



**37TH
ANNUAL REPORT**

2010

G *Goldbelt*



2010 Annual Report

TABLE OF CONTENTS

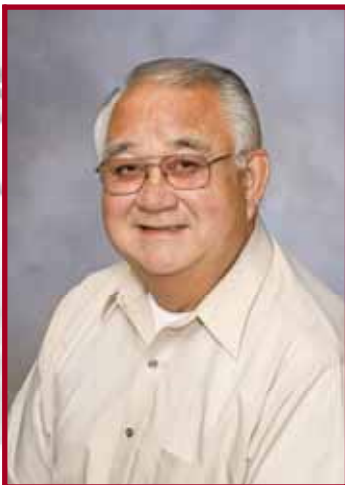
Board of Directors	2
President's Message	3
Chairman's Report	4
MD&A Report	5-7
Auditors' Report	8
Balance Sheets	9
Statements of Operations	10
Shareholders' Equity	11
Cash Flows	12
Notes to Financial Statements	13-25
Corporate Employees	26
Subsidiary Employees	27-28
Acknowledgements	29



BOARD OF DIRECTORS



Andrea Cadiante-Laiti



Del Cesar



Ben Coronell



Katherine Eldemar



Joseph Kahklen



Kathy Polk



Trudy Skan



Karen Taug



Randy Wanamaker

FROM THE PRESIDENT & CEO



Dear Goldbelt Shareholders:

In reading this annual report, you will find that your Corporation remains profitable, with a strong balance sheet and consistent annual earnings. Since 2004, Goldbelt has earned almost \$16 million, mostly from government contracting through our participation in the Small Business Administration's (SBA) 8(a) program. From this revenue, we have paid out \$3.2 million in dividends. The balance of earnings has been retained in the corporation for debt reduction, working capital, and to provide a basis for future development.

With the continued growth of our government contracting business, it has been necessary to expand our administrative organization to manage this growth. In 2010, we added two Vice Presidents at our government contracting businesses, and shareholder Derek Duncan as Vice President of Operations for Alaska.

Our Goldbelt Government Services Group (GGSG), established in Herndon, Virginia in 2009, oversees the finance, accounting and human resource functions of our ever expanding 8(a) government contracting businesses. Most of our 8(a) companies are now serviced by GGSG and we intend to bring the remaining companies under its umbrella by the end of 2011.

As part of the new 8(a) regulations recently adopted by the SBA, we will be required to make annual reports detailing the benefits that have been passed on to you, our shareholders. This presents a welcome opportunity for Goldbelt to demonstrate how our shareholders have benefited from the 8(a) earnings we have realized; earnings that have funded business expansion, scholarships, cultural projects, career development and employment opportunities for shareholders.

In the strategic plan that Goldbelt adopted last year, one of our objectives was to begin diversification of our investments to protect ourselves from economic downturns and from the threats of eliminating 8(a) participation for Alaska Native Corporations. Our best opportunity for diversification is the development of our lands near Juneau. Towards this end, we have in the last year:

- signed a contract with a small cruise ship company to bring ships to Hobart Bay two days per week;
- cooperated with the State of Alaska, which will soon begin widening and improving the road between Echo Cove and Cascade Point;
- entered into an agreement with the City and Borough of Juneau, the goal of which is to extend the North Douglas Highway to our lands on West Douglas.

We anticipate the activities at Hobart Bay this summer will attract other small cruise ships, which will in turn will give us a basis to make improvements to the facilities there. At Cascade Point, in concert with the road improvements, we will pursue several development opportunities, which will provide jobs for Juneau contractors and for Goldbelt shareholders. The road extension of North Douglas Highway is envisioned as the first step in the development of our land on West Douglas. The work on this road will also provide jobs and opportunities for Goldbelt shareholders.

I hope to see many of you at this year's annual meeting to provide you with more detailed information on your corporation's plans for the future.

Sincerely,

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

J. Gary Droubay
President/CEO Goldbelt Inc.

CHAIRMAN'S REPORT



Dear Shareholders:

I am pleased to report that during 2010, Goldbelt achieved most of the goals set forth in our 2009 Strategic Plan, the most important of which was growth in total revenue and increased profitability.

During this past year of service the Board of Directors has taken particular interest in shareholder benefits including:

- Increasing the Shareholder dividend.
- Maintaining the Elders dividend.
- Supporting the Goldbelt Heritage Institute.
- Establishing internship opportunities for young Shareholders.
- Continuing the Goldbelt Scholarship Program.
- Focusing on business diversification to create jobs in Alaska.

As important as our growth in revenue and profitability are, what we are most proud of is that we maintain and reflect a high respect for our cultural identity within Goldbelt and throughout our business activities.

Randy C. Wanamaker

A handwritten signature of Randy C. Wanamaker in red ink, written in a cursive style.

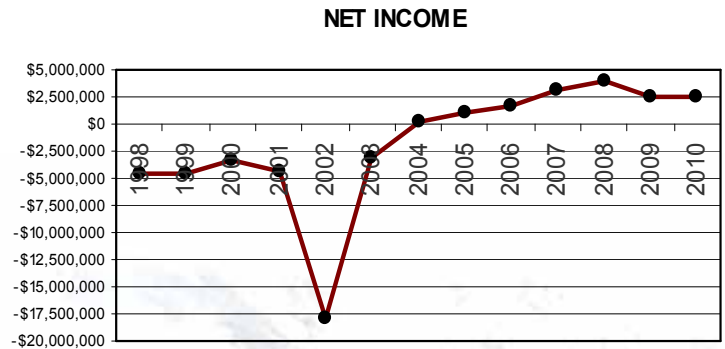
Chairman of the Board

CHIEF FINANCIAL OFFICER'S MANAGEMENT DISCUSSION



This was a challenging year for Goldbelt with unfavorable weather for our tourism entities, less cruise passengers traveling to Alaska and ongoing attacks on the government contracting side of the organization. Nonetheless, Goldbelt, Incorporated was able to achieve a good outcome in spite of these challenges. (see graph below).

In 2010, Goldbelt ended the year with \$2.41 million in Net Income which was virtually the same as 2009, which ended with \$2.5 million in Net Income. Government Contracting posted a very good year, increasing gross revenues significantly while lowering cost margins on the services provided.

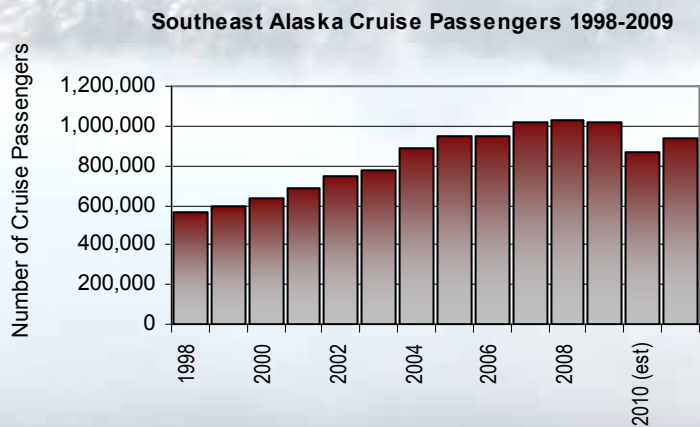


Goldbelt's Board of Directors and Management team continues to focus on the need to identify contracting prospects that will maximize net income. This enables Goldbelt to pursue opportunities to diversify and develop the corporation further. The growth from contracting generates working capital which allows us to invest and continue that growth trend and further diversification. It also enables the company to pay distributions, fund scholarships and provide opportunities for employment and career development.

TOURISM

Tourism continues to be a difficult market to navigate. In 2010, there was a change to the head tax proposed by Governor Sean Parnell and implemented by the Alaska State Legislature that has helped to turn around some of the reduction in cruise ship passengers. Juneau Economic Development is projecting an increase of 65,000 cruise passengers for the 2011 season. That reverses some, but not all of the 150,000 passengers lost from 2009 to 2010.

Goldbelt, Incorporated and its tourism entities responded to dipping profits by closely watching the bottom line and cutting unprofitable operations. This has gone a long way to mitigate the impact of reduced tourist numbers. The Goldbelt Hotel and the Mount Roberts Tramway are the two primary local operations that continue to contribute while providing employment opportunities to shareholders.



Source: McDowell Group and Cruise Line Agencies of ALaska. Estimate by JEDC

The Goldbelt Hotel ended 2010 with \$2.6 million in revenues, up from 2009's \$2.25 million. Net income realized from 2010 operations was \$305,614, up from 2009's \$161,804. We did receive notice late last year that Cruise West, which represents a significant amount of business for the Hotel, was sold. Since then, we have been planning on ways to mitigate that impact.

The Mount Roberts Tramway had a challenging year in 2010 due primarily to weather and the reduction in cruise ships stopping in Juneau; however, it was still able to remain profitable. For 2010, the Tram generated gross revenues of \$5 million which was down from

MD&A (continued)

2009's \$5.7 million. The Tram net income of \$128,687 was down from the nearly \$700,000 of the prior year. Nevertheless, the Tram actually made it through the difficult season in better shape than many Juneau-based tourist entities, mainly due to its position in the market as a reasonably priced quality venue.

CONTRACTING

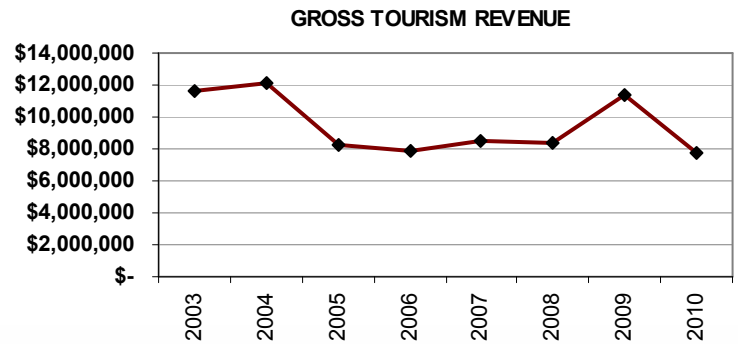
2010 was an outstanding year for Goldbelt's federal contracting entities. In 2009, we ended with \$96.5 million in gross revenues. In comparison, Goldbelt ended 2010 with gross contracting revenues of \$132 million. Much of that increase was due to new contracts received by existing subsidiaries. Goldbelt has approved the addition of a couple more contracting subsidiaries to the mix which should help to continue this growth trend.

While we experienced positive growth in our gross contracting revenues in 2010, our net income remained virtually unchanged from the prior year. There were a number of items in 2010 that affected overall profitability. For instance, CP Leasing paid a settlement on a claim in 2010 totaling \$400,000; Goldbelt Eagle had losses of \$800,000 related to unrecoverable costs on a contract; we deferred profits of \$300,000 on construction projects for work booked as complete yet was still in progress; and finally, we incurred an approximate loss of \$450,000 at Lifesource Biomedical.



LANDS

Goldbelt no longer has an agreement to lease lands at Hobart Bay, although there has been renewed interest in a cruise destination there. We do have an on-site caretaker to watch over the property and have some incurred modest expenses associated with this oversight. In 2010, those costs including other land related expenses were \$170,926.



Some of the services we provide by our government contracting entities include construction, facilities management, technical staffing, cyber-security, health services, vehicle and equipment leasing, hi-tech solutions, security and bio-technology. The contracting subsidiaries have built a solid reputation with their clients who have expressed they feel we provide quality service for a good value.

The combined income from our contracting entities was \$6.5 million in 2010. From these earnings, cash distributions of \$4.9 million were made back to Goldbelt, enabling the corporation to pay shareholder dividends, support the Goldbelt Heritage Institute, fund capital improvement projects, and to seek expansion opportunities.

EQUITY

In 2010, we earned \$2.41 million in net income, paid \$32,000 to elders and \$816,600 in regular dividends to Shareholders. This led to an increase in equity of \$1.38 million.

LIQUIDITY & CAPITAL RESOURCES

The Company ended 2010 with cash and cash equivalents of \$3.05 million. Cash provided by operating activities was \$2.36 million. We paid \$4.9 million to banks for debt service, redeemed elders stock, paid minority members their ownership share and had a shareholder distribution.

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 from the government. Our subsidiaries had outstanding borrowing on these lines of credit of \$4.7 million at December 31, 2010. The balance borrowed varies depending on when we collect receivables. Generally, the government pays us within thirty days of billing. However, payment often takes longer.

Goldbelt, Incorporated has long-term debt of \$20 million, primarily related to Hotel, Tram and leasing operations. The loan on the Mount Roberts Tramway accounts for \$9.1 million, \$5.9 million outstanding for vehicles leased to the government, and \$3.5 million related to the Hotel and real estate.

2010 investment activities include the investment of \$1.8 million, predominantly in vehicles to lease to the government. At the Tram, we completed a number of projects including annual track rope work of \$32,000 and computer and equipment upgrades of \$55,000.

Though 2010 was a difficult year requiring us to navigate a lot of challenges, we did so successfully. The Board of Directors and Management continue to keep our fingers on the pulse of operations enabling us to identify trends and challenges early so we can be prepared to respond. That strategy has worked. Moving forward, we will continue to look for opportunity to grow, but also to bring benefits home in the form of distributions and jobs.

Thank you very much for your time. I appreciate the opportunity to serve you.

Victor R. Scarano

Chief Financial Officer



INDEPENDENT AUDITORS' REPORT



The Board of Directors and Shareholders
Goldbelt, Incorporated:
Juneau, Alaska

We have audited the accompanying consolidated balance sheets of Goldbelt, Incorporated and Subsidiaries (the Company) as of December 31, 2010 and 2009, 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, 2010 and 2009, 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 14, 2011

CONSOLIDATED BALANCE SHEETS

Years Ended December 31, 2010 and 2009

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 3,051,000	9,112,934
Accounts receivable	27,427,645	26,599,640
Income tax receivable	41,000	303,937
Inventory	404,142	6,538,088
Costs and estimated earnings in excess of billings	393,719	202,218
Prepaid expenses and other	1,989,673	1,995,305
Assets held for sale	<u>829,399</u>	<u>69,943</u>
Total current assets	<u>34,136,578</u>	<u>44,822,065</u>
Investment in affiliates	1,077,569	1,130,170
Equipment under operating lease, net	8,194,347	9,159,959
Property and equipment, net	34,198,946	34,963,860
Deferred income taxes	5,069,562	5,069,562
Other assets	<u>973,625</u>	<u>972,884</u>
Total assets	<u>\$ 83,650,627</u>	<u>96,118,500</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Lines of credit	\$ 4,718,507	4,950,243
Disbursements in excess of available cash	474,796	811,147
Accounts payable and accrued expenses	18,792,665	23,384,416
Income tax payable	100,800	-
Billings in excess of costs and estimated earnings	257,357	269,900
Current portion of long-term debt	5,206,685	4,538,067
Deferred revenue	<u>467,144</u>	<u>6,928,367</u>
Total current liabilities	<u>30,017,954</u>	<u>40,882,140</u>
Long-term debt, net of current portion	<u>14,867,876</u>	<u>17,855,928</u>
Total liabilities	<u>44,885,830</u>	<u>58,738,068</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	<u>10,478,300</u>	<u>8,920,616</u>
Total Goldbelt shareholders' equity	37,303,765	35,746,081
Noncontrolling interest	1,461,032	1,634,351
Total equity	<u>38,764,797</u>	<u>37,380,432</u>
Total liabilities and equity	<u>\$ 83,650,627</u>	<u>96,118,500</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Contracted services	\$ 131,585,869	98,943,295
Tourism	7,714,895	8,093,424
Real estate	112,562	133,482
Equity in net income (loss) of affiliates	(125,626)	478,114
Other	<u>63,024</u>	<u>100,055</u>
Total revenues	<u>139,350,724</u>	<u>107,748,370</u>
Expenses:		
Cost of service for government contracts	113,705,906	84,506,814
General and administrative	12,675,365	10,472,432
Tourism	5,798,848	5,389,292
Depreciation and amortization	1,475,283	1,522,587
Real estate	<u>170,926</u>	<u>113,854</u>
Total expenses	<u>133,826,328</u>	<u>102,004,979</u>
Income from operations	5,524,396	5,743,391
Other income (expenses):		
Interest expense	(1,281,738)	(1,308,547)
Interest income	160,686	28,758
Other expenses	(793,432)	(398,808)
Gain on sale of assets	<u>59,917</u>	<u>(64,033)</u>
Other expenses	<u>(1,854,567)</u>	<u>(1,742,630)</u>
Income before income taxes	3,669,829	4,000,761
Income tax expense	<u>(317,617)</u>	<u>(326,216)</u>
Net income	3,352,212	3,674,545
Net income attributable to the noncontrolling interest	(945,928)	(1,170,597)
Net income attributable to Goldbelt	<u>\$ 2,406,284</u>	<u>2,503,948</u>
Net income per share	<u>\$ 9</u>	<u>9</u>

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Years Ended December 31, 2010 and 2009

	Goldbelt Shareholders				Noncontrolling Interest	Shareholders' Equity
	Common Stock	Elders Stock	Contributed Capital	Retained Earnings		
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
Net income	-	-	-	2,406,284	945,928	3,352,212
Shareholder dividends - \$3.00 per share	-	-	-	(816,600)	-	(816,600)
Distributions to noncontrolling interest	-	-	-	-	(1,197,750)	(1,197,750)
Contributions from noncontrolling interest	-	-	-	-	78,503	78,503
Redemption of 3,200 shares of Elders stock (\$10 per share)	-	-	-	(32,000)	-	(32,000)
Balance at December 31, 2010	\$ -	-	26,825,465	10,478,300	1,461,032	38,764,797

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Net income	\$ 3,352,212	3,674,545
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash charges and credits:		
Depreciation and amortization	4,857,922	1,522,587
Deferred taxes	-	(370,512)
Equity in net income (loss) of affiliates	125,626	(478,114)
Gain on sale of assets and investments	(59,917)	(64,033)
Changes in operating accounting providing (requiring) cash:		
Accounts receivable	(828,005)	11,341,428
Income tax receivable	262,937	(47,705)
Inventory	6,133,946	(6,148,713)
Costs and estimated earnings in excess of billings	(191,501)	(202,218)
Prepaid expenses and other	5,632	1,476,230
Other assets	(741)	270,947
Accounts payable and accrued expenses	(4,588,569)	2,210,097
Income tax payable	100,800	-
Billings in excess of costs and estimated earnings	(12,543)	269,900
Disbursements in excess of available cash	(336,351)	(1,749,522)
Deferred revenue	(6,461,223)	6,927,767
Net cash provided by operating activities	2,360,225	18,632,684
Cash flows from investing activities:		
Purchase of property and equipment	(1,808,417)	(1,126,419)
Purchase of assets held for sale	(753,484)	-
Distributions from affiliates	126,975	677,807
Investment in affiliates	(200,000)	-
Proceeds from the sale of assets	292,293	556,925
Net cash provided (used) by investing activities	<u>(2,342,633)</u>	<u>108,313</u>
Cash flows from financing activities:		
Distributions to minority interest	(1,197,750)	(3,194,984)
Contributions from minority interest	78,503	-
Dividends paid	(816,600)	(748,550)
Net borrowings under lines of credit	(234,918)	(6,124,770)
Proceeds from long-term debt	1,016,954	1,126,848
Principal payments of long-term debt	(4,893,715)	(3,067,887)
Redemption of elder's stock	(32,000)	(19,000)
Net cash used by financing activities	<u>(6,079,526)</u>	<u>(12,028,343)</u>
Net increase (decrease) in cash and cash equivalents	(6,061,934)	6,712,654
Cash and cash equivalents at beginning of year	9,112,934	2,400,280
Cash and cash equivalents at end of year	\$ <u>3,051,000</u>	<u>9,112,934</u>
Cash paid for interest	\$ <u>1,281,738</u>	<u>1,308,547</u>
Cash paid for income taxes	\$ <u>360,925</u>	<u>694,821</u>
Capital assets acquired through long term debt and contribution	\$ <u>1,557,327</u>	<u>5,812,297</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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 there from 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. (CP Leasing), LifeSource Biomedical, LLC (LifeSouce), Nisga'a Data Systems, LLC (Nisga'a), Goldbelt Health Management, LLC, Facility Support Services, LLC, Goldbelt Eagle, LLC (Eagle), Goldbelt Raven, LLC (Raven), Goldbelt Wolf, LLC (Wolf), Goldbelt Cedar, LLC (Cedar), Goldbelt Hawk, LLC (Hawk), Goldbelt Orca, LLC (Orca), Goldbelt Falcon, LLC (Falcon), and Cerebus Technology, LLC (Cerebus). All significant inter-company transactions have been eliminated in consolidation.

Facility Support Services, LifeSource, Nisga'a, 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 51% to 100%. As of December 31, 2010 CP Leasing has graduated from the 8(a) program.

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 paid a final allocation of \$137,312 of profits with all remaining profits to be distributed according to the original operating agreement.

NOTES (continued)

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.

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, 2010, 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 2007 through 2009 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, 2010. As a result of this review, the Company concluded that at this time there are no uncertain tax positions.

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:

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.

NOTES (continued)

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.

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 earnings 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 \$244,487 in 2010 and \$242,788 in 2009.

Reclassification

Certain reclassifications have been made to the 2009 financial statements to conform to the 2010 presentation.

Subsequent Events

The Company has evaluated subsequent events through April 14, 2011, the date on which the financial statements were issued.

(3) Assets Held for Sale

The Company has assets held for sale at December 31, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Vessel held for sale in Ketchikan, Alaska	\$ 75,915	69,943
Office building held for sale in Hampton, Virginia	753,484	-
	<u>\$ 829,399</u>	<u>69,943</u>

The vessel held for sale was an asset of the Company’s Ketchikan subsidiary which was not transferred when the subsidiary was sold in 2006. The office building was purchased by a subsidiary and is currently on the market.

(4) Investments in Affiliates

Investments in affiliates consist of the following at December 31:

	<u>2010</u>	<u>2009</u>
Investment in Auk Ta Shaa Discovery, LLC	\$ 568,558	665,966
Investment in Seward Property, LLC	233,333	233,333
Investment in Joint Management Services	160,594	98,749
Investment in Eagle Facility Management Services	115,084	115,084
Investment in Eagle Construction Management Services	-	17,038
Total investments in affiliates	<u>\$ 1,077,569</u>	<u>1,130,170</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 (ATA). 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 was \$(297,408) and \$(164,104) for the years ended December 31, 2010 and 2009, respectively. The Company invested an additional \$200,000 and \$0 in 2010 and 2009, respectively. The Company received no distributions in 2010 and 2009.

NOTES (continued)

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 \$136,427 and \$134,681 for the years ended December 31, 2010 and 2009, respectively. The Company received a distribution of \$74,582 and \$153,000 in 2010 and 2009, 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 \$36,101 and \$515,537 for the years ended December 31, 2010 and 2009, respectively. The Company received distributions in 2010 and 2009 of \$36,101 and \$524,807, 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 loss was \$(746) and \$(8,000) for the years ended December 31, 2010 and 2009, respectively. The Company received distributions in 2010 and 2009 of \$16,292 and \$0, respectively.

(5) Equipment Under Operating Leases

Equipment under operating leases primarily represents vehicles leased to agencies of the U.S. government. Depreciation expense is included in cost of service for government contracts. The components of the net investment in equipment under operating leases as of December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Cost of equipment under operating lease	\$ 13,443,176	11,009,806
Less accumulated depreciation	<u>(5,248,829)</u>	<u>(1,849,847)</u>
Equipment under operating lease, net	<u>\$ 8,194,347</u>	<u>9,159,959</u>

(6) Property and Equipment

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

	<u>2010</u>	<u>2009</u>
Land and land improvements	\$ 15,384,079	15,199,441
Aerial tramway and buildings	19,159,965	19,072,709
Commercial and residential buildings	8,691,909	8,641,095
Marine vessels and equipment	969,482	969,482
Operating and office equipment	4,180,145	4,102,202
Land transportation equipment	454,422	494,422
Furniture and fixtures	1,969,579	1,715,450
Construction in progress	<u>153,395</u>	<u>102,053</u>
	50,962,976	50,296,854
Less accumulated depreciation	<u>16,764,030</u>	<u>15,332,994</u>
Property and equipment, net	<u>\$ 34,198,946</u>	<u>34,963,860</u>

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

Land acquired under the ANCSA and held for investment or development:

	<u>2010</u>	<u>2009</u>
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, 2010:

Costs incurred on contracts in progress to date	\$ 27,629,332
Estimated earnings to date	<u>1,558,763</u>
Contract revenue earned to date	29,188,095
Less billings to date	<u>(29,051,733)</u>
Contract revenue adjustment required to reflect percentage of completion	 \$ <u>136,362</u>

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	\$ 393,719
Billings in excess of costs and estimated earnings on uncompleted contracts	<u>(257,357)</u>
	 \$ <u>136,362</u>

NOTES (continued)

(8) Income Taxes

Income tax expense (benefit) attributable to continuing operations for the years ended December 31, 2010 and 2009 is as follows:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
2010:			
Federal	\$ 63,200	-	63,200
State	<u>254,417</u>	<u>-</u>	<u>254,417</u>
Total	<u>\$ 317,617</u>	<u>-</u>	<u>317,617</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>

No income tax (benefit) from discontinued operations is recorded for the years ended December 31, 2010 and 2009, 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>2010</u>	<u>2009</u>
Computed "expected" tax expense	\$ 926,126	1,011,762
State income tax expense, net of federal effect	135,091	184,498
Nondeductible expenses	23,878	6,939
Change in valuation allowance	(142,122)	(558,750)
Other	<u>(625,356)</u>	<u>(318,233)</u>
	<u>\$ 317,617</u>	<u>326,216</u>

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

	<u>2010</u>	<u>2009</u>
Deferred tax assets:		
ANCSA land	\$ 2,355,617	2,355,600
Net operating loss carryforward	20,288,264	21,435,800
AMT credit carryforward	202,096	112,900
Intangible assets	49,181	52,100
Capital loss carryforward	772,278	849,300
Other	<u>286,353</u>	<u>112,912</u>
Total deferred tax assets	<u>23,953,789</u>	<u>24,918,612</u>
Deferred tax liabilities:		
Fixed assets	(3,118,046)	(3,335,150)
Basis in LLC's	680,226	286,000
Other	<u>(255,737)</u>	<u>(255,700)</u>
Total deferred tax liabilities	<u>(2,693,557)</u>	<u>(3,304,850)</u>
Deferred tax asset	21,260,232	21,613,762
Valuation allowance	(16,190,670)	(16,544,200)
Net deferred tax asset	<u>\$ 5,069,562</u>	<u>5,069,562</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.

NOTES (continued)

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

	<u>Federal</u>	<u>State</u>
2011	\$ -	1,401,155
2012	3,650,230	17,236,000
2018	8,838,567	7,854,000
2019	13,718,341	11,739,000
2020	1,631,490	1,423,000
2021	6,253,585	6,091,000
2022	6,407,445	5,800,000
2023	5,942,669	5,421,000
2024	1,677,202	1,083,000
2025	800,022	424,000
2026	64,376	-
	<u>\$ 48,983,927</u>	<u>58,472,155</u>

(9) Other Assets

Other assets consist of the following at December 31:

	<u>2010</u>	<u>2009</u>
Artwork	\$ 338,777	337,425
Investment in film	574,201	574,201
Intangible assets	54,640	42,968
Other	<u>6,007</u>	<u>18,290</u>
	<u>\$ 973,625</u>	<u>972,884</u>

(10) Lines of Credit

The Company and eight subsidiaries maintain multiple lines of credit. There are lines of credit ranging from \$250,000 to \$3 million which have no amount outstanding at December 31, 2010 or 2009. The lines of credit with amounts outstanding are:

	<u>2010</u>	<u>2009</u>
Line of credit with a financial institution to \$6 million bearing interest at LIBOR plus 2.9% , floor of 4.5%, (4.5% at 12/31/2010 and 12/31/2009) , secured by certain Financial assets, guaranteed by the Company, maturity date of June 30, 2011	\$ -	1,756,782
Line of credit with a financial institution to \$3 million bearing interest at LIBOR plus 2.75% (3.01% at 12/31/2010), secured by accounts receivable, guaranteed by the Company, maturity date of July 31, 2011	\$ 1,035,974	-
Lines of credit with a financial institution to \$3.3 million bearing interest at LIBOR plus 0.75% (3.24% at 12/31/2009), secured by accounts receivable, guaranteed by the Company, maturity date of August 31, 2010	-	1,655,772

NOTES (continued)

Line of credit with a financial institution to \$3 million bearing interest at LIBOR plus 2.75% (3.01% and 3.00% at 12/31/2010 and 12/31/2009), secured by accounts receivable, guaranteed by the Company, maturity date of May 31, 2011	2,322,807	957,787
Line of credit with a financial institution to \$500,000 bearing interest at LIBOR plus 3.25% (3.26% and 2.65% at 12/31/2010 and 12/31/2009), secured by accounts receivable, guaranteed by the Company, maturity date of May 31, 2011	487,759	454,902
Line of credit with a financial institution to \$500,000 bearing interest at prime plus 1.00%, floor 5.75% (5.75% at 12/31/2010), maturity date of June 30, 2011	497,256	-
Line of credit with a financial institution to \$500,000 bearing interest at adjusted LIBOR plus 3.0% (3.26% and 3.25% at 12/31/2010 and 12/31/2009), secured by accounts receivable, guaranteed by the Company, maturity date of May 31, 2011	<u>374,711</u>	<u>125,000</u>
	<u>\$ 4,715,325</u>	<u>4,950,243</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>2010</u>	<u>2009</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	\$ 9,100,000	9,800,000
Notes payable to a financial institution, principal and interest at 6.83%, due in monthly payments of \$76,851 through August 30, 2011, and a single payment of \$940,652 on September 30, 2011, secured by equipment of CP Leasing	1,493,149	2,283,788
Notes payable to a financial institution, principal and interest at 5.35% due in monthly payments of \$22,164 through December 30, 2011, secured by certain designated equipment of CP Leasing	258,414	513,035
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	2,251,876	2,623,602

NOTES (continued)

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	689,909	728,337
Note payable to a financial institution, principal and interest at 4.25% due in annual payments of \$124,000 through 2011	110,620	315,528
Note payable to a financial institution, principal and interest at 5.25%, due in monthly payments of \$21,788 through November 30, 2011 and a single payment of \$179,988 on December 30, 2011, secured by equipment of CP Leasing	404,292	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	192,345	238,583
Note payable to a financial institution, principal and interest at 5.77% with various monthly payments and due in monthly payments of \$59,570 through July 30, 2012 and a single payment of \$726,249 on June 30, 2014, secured by certain designated equipment of GBSS	\$ 2,557,177	4,130,578
Note payable to a financial institution, principal and interest at 5.41%, due in various monthly payments and due in monthly payments of \$14,080 through November 30, 2011, and a single payment of \$88,611 on November 30, 2014, secured by certain designated equipment of GBSS	468,168	782,436
Note payable to a financial institution, principal and interest at 5.35%, due in various monthly payments and due in monthly payments of \$3,391 through January 30, 2012, and a single payment of \$21,072 on January 30, 2015, secured by certain designated equipment of GBSS	122,309	-
Note payable to a financial institution, principal and interest at 4.98%, due in various monthly payments and due in monthly payments of \$45,346 through December 30, 2011, and a single payment of \$523,580 on December 30, 2013, secured by certain designated equipment of GBSS	1,362,445	-
Note payable to a financial institution, principal and interest at 5.42%, due in monthly payments of \$12,234 and a single payment of \$207,545 on June 30, 2013, secured by equipment of GB-Wolf	513,129	-
Note payable to a financial institution, principal and interest at 8.89%, due in monthly payments of \$1,254 and a single payment of \$10,016 on October 1, 2014, secured by equipment of GB-Wolf	54,856	64,496

NOTES (continued)

Long-term Debt, continued	<u>2010</u>	<u>2009</u>
Note payable to a financial institution, principal and interest at 8.61%, due in monthly payments of \$6,490 in year one, \$2,348 in year two, \$1,482 in year three, and \$1,238 in year four, a single payment of \$55,620 on October 1, 2014, secured by equipment of GB-Wolf	147,457	-
Note payable to a financial institution, principal and interest at 9.38%, due in monthly payments of \$2,814 and a single payment of \$44,702 on October 1, 2012, secured by equipment of GB-Wolf	91,971	115,882
Note payable to a financial institution, principal and interest at 6.25%, due in monthly payments of \$8,603 through December 30, 2013 secured by certain designated equipment of GB Tours	201,297	-
Other long-term debt	<u>55,147</u>	<u>145,040</u>
Total long-term debt	20,074,561	22,393,995
Less current installments	<u>5,206,685</u>	<u>4,538,067</u>
Long-term debt	\$ <u>14,867,876</u>	<u>17,855,928</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:

2011	\$ 5,206,685
2012	2,452,071
2013	2,749,615
2014	2,346,098
2015	1,240,179
Thereafter	<u>6,079,913</u>
	\$ <u>20,074,561</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 \$261,447 in 2010 and \$351,390 in 2009.

(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 \$3.7 million and \$6.6 million for subcontracting and administrative services in 2010 and 2009, respectively. Amounts payable to related parties was approximately \$8.2 million and \$7.7 million at December 31, 2010 and 2009, respectively.

(15) Commitments, Contingencies, and Subsequent Events

Contract Audits

The Company incurred various costs on U.S. government contracts in 2010 and 2009 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, 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.

Purchase Agreement

Effective January 2009, Goldbelt entered into an agreement to purchase the minority Member's interest in Raven.

The purchase price, was initially established at \$4.5 million, and was set forth in a promissory note. The note may be adjusted at any time based on the actual profits earned by Raven, 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 Raven's 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.

There are provisions in the note to allow the minority Member to audit any adjustments to the purchase 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, 2009	\$ 3,404,742
Adjustments due to changes in profitability	195,279
Principal payments	<u>(544,329)</u>
Contingent liability at December 31, 2010	\$ <u>3,055,692</u>

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

The liability related to the redemption price is contingent upon actual profitability, therefore, it not reflected in the financial statements.

Sale of Assets

The sale of the office building listed in assets held for sale is scheduled to close in April 2011.

CORPORATE EMPLOYEES

GOLDBELT, INCORPORATED



J. Gary Droubay
President & CEO



Victor R. Scarano
Chief Financial
Officer



Derek Duncan
Vice President of
Operations



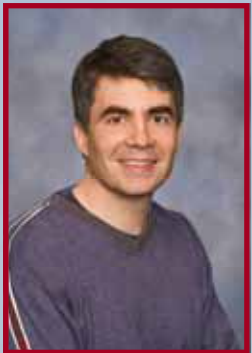
Lisa Fisher
Controller



Cindy Gouveia
Director of Human
Resources



Lisa-Marie Ikononov
Manager of Corporate
Communications &
Shareholder Services



Mark Thompson
M.I.S. Administrator



Lynette Page
General Ledger
Accountant



Neely Perisich
Human Resources
Assistant



Norman Flood
Executive Assistant

Not Pictured:

Barbara Duncan, Accounting Manager

Angel Brown, Accounts Payable

Jeri Roehl, Accounts Receivable

Donna Samaniego, Payroll

Angela James, Shareholder Services Assistant

SUBSIDIARY EMPLOYEES

MOUNT ROBERTS TRAMWAY

(Year-round employees)

George Reifenstein, General Manager

Jim Duncan, Director of Operations

Marlis Mayeda, Guest Services Manager

Derek McHenry, Support Manager

Joe Puliafico, Maintenance & Tram Operations Manager

Linda R. Chichester, Retail Manager

Timothy A. Boynton, Tram Maintenance Supervisor

Robert Cozby, Building Maintenance Supervisor

Matt Stevens, Tram Maintenance/Operations Technician



GOLDBELT SECURITY SERVICES

Mike Tagaban, General Manager

Steve Stewart, Operations Manager

Dale McGhee, Patrol Supervisor

Russhellann See-Green, Administrative Assistant

Officers: Jim Brogdon, Robert Beltz, Ray Dennis, Rudy Willard, Gerald Hughes, Ron Carrick, Dave Miller, Lorin Vander Vegt, James Conkle, Reid Hermann, Robert Cook, Bessie Miyasato, Lando Peters, Yanakeen See, Neiko See, Ruben Canon, Steven Kramp, Daniel Brito, Justin Fuller, Sergius Sheakley, Robert King, Anthony Nauer, Matthew Brown, Elizabeth Hopkins, Rogelio Quijano, John McCrehin, Antoinette Schwinghammer, Clarence Rampersad, Giovanni Nauer



GOLDBELT HOTEL

(Year-round employees)

John Archambeau, General Manager

Barbara Fujimoto, Assistant General Manager

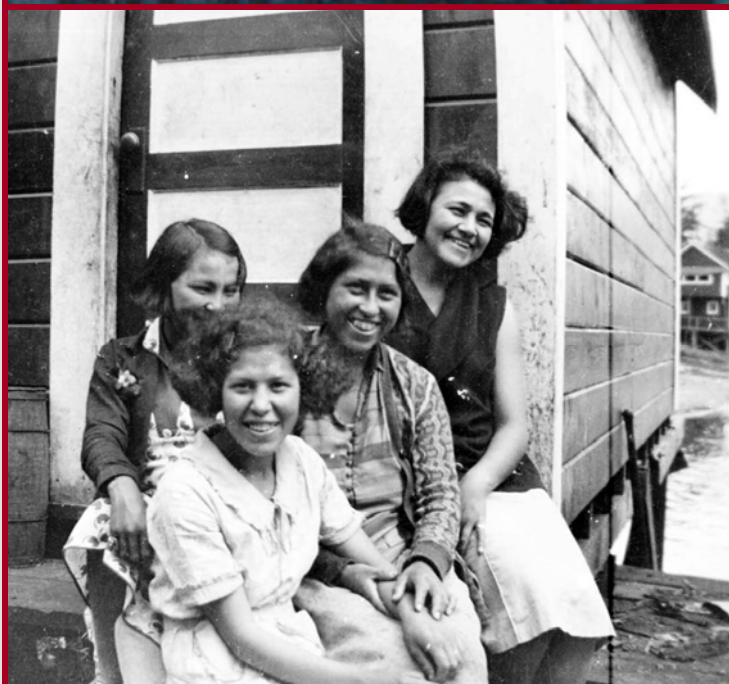
Al Taug, Maintenance Manager

Kathleen Church, Housekeeping Manager

Jackie Martell – Assistant Housekeeping Manager

Ivan Demmert – Front Desk Manager

Regina Demmert – Front Desk AM Supervisor



SUBSIDIARY EMPLOYEES



ALASKA NATIVE TOURS

Jeff White, General Manager
Clint Songer, Captain
Bill Church, Captain
Gary Brown, Deckhand
Gerald Nakamura, Deckhand
Kenny Taug, Deckhand
Jeff Katasse, Bus Driver
Cindy Jefferson, Bus Driver
Fred Lauth, Bus Driver/Deckhand

GOLDBELT HERITAGE FOUNDATION

Dionne Cadiante-Laiti, Executive Director
Edward Hotch, Projects Manager
Jasmine Jackson, Education Projects Coordinator
Deena LaRue, Special Projects Coordinator
Elissa Borges, Curriculum Development Specialist/Lead Coordinator
Gloria Anderstrom, Cultural Resource Specialist
Cultural and Language Education Specialists: Selina Everson, Fred White, and Paul Marks
Aurora Coronell, Videographer

8(a) Subsidiaries

Elliot "Chuck" Wimberly, President—Goldbelt Raven & Vice President—IT Medical Group
Joseph LoCasale, President—Facility Support Services & Vice President—Facility Services & Construction Group
Gulraiz Hassan, Chief Administrative Officer, Government Support Services Group
Leigh Armistead, President—Peregrine Technical Support
Mike Blume, President—Goldbelt Falcon
Stephen Cook, President—Goldbelt Wolf
Dawn Monroe, President—Cerebus Technology
Bhima Penta, President—Goldbelt Cedar
John Pritz, President—Goldbelt Eagle
Jack Silvey, President—LifeSource Biomedical
Wayne Smith, President—Goldbelt Hawk
Frank Watson, President—Nisga'a Data Systems

ACKNOWLEDGEMENTS

COVER—Design by Shareholder, Norman Flood. Photo by Shareholder, Brian Wallace, Juneau, AK. Copyright © 2008, Goldbelt, Inc. Cedar Root Hat with the Ermine fur purchased by Goldbelt from shareholder Florentino “Tiny” Barril on June 2, 1992. The hat is currently on display at the Goldbelt Hotel.

INSIDE COVER—Photo by Shareholder, Brian Wallace. Featuring Shareholder, Selina Kokotovich. Juneau, AK. Copyright © Brian Wallace Photography. Used with permission.

TABLE OF CONTENTS—Photo by Shareholder, Brian Wallace. Featuring Shareholder, Selina Kokotovich. Juneau, AK. Copyright © Brian Wallace Photography. Used with permission.

PAGE 2—Background photo by Shareholder, Brian Wallace. Amos Wallace’s Harnessing of the Atom Totem Pole, City Museum, Juneau, AK. Copyright © Brian Wallace Photography. Used with permission.

PAGE 3-4—Background photo by Shareholder, Brian Wallace. Mendenhall Glacier, Juneau, AK. Copyright © Brian Wallace Photography. Used with permission.

PAGE 5-6—Background photo by Shareholder, Brian Wallace. Gastineau Channel, Juneau, AK. Copyright © Brian Wallace Photography. Used with permission.

PAGE 7—Photo by Clark James Mishler. Mount Roberts Tramway, Juneau, AK. Copyright © Goldbelt, Inc.

PAGE 26—Background photo by Shareholder, Brian Wallace. Auke Bay Whale, Juneau, AK. Copyright © Brian Wallace Photography. Used with permission.

PAGE 27

Top: Courtesy of Wallace Family photo collection. Sorters at the A.J. Mine, date unknown, Juneau, AK. Used with permission.

Middle: Courtesy of Wallace Family photo collection. Brotherhood Bridge Dedication, date unknown. Featuring Amy Williams, Shareholder Emma Olsen, Shareholder Dorothy Thornton, Shareholder Alice Vavalis, Lottie Nanuck, Shareholder Dorothy Wallace, (obscured) Shareholder Stella Martin, and Shareholder Amos Wallace. Used with permission.

Bottom: Courtesy of Wallace Family photo collection. Tlingit Girls at Hawk Inlet featuring (from left) Dorothy Wallace, Helen Nelson, Margaret Kvandee, Margaret Jackson, Circa 1930, Hawk Inlet, Alaska. Used with permission.

PAGE 28

Top: Photo by Shareholder, Brian Wallace. Featuring shareholders Bob Sam and Edward Kunz, Juneau, AK. Copyright © 2008, Brian Wallace Photography. Used with permission.

Middle: Photo by Shareholder, Brian Wallace. Featuring Shareholder, Priscilla “Percy” Kunz, Juneau, AK. Copyright © 2008, Brian Wallace Photography. Used with permission.

Bottom: Photo by Shareholder descendant, Colleen Bernhardt. Featuring Shareholder descendant, Kaija Gutherie, Age 3. Juneau, AK. Copyright © Goldbelt, Inc., 2010.



Goldbelt, Incorporated
3075 Vintage Boulevard, Ste: 200
Juneau, Alaska 99801
(907) 790-4990
(800) 770-5866
www.goldbelt.com