

Ouzinkie Native Corporation Newsletter - December 2006

Roy Wolkoff Sr.

The Ouzinkie Native Corporation Board and Staff would like to express our deepest sympathies to the family of Roy Wolkoff Sr. who passed away on October 7, 2006.

Roy was born October 2, 1940 to Pete and Pariscovia Wolkoff, passed away on October 7, 2006 while working in the Bethel, Alaska region. Roy lived, worked and died by the sea. Roy was born and raised in Ouzinkie, Alaska. He was a long time resident of Kodiak and most recently, Anchorage. Roy served in the U.S. Army from 1959 - 1962, serving most of his military time in Germany. Roy was a highly respected Captain and fisherman owning and running numerous boats over the years. He loved the adventurous and independent lifestyle of a fisherman and being able to provide a good living for his family. Roy also served several years as a board member on the Ouzinkie Native Corporation, as well as several subsidiaries of the corporation.

Roy will be remembered as a strong, loving, generous and caring husband, father and friend, and was an independent and intelligent businessman. Roy had a quick sense of humor and those who knew and loved him could rely on his strength and help to be there when needed.

ONC Welcomes Vice President

We are pleased to introduce the new Vice President of Ouzinkie Native Corporation, Debbie Smith. Miss Smith brings 13 years of SBA program management experience to ONC, which will be integral to our diversification into the government contracting arena. She previously worked with two regional corporations: Chugach Alaska Corporation as Manager of Administration and Arctic Slope Regional Corporation's 8(a) subsidiary, Field Support Services, LLC, as Contract Manager. Miss Smith has lived in Anchorage since 1974 and has a 14 year old son, Cobi. "I am delighted to be working with Mike O'Connor and the Board of Directors, and I am looking forward to my first trip to Ouzinkie."

ONC Annual Cash Prize Winners

The following shareholders won cash prizes at the ONC Annual held on September 22, 2006:

\$100 - Chris Tweten, Gerald Gugel Jr., David Pestrikoff, Dawn Thompson, Billy Boskofsky Jr., Mitchell Squartsoff Sr., Russell Ott, Roy Elie-Wolkoff, Daniel Ellanak, Erik Ressel

\$500 - Deanna Brown, Mary Katelnikoff

\$1000 - Ada Panamarioff

\$2000 - Carla Wolkoff

Condolences

The Ouzinkie Native Corporation Board and staff would like to express their deepest sympathies to the families and friends of Roy Wolkoff Sr., Tim Panamarioff Sr., Verna Panamarioff, Elenor Weber and although she was not a shareholder, longtime Ouzinkie resident Joyce Smith.

Presidents Report

Investments in Securities

For the first 10 months of 2006, ONC's portfolio of stocks and bonds increased 9.6%. In recent months, the major market indices have been hitting new highs.

Investments in Timber

Since mid 2006, timber harvest production has been improving, largely due to Trans-Pac Alaska's buyout of Whitestone Logging, and subsequent management changes and additional logging and road building equipment purchases.

Koncor Forest Products Company - ONC owns approximately 65% of Koncor, which manages ONC's timber sale contract with Trans-Pac Alaska. Koncor reports no improvement in timber prices and timber volumes.

Investments in Recreation

O'Malley Ice Arena, LLC - Renamed the Subway Sports Centre as the result of a marketing agreement with Subway of Alaska, this investment continues to perform well. ONC owns about 71% of O'Malley Ice Arena, LLC.

O'Malley Gardens, LLC - Renamed the CellularOne Sports Center as the result of a marketing agreement with CellularOne, this investment also continues to perform well. ONC owns about 62% of O'Malley Gardens, LLC.

Katmai Wilderness Lodge, LLC - Bookings for the 2006 season slightly trailed bookings for the 2005 season, however the lodge had another profitable year. ONC owns 80% of this business.

Polaris Gaming Group - ONC owns 22.05% of PGG and now receives distributions monthly (used to be quarterly) for the development services provided on the Angel of the Winds Casino for the Stillaguamish Tribe in Washington State. ONC will continue to receive such distributions for another 3 years.

Investments in Real Estate

San Juan Capistrano (CA) I, LLC - There was a Grand Opening for this 2-building project consisting of about 105,000 sq. ft. of Class A office space on November 9, 2006. Mammoth Equities expects both buildings to be fully leased in 12 months. ONC owns 5% of this project.

Chandler (AZ) I, LLC - Mammoth Equities is developing a new 3-story Class A office building in Chandler, AZ (a Phoenix suburb) consisting of 59,638 rentable square feet of space. ONC owns 7.5% of Chandler I, LLC.

Chandler (AZ) II, LLC - Mammoth Equities is developing a multi-use building consisting of 108,095 rentable square feet, which will also be located in Chandler, AZ. ONC owns 5% of Chandler II, LLC.

Corona (CA) I, LLC - Mammoth Equities will be developing a multi-use building consisting of 59,159 square feet located in Corona, Orange County, CA. ONC owns 5% of Corona I, LLC.

Platinum Building (Anchorage) - This Class A office building is 94% leased at this time. The address is 11001 O'Malley Centre Drive. ONC is in Suite 204 and owns 70% of this building.

Kenai Cottages, LLC - ONC is considering options, including transferring it's ownership in this investment to another real estate project that will yield returns faster, as the Kenai Cottages lots are not selling as quickly as anticipated.

Wasilla Center Development, LLC - The 12.68 acre commercial property has been cleared of trees and leveled, and is listed for sale.

Investments in Services

ChemTrack, LLC - ChemTrack's contracts in-hand indicate that its' 2006 revenues will be \$2.1 million, compared to \$3 million in 2005. For work in 2007, ChemTrack has had positive discussions with the Tanana Tribal Council about demolition of the old IHS hospital building and remediation of the site at Tanana through an Indian Self Determination Act contract, which is estimated to be worth \$2.5 million. ChemTrack will bid on remediation projects that Jacobs Engineering and the U.S. Army Corp of Engineers will be putting out for bid at various locations in Alaska in 2007. ChemTrack will also bid on remediation projects the 611th Civil Engineering Group will be putting out for bid at Elmendorf AFB in 2007.

Kodiak Kenai Cable Company - Installation of the system is complete and testing is underway. The expected "light up," or commencement of operation, is between December 22nd and December 30th of this year. ONC owns 10% of this project.

International Logistics Support Corporation, LLC - ILSC formed at new division named Defense Training Services (DTS), which began providing simulated middle-eastern warfare training services to the U.S. Marines at Camp Lejeune, NC in August 2006 in a contract worth \$2 million. Since then, DTS has been awarded another contract worth \$5 million, also by the U.S. Marines at Camp Lejeune, NC. ILSC's profits on the electronics side of the business have been holding steady with DTS already adding to that profitability. ONC owns 51% of ILSC.

Investments in Other

Southern Iowa Bio-Energy, LLC - ONC invested \$500,000 in SIBE, which will be building a 30 million gallon per year capacity plant to produce bio-diesel primarily from soy bean oil. The EPA mandated that the sulfur content in conventional diesel be reduced substantially to reduce noxious emissions. However, sulfur provides some of the lubrication needed in diesel engines. Bio-diesel, when blended with conventional diesel, replaces the lubrication that sulfur would otherwise provide.

Vacancy on the Board of Directors

As most of you know, Roy Wolkoff Sr., a Director of Ouzinkie Native Corporation passed away on October 8, 2006. He is dearly missed. Roy's unfortunate passing requires that his vacant seat be filled. ONC's By-Laws state that "Vacancies in the Board occurring between annual meetings shall be filled for the unexpired term by a majority of the remaining Directors, except vacancies caused by removal of a Director."

The Board of Directors encourages shareholders interested in filling the vacancy to submit a letter of interest and their resumes to the corporation's offices in Ouzinkie by no later than January 19, 2007. In January 2007, the Board of Directors will elect a shareholder to fill the vacancy from those shareholders who submitted a letter of interest and their resumes by the deadline.

According to ONC's By-Laws, for a shareholder to serve on the Board of Directors, the shareholder must have at least 75 voting shares and must be a resident of the State of Alaska.

33rd Annual Meeting of Shareholders

The 33rd Annual Meeting of Shareholders was held in Ouzinkie at the Cultural Center beginning at 10 AM on Friday September 22, 2006. The primary purposes for the meeting were for the board and management to report to shareholders and answer their questions on operations for the fiscal year ended December 31, 2005, and to elect three members to the Board of Directors.

Clifford Panamarioff, Theodore Panamarioff Jr., and Roy Wolkoff Sr. received the highest number of votes and were elected to serve 3-year terms. Theodore Panamarioff Jr. returns to the board after a 2-

year hiatus, and replaces Martha Delgado. The board and staff express their appreciation to Martha for her many years of service on the board.

Guests in attendance included: Attorney Bob Hume - Landye Bennett Blumstein, Auditor Jim Hasle - Mikunda Cottrell, CEO John Sturgeon - Koncor Forest Products Company, Financial Advisor Phil Younker Jr. - Phil Younker & Associates, Developer Steve Agni - O'Malley Ice Arena and O'Malley Gardens, Kenai Cottages and the Platinum Building, CEO Sam Baker - International Logistics Support Corporation and State Representative Gabrielle LeDoux - Alaska State Legislature.

Ouzinkie Replacement Dock Project

In 2006 the Alaska State Legislature provided a grant in the amount of \$570,000 which will be used for the design phase of replacing the dock at Ouzinkie. The design phase includes the costs of surveying, mapping, geotechnical, engineering, permitting and preparing design and contract documents. The total cost of the project is estimated to be \$5,727,000. The funds needed to construct the new dock are being sought at the federal level. The State grant is to the Kodiak Island Borough, which will "pass through" the funds to the City of Ouzinkie. Many thanks are due to Senator Gary Stevens and Representative Gabrielle LeDoux of Kodiak for obtaining this grant.

Shareholder Birthdays

December

- 1 - James Anderson, Kathryn Chichenoff, Kathryn Dykeman
- 2 - David Opheim, Russell Ott
- 3 - Margaret Bell
- 4 - Sasha Agosto, Diane Bendorf, Anna Pestrikoff
- 5 - Elia Anderson
- 6 - Rosemary Anderson, Glenda Hayes
- 7 - Sharon Wolkoff
- 9 - Billy Boskofsky Jr.
- 11 - Donna Marshall, Lillian Stuker
- 12 - Frederick Beans, Priscilla Johnson
- 14 - Nick Squartsoff Jr.
- 16 - Sandra Selanof
- 20 - Cheryl Christofferson, Jackie Muller Jr.
- 21 - Nikolai Katelnikoff Jr.
- 23 - Tenecia Panamarioff
- 24 - Christine Z. Bennett
- 26 - Teresa Gugel
- 27 - John Boggs, Angela Richo
- 28 - Robert Felton

January

- 4 - Leon Pestrikoff
- 5 - Deanna Brown
- 7 - Regina Christmas
- 9 - Fred Chernikoff Sr., Michael Opheim
- 10 - Robert Katelnikoff
- 11 - Jean Anderson, Edna Foster

12 - Erika Chernikoff, K. Gail Muller
13 - Thelma Anderson
14 - Nancy Opheim, Margaret Petersen
16 - Sally McAuley
20 - Paul Chya
21 - Christopher Shanagin Sr., Darryl Webb
22 - David Nance, Fredrick Shanagin, Nancy Shanagin
23 - Tania Chichenoff
24 - Theodore Squartsoff Sr.
26 - Aaron Anderson, Charles Deveau, William Torsen Sr.
27 - David Dittmer
28 - Shirley Katelnikoff, Robert Meads Jr.
29 - Oleh Moroz, Marcella Smalley

February

1 - Vickie Novak
3 - Richard Holm
6 - Lena Delgado, Ernest Torsen, Carla Wolkoff
7 - Rudolph Beans, Rhonda Panamarioff
8 - Lorraine Totemoff, Terry Wolkoff
10 - Robert Foster
12 - Carmen Ambrosia, Ken Beans, Charlene Katelnikoff, George Shanagin Jr.
13 - Harold Katelnikoff, Jon Panamarioff, Mitchell Squartsoff Sr., Ronnie Torsen, Michael Fletcher
16 - Denise Adkins, John Grinstead
17 - Melvin Squartsoff
18 - Helen Wolkoff
19 - Harry Carlson Jr.
21 - Steven Felton
22 - Charles Nance, Jason Opheim, Andrew Squartsoff
23 - Lucy Squartsoff
25 - Nicholas Meads
26 - Pete Anderson