

June 1st, 2018

SPECIAL REPORT

Annual Meeting of Shareholders

2018 Issue No. 1

APC *now!*

The Newsletter of Alaska Peninsula Corporation

Introduction

APC now! is the new bi-annual newsletter of Alaska Peninsula Corporation. This newsletter will feature business updates, current events, staffing changes and economic opportunities for shareholders. *APC now!* will be distributed twice annually, one mailer and one electronic newsletter which can be found at www.alaskapeninsulacorp.com.

Shareholders are encouraged to keep engaged by following APC's NEW website at www.alaskapeninsulacorp.com scheduled to kick-off by May 25th, and by "liking" us at Facebook using @Alaskapeninsulacorporation.

This special edition of *APC now!* reports on the actions, activities and out-comes of this year's annual meeting of shareholders held on April 21st, 2018 at the Dena'Ina Center in Anchorage.

This year's meeting was attended by approximately 150 shareholders, guests and descendants making it the largest APC shareholder meeting in the company's 40-year history.



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CEO Report

By Dave McAlister

Fiscal year 2017 was an incredibly challenging year for APC. High overhead costs and corporate-wide inefficiencies, administrative disorganization compounded by the previous management's over-priced acquisition of Yukon Electric Inc brought APC to the brink. In August 2017, the board of directors acted quickly to "right-the-ship" and executed swift corrective action that placed APC onto a fast track to recovery.

The first course of action undertaken by the Board was the separation from Gerrie Anne L'Heureux as President/CEO, due to the high cost of managing offices on the East Coast and in Anchorage. Shortly after Gerri's departure, I was appointed to CEO, and Trefon Angasan was appointed President. Our list of action items was simple, yet effective. They included a massive internal audit to determine exact causes for APC financial state of affairs, a total cost cutting effort of frivolous spending and high cost human resources, a massive reorganization of APC's corporate accounting process & finance, corporate record keeping, safeguards were put in place to eliminate any threat of a single point of failure- a situation where the entire weight of the corporation falls onto one resource, which was how operations were previously managed. Finally, one of the more important elements yet least emphasized was the appointment of Tana Meyers to Chief Financial Officer and Brad Angasan to Vice President of Corporate Affairs. Their commitment, diligence and willingness to make sacrifices and come together as a team has been a fundamental part of APC financial and corporate recovery.

Because of the Board's action, APC has undergone a remarkable recovery, in a short amount of time. From near failure to setting-aside resources for shareholder benefits, APC is on stable ground.

Throughout our process of reorganization, our construction subsidiaries have reformulated their bid-models to be both profitable yet competitive, contributing significantly to recuperating losses experienced during YEI's acquisition.

A chief shareholder complaint heard many times over at APC were of unanswered or of unreturned calls and no place to process comments, concerns or questions and of lack of transparency. As a result, we now have dedicated staff to assist in shareholder relations such as for benefits and lands and resources. Shareholders are becoming more integrated therefore shareholders can turn to Facebook and our web-site at www.alaskapeninsulacorp.com to learn of job opportunities, or to simply get an update on region-wide issues such as for the proposed Pebble mine.

A lot has happened over the course of the last year. Management and staff have come and gone. Our new office location off King Street and Dimond lends a professional element to our corporate image, subsidiaries are developing and APC is becoming more profitable. 2018-2019 will be exciting years for APC, as we begin to realize our business development potential and become more profitable.



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APC Announces Dividend



In just the third time in APC's history, APC Secretary Carvel Zimin announced in a special message that the Board of Directors have approved a resolution distributing a dividend of \$2/share this year. Those shareholders holding 100 shares can look forward to dividend checks of \$200. Shareholders can look forward to receiving checks from Bristol Bay Corporate Services shortly after May 2nd.

The announcement came after status and financial reports from corporate officers, detailing a roller coaster ride of financial performance marred by high operating costs, an imbalanced acquisition of the subsidiary Yukon Electric Inc. Recovery began immediately after the termination of CEO Gerie L'Heureux, and the placement of new CEO Dave McAlister. Dave credited the dividend to streamlining of overhead, reorganization of subsidiaries and strict cost cutting of wasteful spending.

The announcement came as a surprise to many and was met with cheer and applause.



Upper Right- L-R, Shareholder John Holm, Sabrina & Reilynn and Doreen Holm.

Right- L-R, Fred Angasan (S. Naknek), Trefon Angasan, Carvel Zimin, Gary Nielsen, Nancy Flensburg (Ugashik)

Board of Directors, L-R, Terry Wassillie (Newhalen), Adrienne Christensen (Port Heiden), Shirley Zimin (Kokhanok), Gerda Kosbruk (Port Heiden), Fred Angasan (S. Naknek), Trefon Angasan, Carvel Zimin (S. Naknek), Gary Nielsen (Kokhanok), Nancy Flensburg (Ugashik)

The Results Are In!

APC Shareholders have re-elected board members Terry Wassillie (Newhalen), Gary Nielsen (Kokhanok) and Fred Angasan (South Naknek).

The Board has appointed Trefon Angasan to Chairman/President, Vice-Chairman Fred Angasan, Secretary Carvel Zimin, Treasurer Gerda Kosbruk.

Ugashik Shareholder Honored at this Year's Meeting



APC shareholder Tim Enright was born February 12, 1937 at Ugashik Narrows on the Ugashik River to parents Olga and Michael Enright. Tim is the second oldest of 10 siblings. He has 7 children, 24 grandchildren and 30 great grandchildren.

Tim graduated high-school in 1955. He's served in the United States Army, was a lifelong commercial fisherman, worked as the state Airport Maintenance worker at Ugashik field, and continues to lead a subsistence lifestyle as much as he can.

In 2016, Tim became the last resident shareholder of Ugashik, as the year-round population dipped to just 2 remaining residents.

For the last several years, Tim has unselfishly acted to preserve our most valuable corporate resources in Ugashik by acting as a steward of the land.

This year, we honor Tim for his enduring commitment, diligence, and steadfast protection of Ugashik Native Lands.



Upper right- Ugashik shareholder Tim Enright

Lower Left- L-R, Newhalen shareholders Henry Olympic, Gusty Wassillie, Alexandria Olympic, Maxine Wassillie, Joanne Wassillie, Raymond Wassillie, Terry Wassillie

Lower Right- L-R, Gregory Anelon, Don Mack, Abe Williams, Shawn Mitchell, Kirby Tretikoff, Sonny Reagan, Babi Chase, Carvel Zimin

Subsidiary Updates



APC SERVICES LLC

APCS completed an outstanding 2018 (fiscal year) working primarily for the US Army Corps of Engineers and the US Air Force working contaminated sites work. In July 2017 APCS began environmental studies at the Pebble Project in the mining claim area and along the south transportation corridor conducting water quality sampling and hydrology studies. APCS started new work with the Bureau of Land Management on former mining claims in the Steese Conservation Area north of Fairbanks. In fiscal year 2019 we are continuing to work on each project mentioned and expecting new work from both Pebble and in the federal sector.

TALARIK RESEARCH & RESTORATION SERVICES LLC

TRRS had an excellent year of development targeting the Alaska resource development industry by providing camp services, underwater bathymetric and inland survey work. In August 2017 TRRS formed a strategic partnership with TerraSond LTD a global geo-spatial survey company to expand the effort to capitalize on opportunity.

WETAVIQ UNIVERSAL SERVICES LLC

In August 2017, WU partnered with BBNC owned subsidiary Bristol General Contractors LLC to form an 8a Mentor/Protégé Agreement joint venture. The JV, WU-BGC JVA LLC will target federal opportunities for vertical construction of industrial and commercial structures. Due to BBNC's vast spread, the JV will identify opportunities throughout Alaska as well as on federal installations throughout the United States.

YUKON ELECTRIC INC

"YEI" was acquired by APC in August 2016. Initially the subsidiary was troubled with high overhead expenses and inadequate bid models. Since the acquisition, YEI experienced a near total overhaul in management, and business development, resulting in financial independence and placed onto a path of profitability. YEI targets new electrical projects which include State DOT, municipality and private construction.

WETAVIQ LTD

"WLTD" is a graduated 8a company and former contractor at King Salmon Airbase. Due to deep budget reductions, the King Salmon contract experienced significant reductions over the years that made it difficult to justify contract continuation. Under the most previous leadership, APC terminated the long-standing relationship with the prime contractor. APC has yet to decide a strategy moving forward for WLTD.



Upper right, L-R, S. Naknek shareholders George King, Nicholas Zimin, Anuska Zimin, Amelia Abruska, Lorianne Rawson, Evie Zimin, Tilden Zimin

Middle right, L-R, Ugashik shareholders Lillian Matsuno, guest Ani Tretikoff, Wesley Matsuno.

Bottom right, Newhalen shareholder Mat. Dolly-Ann Trefon

Other News/Info

APC-Terrasond Internship

APC has partnered with Terrasond LTD to offer an internship to any student enrolled in any college institution pursuant to a science based degree.

This opportunity is a paid summer internship. The working and living environment is based in various locations throughout rural Alaska. The environment is challenging and difficult, however very rewarding to anyone looking to progress their science degree requirements. Applicants may contact (907)274-2433 to learn more.



Board members Shirley Nielsen (Kokhanok), Nancy Flensburg (Ugashik)

Prize Winners!

- \$1,000 Proxy Prize- Gwennie Angasan
- \$300 2nd Prize- Barbara Asher
- \$100 3rd Prize- Pam Mack
- \$100 4th Prize- Shirely Zimin
- \$50 5th Prize- David Savo
- \$50 6th Prize- Cyrus Kvasnikoff
- \$50 7th Prize- Steven Epchook
- \$500 Early Bird Electronic- Jackie Wassillie
- \$500 Early Bird Mail-in- Diane John
- \$100 TRR- Henry Olympic
- \$100 TRR- Wesley Matsuno
- \$100 TRR- Kale Mitchell
- \$100 TRR- Shawn Mitchell
- \$100 TRR- Ruby Ann Ishnook

- \$50 Pebble Limited Partnership- Terry Mann
- \$50 Pebble Limited Partnership- Betty Tretikoff
- \$50 Pebble Limited Partnership- Bobbie Orloff
- \$50 Pebble Limited Partnership- Tilden Zimin
- \$100 Fortier & Mikko- Amber Christensen-Fox
- \$100 Fortier & Mikko- Chancy Lind
- \$100 Fortier & Mikko- Joanne Wassillie
- \$100 Fortier & Mikko- Lillian Matsuno
- \$100 Fortier & Mikko- George King III
- Pen Air R/T Ticket- Makenzy Wassillie
- Pen Air R/T Ticket- Nefuti Orloff
- Grant Aviation R/T Ticket- Harold O'Domin
- \$150 APC Services- Martha Crow
- \$100 APC Services- Aurelia Zimin
- \$50 APC Services- Gary Nielsen

Featured Artists

This year's annual meeting featured artist-shareholder Jolene Petticrew of South Naknek (PAF) and artist-painter Orville Lind.

Jolene is known for her crafty and creative beadwork and has been a fixture at many previous annual meetings. This year Jolene donated a pair of "Sailor Boy" themed earrings which were "door-prized" to shareholder Felicity Flensburg.

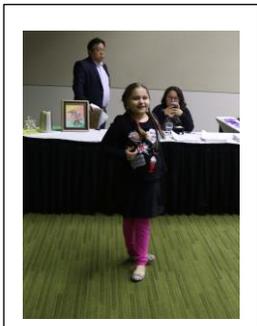
Orville is the spouse of shareholder Helene Lind. Orville is an aspiring painter whose exciting new work can be recognized for its lifelike representation often positive message for healthy living. Like Jolene, Orville too donated an Aleut-themed painting that was won by shareholder Sonny Regan.



Special thanks to these businesses that donated door prizes:

- ✓ Penair
- ✓ Pebble Limited Partnership
- ✓ Grant Aviation
- ✓ Fortier & Mikko
- ✓ APCM

MORE PHOTOS OF THIS YEAR'S ANNUAL MEETING





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