



Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Continuing operations:		
Revenues:		
Contracted services	\$ 98,943,295	96,337,601
Tourism	8,093,424	8,330,518
Real estate	133,482	573,532
Equity in net income of affiliates	478,114	749,316
Other	100,055	324,044
Total revenues	<u>107,748,370</u>	<u>106,315,011</u>
Expenses:		
Cost of service for government contracts	84,506,814	81,832,124
General and administrative	10,472,432	7,911,082
Tourism	5,389,292	5,835,110
Depreciation and amortization	1,522,587	1,166,458
Real estate	113,854	138,197
Total expenses	<u>102,004,979</u>	<u>96,882,971</u>
Income from operations	5,743,391	9,432,040
Other income (expenses):		
Interest expenses	(1,308,547)	(1,471,716)
Interest income	28,758	-
Other expenses	(398,808)	-
Gain on sale of assets	(64,033)	-
Other expenses	<u>(1,742,630)</u>	<u>(1,471,716)</u>
Income before income taxes	4,000,761	7,960,324
Income tax expense	<u>(326,216)</u>	<u>(456,960)</u>
Net income	3,674,545	7,503,364
Net income attributable to the noncontrolling interest	<u>(1,170,597)</u>	<u>(3,483,809)</u>
Net income attributable to Goldbelt	<u>\$ 2,503,948</u>	<u>4,019,555</u>
Net income per share	<u>\$ 9</u>	<u>15</u>

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Years Ended December 31, 2009 and 2008

	Goldbelt Shareholders				Noncontrolling Interest	Total Shareholders' Equity
	Common Stock	Elders Stock	Contributed Capital	Retained Earnings		
Balance at December 31, 2007	\$ -	-	26,825,465	3,875,163	2,369,480	33,070,108
Net income	-	-	-	4,019,555	3,483,809	7,503,364
Shareholder dividends –\$2.50 per share	-	-	-	(680,500)	-	(680,500)
Distributions to noncontrolling interest	-	-	-	-	(2,194,551)	(2,194,551)
Redemption of 3,000 shares of Elders stock (\$10 per share)	-	-	-	(30,000)	-	(30,000)
Balance at December 31, 2008	-	-	26,825,465	7,184,218	3,658,738	37,668,421
Net income	-	-	-	2,503,948	1,170,597	3,674,545
Shareholder dividends – \$2.75 per share	-	-	-	(748,550)	-	(748,550)
Distributions to noncontrolling interest	-	-	-	-	(3,194,984)	(3,194,984)
Redemption of 1,900 shares of Elders stock (\$10 per share)	-	-	-	(19,000)	-	(19,000)
Balance at December 31, 2009	\$ -	-	26,825,465	8,920,616	1,634,351	37,380,432

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS



Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating activities:		
Net income	\$ 3,674,545	7,503,364
Adjustments to reconcile net income to cash flow from operating activities:		
Non-cash charges and credits:		
Depreciation and amortization	1,522,587	1,166,458
Deferred taxes	(370,512)	-
Equity in net income of affiliates	(478,114)	(749,316)
Gain on sale of assets and investments	(64,033)	(122,544)
Changes in operating accounting providing (requiring) cash:		
Accounts receivable	11,341,428	5,088,603
Income tax receivable	(47,705)	(62,934)
Inventory	(6,148,713)	(59,600)
Costs and estimated earnings in excess of billings	(202,218)	-
Prepaid expenses and other	1,476,230	(2,129,592)
Other assets	270,947	130,855
Accounts payable and accrued expenses	2,210,097	(6,637,420)
Billings in excess of costs and estimated earnings	269,900	-
Disbursements in excess of available cash	(1,749,522)	(2,560,667)
Deferred revenue	6,927,767	(62,000)
Net cash provided by operating activities	<u>18,632,684</u>	<u>1,505,207</u>
Investing activities:		
Purchase of property and equipment	(1,126,419)	(925,174)
Distributions from affiliates	677,807	808,516
Investment in affiliates	-	(12,666)
Proceeds from the sale of assets	556,925	595,192
Net cash provided by investing activities	<u>108,313</u>	<u>465,868</u>
Financing activities:		
Distributions to minority interest	(3,194,984)	(2,194,551)
Dividends paid	(748,550)	(680,500)
Net borrowings under lines of credit	(6,124,770)	1,916,924
Proceeds from long-term debt	1,126,848	10,647,000
Principal payments of long-term debt	(3,067,887)	(10,459,975)
Redemption of elder's stock	(19,000)	(30,000)
Net cash used by financing activities	<u>(12,028,343)</u>	<u>(801,102)</u>
Net increase in cash and cash equivalents	6,712,654	1,169,973
Cash and cash equivalents at beginning of year	2,400,280	1,230,307
Cash and cash equivalents at end of year	<u>\$ 9,112,934</u>	<u>2,400,280</u>
Cash paid for interest	<u>\$ 1,308,547</u>	<u>1,471,716</u>
Cash paid for income taxes	<u>\$ 694,821</u>	<u>713,192</u>
Capital assets acquired through long term debt and contribution	<u>\$ 5,812,297</u>	<u>3,934,890</u>

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

1... History

Goldbelt, Incorporated (Company) was incorporated according to the Alaska Native Claims Settlement Act (ANCSA). Under the terms of ANCSA (and amendments), the Company is entitled to \$250,000 and the surface estate of 32,627 acres of land. The regional corporation within whose designated boundaries the Company is located will receive title to the subsurface estate. Until developed or leased or sold to third parties, lands conveyed to the Company 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 Company 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 intervivos 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 Company for \$10 per share. The redeemed shares are constructively retired by the Company.

The Company's operations are geographically concentrated in tourism in Alaska and government contracting with the U.S. government. As a result of these concentrations, the Company'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 the Company and its wholly owned subsidiaries, Goldbelt Enterprises, Inc. and Cultural Preservation, Inc., and their subsidiaries that are at least 51% owned. Operating subsidiary companies include Goldbelt Aerial Tramway, Inc., Goldbelt Hotel Juneau, Alaska Native Tours, Inc; Goldbelt Security Services, LLC (GSS), CP Leasing, Inc., Lifesource Biomedical, LLC, Nisga'a Data Systems, LLC, Goldbelt Health Management, LLC, Facility Support Services, LLC, Goldbelt Eagle, LLC (Eagle), Goldbelt Raven, LLC, Goldbelt Wolf, LLC, Goldbelt Cedar, LLC, Goldbelt Hawk, LLC, Goldbelt Orca, LLC, and Goldbelt Falcon, LLC. All significant inter-company transactions have been eliminated in consolidation.

CP Leasing, Wolf, GSS, Raven, Orca, Falcon, Cedar, Hawk and Eagle hold 8(a) status under the Small Business Administration's Minority Small Business Development program. The Company's interest in these entities ranges from 60% to 100% and its share of earnings ranges from 55% to 100%.

During 2008, an agreement was reached whereby the members of Eagle agreed to disproportionately allocate profits due to an arbitration settlement. In 2009, the members will pay a final allocation of \$137,312 of profits with all remaining profits to be distributed according to the original operating agreement.

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.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and unrestricted money market funds that are readily convertible into cash and time deposits convertible to cash within 90 days.

Inventories

Inventories consist primarily of materials the Company is obligated to purchase from a subcontractor in accordance with contract terms. Inventory is valued at the lower of cost or market.

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 an 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.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Codification (ASC) effective for financial statements issued for interim and annual periods ending after September 15, 2009. The ASC is an aggregation of previously issued authoritative U.S. generally accepted accounting principles (GAAP) in one comprehensive set of guidance organized by subject area. In accordance with the ASC, references to previously issued accounting standards have been replaced by ASC references. Subsequent revisions to GAAP will be incorporated into the ASC through Accounting Standards Updates.

The Company adopted 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.

The Company adopted the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes. As a result of the implementation of ASC 740, the Company made a comprehensive review of its portfolio of uncertain tax positions in accordance with recognition standards established by ASC 740. In this regard, an uncertain tax position represents the Company's expected treatment of a tax position taken in a filed tax return, or planned to be taken in a future tax return, that has not been reflected in measuring income tax expense for financial reporting purposes. The Company believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns and that its accruals for tax liabilities are adequate for all open years based on an assessment of many factors, including past experience and interpretations of tax law applied to the facts of each matter. As a result of applying the provisions of ASC 740, there was no cumulative effect on retained earnings.

For the year ended December 31, 2009, 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 2006 through 2008 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, 2009. As a result of this review, the Company concluded that at this time there are no uncertain tax positions.

NOTE 2 CONTINUED

Depreciation and Amortization

Depreciation is calculated using the straight line method over the estimated useful lives of the underlying assets. Estimated useful lives by major category of fixed assets are as follows:

Buildings	40 years
Marine vessels and equipment	5 – 15 years
Furniture and fixtures	3 – 10 years
Production and office equipment	3 – 10 years

Land

Land 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.

Land 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.

Other Assets

Other assets consist of art and intangible assets. Intangible assets are amortized over their estimated life.

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.

Revenue Recognition

Revenue for rental activities is recognized at the time of service or over the rental period. Revenues on long-term service contracts will be 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.

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

Advertising Costs

Advertising costs for direct response advertising are capitalized as prepaid expenses and amortized during the upcoming summer tour season, unless the operation is expected to incur a net loss, in which case the costs are expensed in the year incurred. The Company recorded advertising expense of \$242,788 in 2009 and \$175,798 in 2008.

Reclassification

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 presentation.

Subsequent Events

The Company had evaluated subsequent events through April 15, 2010, the date on which the financial statements were issued.

3 ... Assets Held for Sale

The Company has assets held for sale at December 31, 2009 and 2008 as follows:

	<u>2009</u>	<u>2008</u>
Vessels held for sale in Ketchikan, Alaska	\$ 69,943	146,727

The vessels held for sale were assets of the Company's Ketchikan subsidiary which were not transferred when the subsidiary was sold in 2006.

4 ••• Investments in Affiliates

Investments in affiliates consist of the following at December 31:

Investment in Auk Ta Shaa Discovery, LLC	\$ 665,966	830,070
Investment in Seward Property, LLC	233,333	233,333
Investment in Joint Management Services	98,749	117,068
Investment in Eagle Facility Management Services	115,084	124,354
Investment in Eagle Construction Management Services	17,038	25,038
Total investments in affiliates	<u>\$ 1,130,170</u>	<u>1,329,863</u>

Auk Ta Shaa Discovery, LLC

Auk Ta Shaa Discovery, LLC (ATSD) was formed in 1996 with Alaska Discovery, LLC. In 2002, Alaska Discovery's 50% interest was purchased by Alaska Travel Adventures. ATSD is an adventure company that provides rafting excursions on the Mendenhall River and canoeing on Mendenhall Lake. ATA is the manager of the operation, for which it earns a fee of 5% of the annual revenue. The Company's 50% share of net (loss) income was \$(164,104) and \$(104,809) for the years ended December 31, 2009 and 2008, respectively. In 2008, the Company invested an additional \$750,000. The Company received no distributions in 2009 and 2008.

Seward Property, LLC

In December 2006, the Company transferred land in Seward, Alaska to an LLC, in which it retains a 10% interest. The Kenai Land Investors paid the Company \$677,666 in cash and a note for \$133,333 for their 90% interest in the LLC. The LLC is not actively marketing the property, but does intend to sell it when market conditions warrant.

Joint Management Services, LLC

Joint Management Services, LLC (JMS) was formed between the Company and the Bionetics Corporation on December 28, 2007, for the purpose of proposing, negotiating, and performing up to three specific or limited-purposed business ventures. The Company's interest in the joint venture is 51% and its share of net income was \$134,681 and 104,402 for the years ended December 31, 2009 and 2008, respectively. The Company contributed \$12,666 of capital in 2008. The Company received a distribution of \$153,000 and \$0 in 2009 and 2008, respectively.

Eagle Facility Management Services

Eagle Facility Management Services (EFMS) was formed between the Company and EG&G Technical Services, Inc. on October 22, 2003, for the purpose of making a proposal to the Department of Energy National Energy Technology Laboratory operation services project and to perform the project if awarded. The Company's interest in the joint venture is 51% and its share of net income was \$515,537 and \$563,716 for the years ended December 31, 2009 and 2008, respectively. The Company received distributions in 2009 and 2008 of \$524,807 and \$563,716, respectively.

Eagle Construction Management Services (ECMS)

Eagle Construction Management Services was formed between the Company and TJR Enterprises, Inc. on March 31, 2006, for the purpose of making a proposal to the Department of Energy National Energy Technology Laboratory construction project and to perform the project if awarded. The Company's interest in the joint venture is 51% and its share of net income (loss) was \$(8,000) and \$186,007 for the years ended December 31, 2009 and 2008, respectively. The Company received distributions in 2009 and 2008 of \$0 and \$244,800, respectively.

5 ••• Equipment Under Operating Leases

Equipment under operating leases primarily represents vehicles leased for two to three years to agencies of the U.S. government. The components of the net investment in equipment under operating leases as of December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Cost of equipment under operating lease	\$11,009,806	4,258,754
Less accumulated depreciation	<u>(1,849,847)</u>	<u>(211,964)</u>
Net	<u>\$ 9,159,959</u>	<u>4,046,790</u>

6 ••• Property and Equipment

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

	<u>2009</u>	<u>2008</u>
Land and land improvements	\$ 5,199,441	15,197,847
Aerial tramway and buildings	19,072,709	18,812,804
Commercial and residential buildings	8,641,095	8,130,421
Marine vessels and equipment	969,482	963,602
Operating and office equipment	4,102,202	3,696,865
Land transportation equipment	494,422	498,756
Furniture and fixtures	1,715,450	1,699,639
Construction in progress	<u>102,053</u>	<u>63,325</u>
	50,296,854	49,063,259
Less accumulated depreciation	<u>15,332,994</u>	<u>13,986,253</u>
Property and equipment, net	<u>\$34,963,860</u>	<u>35,077,006</u>

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

	<u>2009</u>	<u>2008</u>
Land acquired under the ANCSA and held for investment or development:		
Land near Echo Cove, 1,382 acres	\$ 5,370,600	5,370,600
Land on West Douglas, 1,402 acres	<u>6,506,000</u>	<u>6,506,000</u>
	<u>\$11,876,600</u>	<u>11,876,600</u>

7 ••• Costs and Estimated Earnings on Contracts in Progress

Work in progress on uncompleted contracts at year end consists of the following at December 31, 2009:

Costs incurred on contracts in progress to date	\$ 5,065,375
Estimated earnings to date	<u>319,944</u>
Contract revenue earned to date	5,385,319
Less billings to date	<u>(5,453,001)</u>
Contract revenue adjustment required to reflect percentage of completion	<u>\$ (67,682)</u>

NOTE 7 CONTINUED

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

Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 202,218
Billings in excess of costs and estimated earnings on uncompleted contracts	<u>(269,900)</u>
	<u>\$ (67,682)</u>

8 ••• Income Taxes

Income tax expense (benefit) attributable to continuing operations for the years ended December 31, 2009 and 2008 is as follows:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
2009:			
Federal	\$ 356,607	(319,414)	37,193
State	<u>340,121</u>	<u>(51,098)</u>	<u>289,023</u>
Total	<u>\$ 696,728</u>	<u>(370,512)</u>	<u>326,216</u>
2008:			
Federal	\$ 66,585	–	66,585
State	<u>390,375</u>	<u>–</u>	<u>390,375</u>
Total	<u>\$ 456,960</u>	<u>–</u>	<u>456,960</u>

No income tax (benefit) from discontinued operations is recorded for the years ended December 31, 2009 and 2008, as it is offset by the change in valuation allowance.

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

	<u>2009</u>	<u>2008</u>
Computed "expected" tax expense	\$ 1,011,762	1,522,015
State income tax expense, net of federal effect	184,498	277,544
Nondeductible expenses	6,939	4,063
Change in valuation allowance	(558,750)	(1,636,456)
Other	<u>(318,233)</u>	<u>289,794</u>
	<u>\$ 326,216</u>	<u>456,960</u>

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

	<u>2009</u>	<u>2008</u>
Deferred tax assets:		
ANCSA land	\$ 2,355,600	2,355,600
Net operating loss carryforward	21,435,800	22,348,900
AMT credit carryforward	112,900	148,700
Intangible assets	52,100	53,500
Capital loss carryforward	849,300	849,300
Other	112,912	121,200
Total deferred tax assets	<u>24,918,612</u>	<u>25,877,200</u>
Deferred tax liabilities:		
Fixed assets	(3,335,150)	(3,499,300)
Basis in LLC's	286,000	(320,200)
Other	(255,700)	(255,700)
Total deferred tax liabilities	<u>(3,304,850)</u>	<u>(4,075,200)</u>
Deferred tax asset	21,613,762	21,802,000
Valuation allowance	(16,544,200)	(17,102,950)
Net deferred tax asset	<u>\$ 5,069,562</u>	<u>4,699,050</u>

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:

	<u>Federal</u>	<u>State</u>
2011	\$ –	2,580,374
2012	6,748,262	17,236,000
2018	8,839,000	7,854,000
2019	13,718,000	11,739,000
2020	1,632,000	1,423,000
2021	6,254,000	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	64,400	–
	<u>\$52,082,662</u>	<u>59,651,374</u>

9 ... Other Assets

Other assets consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Artwork	\$ 337,425	337,425
Investment in film	574,201	574,201
Intangible assets	42,968	42,968
Other	18,290	289,237
	<u>\$ 972,884</u>	<u>1,243,831</u>

10 ••• Note Payable and Lines of Credit

The Company and six subsidiaries have the following notes payable and lines of credit:

	<u>2009</u>	<u>2008</u>
Line of credit with a financial institution to \$5 million bearing interest at LIBOR plus 0.75% (4.5% and 4.8% at 12/31/2009 and 12/31/2008), secured by accounts receivable, guaranteed by the Company and noncontrolling interest	\$ 1,756,782	7,963,504
Line of credit with a financial institution to \$3.3 million bearing interest at LIBOR plus 0.75% (3.24% and 3.8% at 12/31/2009 and 12/31/2008), secured by accounts receivable, guaranteed by the Company	45,492	1,999,913
Line of credit with a financial institution to \$3.3 million bearing interest at LIBOR plus 0.75% (3.24% and 3.8% at 12/31/2009 and 12/31/2008), secured by accounts receivable, guaranteed by the Company	1,610,280	–
Line of credit with a financial institution to \$3.3 million bearing interest at LIBOR plus 2.15%, (4.05% at 12/31/2008), secured by accounts receivable and vehicles, guaranteed by the Company	–	1,991,350
Line of credit with a financial institution to \$3 million bearing interest at LIBOR plus 2.75% (3% and 3.8% at 12/31/2009 and 12/31/2008), secured by accounts receivable, guaranteed by the Company	957,787	1,276,236
Line of credit with a financial institution to \$500,000 bearing interest at LIBOR plus 2.4% (2.65% and 4.3% at 12/31/2009 and 12/31/2008), secured by accounts receivable, guaranteed by the Company	454,902	309,867
Line of credit with a financial institution to \$3 million bearing interest at LIBOR plus 2.5% (2.75% and 3.8% at 12/31/2009 and 12/31/2008), secured by accounts receivable, guaranteed by the Company and noncontrolling interest	–	94,812
Line of credit with a financial institution to \$500,000 bearing interest at the index rate plus 3% (3.25% and 3.8% at 12/31/2009 and 12/31/2008), secured by accounts receivable, guaranteed by the Company	125,000	–
	<u>\$ 4,950,243</u>	<u>13,635,682</u>

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 is seeking to lease from the Department of Natural resources of the State of Alaska. 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.

11 ••• Long-term Debt

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

	<u>2009</u>	<u>2008</u>
Note payable to a financial institution, principal and interest at 6.5%, due in monthly payments of \$58,333 through December 2023, secured by Aerial Tramway	\$ 9,800,000	10,500,000
Notes payable to a financial institution, principal and interest at 6.83% due in monthly payments of \$99,015 through August 30, 2011, a single payment of \$940,652 on September 31, 2011 and additional payments of \$22,164 after August 30, 2011 through December 30, 2011 secured by equipment of CP Leasing	2,796,818	3,758,038
Note payable to a financial institution, principal and interest at the five year U.S. Treasury securities, rate plus 2.5%, due in monthly payments of \$42,593 through December 2015, secured by hotel real property	2,623,602	2,973,074
Note payable to a financial institution, principal and interest at 8.0% due in monthly payments of \$5,720 through May 2024, secured by building and marine dock	728,337	768,526
Note payable to a financial institution, principal and interest at 9.25% due in annual payments of \$124,000 through 2011	315,528	315,529
Note payable to a financial institution, principal and interest at 3.08%, due in monthly payments of \$23,656 through November 30, 2011 and a single payment of \$179,988 on December 30, 2011, secured by equipment of CP Leasing	652,695	-
Note payable to a financial institution, principal and interest at 9.58%, due in monthly payments of \$5,520 through March 1, 2013 and a single payment of \$72,006 on April 1, 2013, secured by equipment of CP Leasing	238,583	-
Note payable to a financial institution, principal and interest at 5.77%, due in monthly payments of \$197,886 through May 31, 2014 and a single payment of \$726,249 on June 30, 2014, secured by equipment of GBSS	4,130,578	-
Note payable to a financial institution, principal and interest at 5.41%, due in monthly payments of \$30,400 through October 31, 2014 and a single payment of \$88,611 on November 30, 2014, secured by equipment of GBSS	782,436	-
Note payable to a financial institution, principal and interest at 9.28%, due in monthly payments of \$1,254 through September 1, 2014 and a single payment of \$10,016 on October 1, 2014, secured by equipment of GB-Wolf	64,496	-

NOTE 11 CONTINUED

Note payable to a financial institution, principal and interest at 9.81%, due in monthly payments of \$2,814 through September 1, 2012 and a single payment of \$44,702 on October 1, 2012, secured by equipment of GB-Wolf	\$ 115,882	–
Other long-term debt	145,033	207,568
Total long-term debt	22,393,988	18,522,735
Less current installments	4,538,067	2,219,365
Long-term debt	<u>\$ 17,855,921</u>	<u>16,303,370</u>

Significant covenants contained in the notes payable require an insurance reserve account, capital expense reserve account, fire and other risk insurance and restrictions on working capital and continuity of operations. The Company believes it is in compliance with the covenants.

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

2010	\$ 4,538,067
2011	4,393,741
2012	2,099,422
2013	1,795,813
2014	2,268,263
Thereafter	7,296,682
	<u>\$ 22,393,988</u>

12 ••• 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 \$351,390 in 2009 and \$608,291 in 2008.

13 ••• Concentration of Revenue

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.

14 ••• 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 minority owners and related entities approximately \$6.6 million and \$15.1 million for subcontracting and administrative services in 2009 and 2008, respectively. Amounts payable to related parties was approximately \$7.7 million and \$2.3 million at December 31, 2009 and 2008, respectively.

15 ••• Commitments, Contingencies, and Subsequent Events

During 2006, the Company entered into a Land Use Agreement with Coeur Alaska, Inc. to construct a marine facility on tidelands adjacent to land owned by the Company at Cascade Point, 40 miles north of Juneau, Alaska, and to lease it to Coeur for a ten year period. Construction commenced in early 2007, but was halted when less than 30% complete due to a ruling by the United States Ninth Circuit Court of Appeals which invalidated certain permits for Coeur's Kensington Mine, and invalidated Goldbelt's Corps of Engineers 404 permit for construction of the marine facility. As a result of this ruling, Coeur was forced to seek an alternative location to base its mine transportation plan, and therefore, the agreement to build the marine facility at Cascade Point was cancelled. As of December 31, 2008, Goldbelt had incurred \$1,224,000 in costs, of which \$871,245 had been funded by Coeur under a temporary construction loan agreement. Under the terms of the Land Use Agreement, upon early cancellation, Coeur bears responsibility for all construction costs incurred by Goldbelt up to the time of cancellation. During 2009, Coeur forgave the construction loan, and reimbursed Goldbelt in the amount of \$342,372 for other construction costs which Goldbelt incurred.

Contract Audits

The Company incurred various costs on U.S. government contracts in 2009 and 2008 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. This disclosure is consistent with entities engaged in federal contracting.

Suspension

In August, 2008, the United States Small Business Administration suspended the 8(a) certification of one of Goldbelt's subsidiaries. The suspension letter, which was prompted by a report issued by the Inspector General's office, alleged that the subsidiary had allowed a change in minority ownership to occur without proper advance approval by the SBA, and that the subsidiary had entered into a subcontract agreement with a Company owned by the subsidiary's minority Member which related to the performance of an 8(a) contract, without receiving prior approval by SBA.

Goldbelt responded to the Suspension letter, asserting that it had submitted documents to the SBA in a timely manner to document the ownership change, and that the identified subcontract agreement was in fact an administrative services agreement, under which the subsidiary obtained administrative services (accounting, payroll, HR etc...) on an as-needed basis.

While suspended, the subsidiary was unable to be awarded sole source or 8(a) competitive contracts from the Federal Government unless the Government deems it in their best interest. However, the subsidiary was not required to relinquish any contracts which had previously been awarded to them under the 8(a) program.

As of April 6, 2009, after considering Goldbelt's response to the Suspension letter, the SBA re-instated Raven's 8(a) status subject to certain conditions, including purchase within 30 days of Federal Systems, Inc.'s interest and a pledge to follow SBA guidelines in the future with respect to ownership changes and subcontract agreements.

Purchase Agreement

In January 2009, Goldbelt executed an agreement to purchase the minority member's interest in Raven. The general intention of the Parties is for the minority member (FS) to receive 44% of the present value of the expected profit on Raven's existing prime federal contract backlog, which consists of three prime contracts ("Existing Contracts.") These Existing Contracts will continue into the future, and potentially several years into the future. The Parties have agreed to a structured payment of the Redemption Price because Raven does not have cash on hand to pay FS its entire share of expected future profit from the Existing Contracts, and because there is always uncertainty as to the actions the Federal Government might take with respect to any contract.

NOTE 15 CONTINUED

The Redemption Price, was established at \$4.5 million, and was set forth in a Promissory Note ("Note"). It may be adjusted at any time based on the actual profit experience associated with the Existing Contracts, subject to a limitation that if the Federal Government takes any action which terminates or reduces the scope or profitability of the value of any of the Existing Contracts, the Note will be adjusted accordingly. There is a strict limitation on the adjustments to ensure that the Company does not take actions to reduce profitability through increasing overhead, G&A or other indirect costs in the control of the Company or Goldbelt.

However, if the Company generates new business, on new contracts, it will be entitled to receive 100% of the profit associated with that new business. There are provisions in the Note to allow FS to audit any adjustments to the Redemption Price, to challenge the same, and for the Parties to engage in a dispute resolution to settle any disagreements as to such adjustments. Goldbelt has provided a Guaranty on the Note.

Contingent liability at December 31, 2008	\$ 4,500,000
Reduction due to changes in profitability	(725,145)
Principal payments	<u>(370,113)</u>
Contingent liability at December 31, 2009	<u>\$ 3,404,742</u>

The Note will be paid in monthly payments of \$61,632, including interest at 7% with a maturity date of September 30, 2015.

Claims

In the ordinary course of business, Goldbelt 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 Goldbelt's financial position, results of operations or its liquidity.



Goldbelt Administrative Staff:

Barb Duncan, Accounting Manager; Lisa-Marie Ikonov, Shareholder Services and Marketing; Mike Tagaban, GB Security GM; Kerry Katasse, Administrative Assistant; Lisa Fisher, Controller; Stacey Skan-Allen, Human Resources; Jeri Roehl, AR Accountant; Donna Samaniego, Payroll Accountant; Robert Martin Jr., VP Operations; Vic Scarano, CFO; Steve Stewart, GB Security Asst. GM; J. Gary Droubay, President and CEO; Reed Reynolds, IT Administrator; Dale McGhee, GB Security Patrol Sergeant; Jeff White, (kneeling), GB Tours and CP Marine GM; Norman Flood Executive Asst.; Mark Thompson, Asst. IT Administrator.



Goldbelt Heritage Foundation

Back row: Trudy Skan, Manager Dionne Cadiante-Laiti, Andrea Cadiante-Laiti, Jasmine Jackson, and Ed Hotch.
 Seated: Alfred McKinley, Paul Marks, and Robert Loescher.



Goldbelt Hotel Staff

Front row: Soledad Lumba (light blue smock), Krystal Gonzalez, Delores Imboden, Lillia Estigoy, Jose Deluna, Steve Milton, Bobby Anderson, Wanda Anderson
 Middle row: Allen Taug, Barbara Fujimoto, Delbert Kanosh, Kathleen Church, Sheila James, Ladonna Gallagher, John Archambeau
 Back row: Devin Jones, Ivan Demmert, Jackie Martell



Mt. Roberts Tram Crew:

Robert Cozby, Joe Puliafico, Alejandro Orozco, Jim Duncan Jr., Tim Boynton, Derek McHenry, Matt Stevens, Linda Chichester, Marlis Mayeda and George Reifenstein.



Majestic Fjord crew:

Gerald Nakamura, Clint Songer, Mike Mckinney, Bill Church, Tim Merriman

Goldbelt, Incorporated

J. Gary Droubay	President and CEO
Robert Martin, Jr	Vice President of Operations
Victor R. Scarano	Chief Financial Officer
Lisa L. Fisher	Controller
Reed Reynolds	Management Information Systems, Mgr.
Mark Thompson	Management Information Systems, Asst. Mgr.
Bill Abbott	Director of Human Resources
Stacey Skan-Allen	Human Resources Generalist
Lisa-Marie Ikonomov	Shareholder Services/Marketing
Barbara Duncan	Accounting Manager
Jeri Roehl	Accountant - Receivables
Angel Brown	Accountant - Payables
Donna Samaniego	Accountant - Payroll
Norman B. Flood	Receptionist/Office Asst.

Goldbelt Heritage Foundation

Dionne Cadiente-Laiti	General Manager
Ed Hotch	Projects Manager

Goldbelt Government Services Group

Joseph LoCasale	Vice President
Gulraiz Hassan	Vice President and Chief Administrative Officer
Rick Gibbs	Director of Contracts
Chris Mitchell	Director of Accounting
Elena Brigham	Human Resources Generalist
Morgan Garvin	Accounting Specialist, Payroll
Maya Johnson	Accounting Specialist, Accounts Receivable
Vandana Soni	Accountant, General Ledger

Cultural Preservation, Inc. / Alaska Native Tours

Jeffrey W. White	General Manager
Bus and Boat Crew: Tim Merriman, Gary Brown, Sr., Bill Church, Mike McKinney, Gerald Nakamura, Clint Songer, August Williams, Jeff Katasse.	

Goldbelt Security Services (year-round staff)

Mike Tagaban	General Manager
Steve Stewart	Operations Manager
Robert Beltz	Sergeant Airport Security
Officers: Timothy Meacham, Reid Hermann, Antoinette Schwinghammer, Robert King, Neiko See, Adrienne Hosiner, Rudy Willard, David Miller, Alberta Hanlon, Raymond Dennis, Steven Kramp, Lando Peters, Cleveland Mitchell, Amanda McKinley, Dale McGhee, Stuart Cook, Sergius Sheakley and Russell See.	

Goldbelt Hotel Juneau

John Archambeau	General Manager
Barbara Fujimoto	Assistant General Manager
Al Taug	Maintenance
Kathleen Church	Housekeeping Supervisor
Sheila James	Assistant Housekeeping Supervisor
Employees: Bobby Anderson, Wanda Anderson, Jose Deluna, Ivan Demmert, Lillia Estigoy, Ladonna Gallagher, Krystal Gonzalez, Delores Imboden, Devin Jones, Delbert Kanosh, Soledad Lumba, Jackie Martell, and Steve Milton.	

Mount Roberts Tram LTD (year-round staff)

George Reifenstein, Jr.	General Manager
Jim Duncan, Jr.	Director of Operations
Marlis Mayeda	Guest Services Manager
Derek McHenry	Support Manager
Joseph Puliafico	Maintenance/Operations Manager
Linda R. Chichester	Retail Manager
Timothy A. Boynton	Tram Maintenance Supervisor
Robert Cozby	Building Maintenance Supervisor
Alejandro Orozco	Food and Beverage Manager
Matt Stevens	Tram Maintenance/Operations Tech



Goldbelt's 8(a) Subsidiaries

Goldbelt Raven LLC:

J. Gary Droubay President

Goldbelt Wolf, LLC

Stephen Cooke President
James Jones Chief Operating Officer

Goldbelt Eagle LLC:

Richard Gladstone President

Facility Support Services, LLC

Joseph LoCasale President

Goldbelt Cedar LLC

Bhima Penta President

Goldbelt Falcon LLC

Mike Blume President
Melanie Snow Director of Finance

Goldbelt Hawk LLC

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