

*The Consolidated Village Corporation for South Naknek, Port Heiden, Ugashik, Kokhanok and Newhalen*



Ralph Angasan, Sr.

## President's Report

March 13, 2009

Volume 2, Issue 1

APC's annual meeting of shareholders is scheduled to be held in Newhalen on March 28, 2009 and the Board is looking forward to the meeting and to meet and greet our shareholder family. By now, I hope everyone has received the proxy packet and have sent your proxies in.

The annual meeting is also a good time to catch up on the business of the company over the past year and to look forward to the new year. This past year has continued to be a year of growing for APC and its two subsidiaries; APC Services, LLC (APCS) and Wetaviq, LTD (Wetaviq). Our two subsidiary companies are continuing to grow and each is on its own unique path.

APCS has recently entered into a new hydrology contract with Pebble Limited Partnership (PLP). The new contract extends our hydrology work beyond the borders of APC lands into the upper reaches of the Upper Talarik Creek area. In this way, we are continuing to gather surface water conditions data. We will also be studying rainbow trout as

well as salmon in the Upper Talarik Creek drainages. APCS has also been proactive in advocating for a study of fresh water seal population in the Lake Iliamna area. APCS has also opened a Newhalen office. Raymond Wassillie is the APCS Newhalen Office Manager.

Wetaviq entered into a new one year contract with Chugach Support Services and continues to manage transportation services at the King Salmon Air Force Base. The Wetaviq board is working on ways in which to make its operations more streamlined and efficient. The Wetaviq report provides further details.

APC is also entering into the third year of a five year contract with Andover Exploration, a Canadian company in the Fog Lake area. We have also confirmed that Full Metal Minerals, another Canadian firm intends to conduct further exploration work in the Lower Talarik Creek area which is also part of our lands, but we anticipate further opportunities to provide environmental services through APCS to Full Metal Minerals.

APC also has agreement with

commercial bear guides in the Kokhanok and Port Heiden areas. APC is completing the eleventh year of license to enter with Rainbow King Lodge for sports fishing activities in the Kokhanok and Newhalen areas.

APC also has gravel management contracts with Bristol Bay Native Corporation that generate revenues. The gravel management contracts with Bristol Bay Native Corporation are for pits in Port Heiden, Ugashik and South Naknek. Most recently, South Naknek gravel resources are being explored under contract with L & M Construction. The reserves appear to be substantial. Gravel resources are essential for capital infrastructure to projects such as roads, bridges and airports.

One less than bright spot in the APC portfolio is our investment account. The worldwide recession has impacted APC's investment strategy. However we did adopt a more flexible investment strategy in October 2008.

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### Mission Statement

*The mission of Alaska Peninsula Corporation is to protect and preserve the land and the culture while growing the assets and enhancing the quality of life of APC shareholders.*



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Brad T. Angasan, Business Manager

## Wētaviq, LTD Report

On February 10, 2009 the board of directors passed a resolution consolidating the general administration of Wetaviq, Ltd to increase efficiency and retool business management. This consolidation resulted in my appointment to the position of Business Manager from Project Manager. This alleviates much of the burden of the General Manager of APC whose time was split between APC and Wetaviq.

Over the last quarter a significant effort has been focused on achieving our goal of maximizing efficiency and reducing over-head in order to meet the demands of our current state of economy. This effort includes the elimination and suspension of expenses not necessary for basic day-to-day operations which is a certain necessity as money and contracting opportunities become tighter and less available.

A recent visit was made during the week of March 7, 2009 to King Salmon Air Base to interact with the workforce and evaluate our strength potential for man-

agement of the general facility. The base maintains approximately forty employees and contract sections range from civil engineering, cafeteria services and fuel transport and logistics. An in-depth evaluation is in process in order to effectively propose additional contract work from Chugach Support Services.

We are currently in the process of improving our corporate marketing. This includes enlisting in credit report services such as Dun & Bradstreet and maintaining the company profile within the Central Contractor Registration (CCR), which serves as a central registry for government contract agencies who publicly display our company information such as on Fed-BizOpps.com, a clearinghouse for government contracting. These efforts generate valuable exposure and lend credibility to the overall corporate image. We are also rewriting our statement of qualifications to be produced in a profile flyer for potential customers.



Within the next quarter, general contractors and shareholders can look forward to a general facelift to our current website: <http://www.wetaviq.com>.

On February 15, 2009, We began an update of our corporate business plan to include the direction Wetaviq began when it initially proposed work at King Salmon Air Base. This is a required update and is resulting in a general rewrite as our strategy encompasses a completely different objective than what was originally determined during its original creation.

Special recognition was recently given by Air Force command to our Motor Vehicle Mechanic Brian Rice, for the overall improvement he has achieved since he has taken the lead position at the transportation and maintenance section. Brian's performance exemplifies the qualities we strive to achieve and demonstrate to the contract administrators who manage the King Salmon Air Base.



Greg DuBois, Project Manager

## APC Services, LLC

APC Services, LLC has had its scope of work increased for hydrology to include all gauging stations in the Upper Talarik Creek drainage. This has increased the number of stations monitored by APCS from seven stations since 2008 up to seventeen stations in 2009. This increase in the scope of work is a reflection of the Pebble Limited Partnership (PLP) confidence in our personnel and even during these low economic times bodes well for the future of APCS.

APCS continues to work on a Trout Telemetry study and a related Tower Maintenance Study in 2009 for PLP.

A new fisheries study may take place on Upper Talarik Creek in cooperation with ADF&G and PLP to monitor numbers of sockeye returning to Upper Talarik Creek. This project is still in the developmental stage but is likely to occur this summer and become a long term project.

Full Metal Minerals (FMM) plans to continue its mineral exploration work and APCS will continue to work with FMM for the upcoming year collecting environmental baseline data at selected FMM prospects.

APCS also conducts ground water monitoring programs for Fist Student at two former underground storage tank (UST)



sites in Anchorage and Eagle River, Alaska.

APCS is still awaiting 8(a) certification which will provide a pathway towards sole source projects with the federal government. We are anxiously awaiting the certification but are also looking at other options to enter the federal contracting arena in the mean time.

APCS has a Geographical Information System (GIS) station. We have the capability of producing high quality maps and photography with relations to real world coordinates.

*Continued on page 3...*



Samuel J. Fortier, General Counsel

# Legal Report



The Exxon Qualified Settlement Fund is finally paying “Unoiled” Fisheries, including Bristol Bay fishermen. The initial punitive damages award was drastically reduced by 90% by the United States Supreme Court in June 2008. The glacial pace of the case has eroded the value of the punitive damages award. The 1996 award to the 35,000 member punitive damages class was 5 billion dollars in punitive damages. In 2007 the 9th Circuit Court of Appeals reduced that amount to 2.5 billion plus interest. The United States Supreme Court reduced the 9th Circuit Court of Appeals award to \$507,500,000 and said nothing about interest.

The 9th Circuit Court of appeals in the meantime is mulling over whether Exxon will also have to pay interest. Exxon refused to pay interest after the Supreme Court decision. Exxon also withheld 70 million dollars it claimed the cost of the bonds over the last 15 years; bonds which allowed Exxon to hold on to the punitive damages judgment until the Supreme Court ruled.

The 9th Circuit is expected to rule on the interest question within the next few months. If the 9th Circuit rules that

Exxon has to pay interest from the time the punitive damages judgment was entered in 1996, Exxon will be required to pay about \$500,000,000 more. That money will then be paid out by Exxon Qualified Settlement Fund over the next five-to-seven months. It is a long process but hopefully all of you who are Bristol Bay fishermen will receive additional checks before the end of 2009. That additional check will be about or equal to the first check you receive. So if you were a fisherman in 1989, you should receive two checks; one in the next month or so if you haven’t already and another in about six months.

Then at long last, the Exxon ordeal will be over with.

*...Presidents Report Cont. from page 1*

The more flexible investment strategy involves market indexing. Our new investment adviser is Alaska Permanent Capital Management. This firm was started by Dave Rose, the first executive director of the Alaska Permanent Capital. Alaska Permanent Capital investment advisors you have assisted APC in rescu-

ing our portfolio and halting the otherwise larger losses we would have suffered had we remained in retail brokerage services. Because our investments are long term, we believe that not only will the stock market recover but that our portfolio will improve its annual performance relative to the market. We will have more information on this at the time of the annual meeting.

I am looking forward to seeing many of you at the annual meeting!

*Sincerely,*

*Ralph Angasan Sr., President*

*...APCS Report Cont. from page 2*

With our GIS station we have various ways to look at and study landforms and overlay topography and geologic maps.

We also have a high quality plotter to print large scale maps or blow-up aerial photography.

## Board and Management



Ralph Angasan Sr.  
President



Gary Nielsen  
Vice President



Trefon Angasan  
Jr. Secretary



Carvel Zimin  
Jr. Treasurer



Fred T. Angasan Sr.  
Board Member



Annie Christensen  
Board Member



Nancy Flensburg  
Board Member



Shirley Nielsen  
Board Member



Terry Wassillie  
Board Member



Mary Jane Nielsen  
General Manager

**APC Services, LLC Members**

**Ralph Angasan Sr., CEO and Member**

**Mary Jane Nielsen, Member**

**Carvel Zimin, Jr. Member**

**Wetaviq, LTD Board of Directors**

**Trefon Angasan Jr., President**

**Gary Nielsen, Vice President**

**Carvel Zimin Jr., Secretary/Treasurer**

**Annie Christensen, Board Member**



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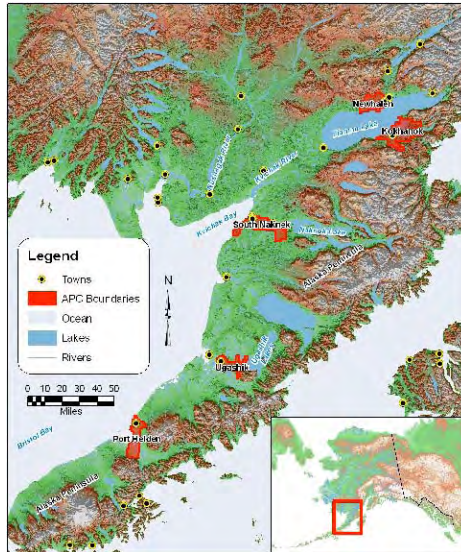
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Alaska Peninsula Corporation (APC) encompasses five small villages which are consolidated to form Alaska Peninsula Corporation. Those villages are:

Meshik Incorporated (Port Heiden), Merge Date: 11/3/78  
Qinuyang Limited (South Naknek), Merge Date: 11/3/78

Kokhanok Native Corporation, Merge Date: 2/27/80  
Ugashik Native Corporation, Merge Date: 2/27/80

Newhalen Native Corporation, Merge Date: 4/6/81



APC, an Alaska Native Claims Settlement Act Village Corporation manages approximately 400,000 acres of land within the APC village land withdrawals areas, has income derived from leasing, and licenses to enter APC lands. APC has entered into surveying contracts from the Bureau of Land Management and managing gravel sales.



**We've Moved!**

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**To:**

