

SITNASUAK NATIVE CORPORATION VENTURE

SPIRITUALITY • COMMITMENT TO FAMILY • LOVE OF CHILDREN • RESPECT FOR ELDERLY • RESPECTING OTHERS • HARD WORK • REVERENCE TOWARD NATURE • COOPERATION • SHARING HONESTY • OBEDIENCE • PATIENCE • HUMOR • HUMILITY • RESPONSIBILITY • PRIDE IN CULTURE • AVOIDANCE OF CONFLICT • OPEN COMMUNICATION • SPEAKING OUR TRADITIONAL LANGUAGE

PHOTO BY KATIE O'CONNOR, NEVA CREEK PHOTOGRAPHY

Sitnasuak's future is Bright

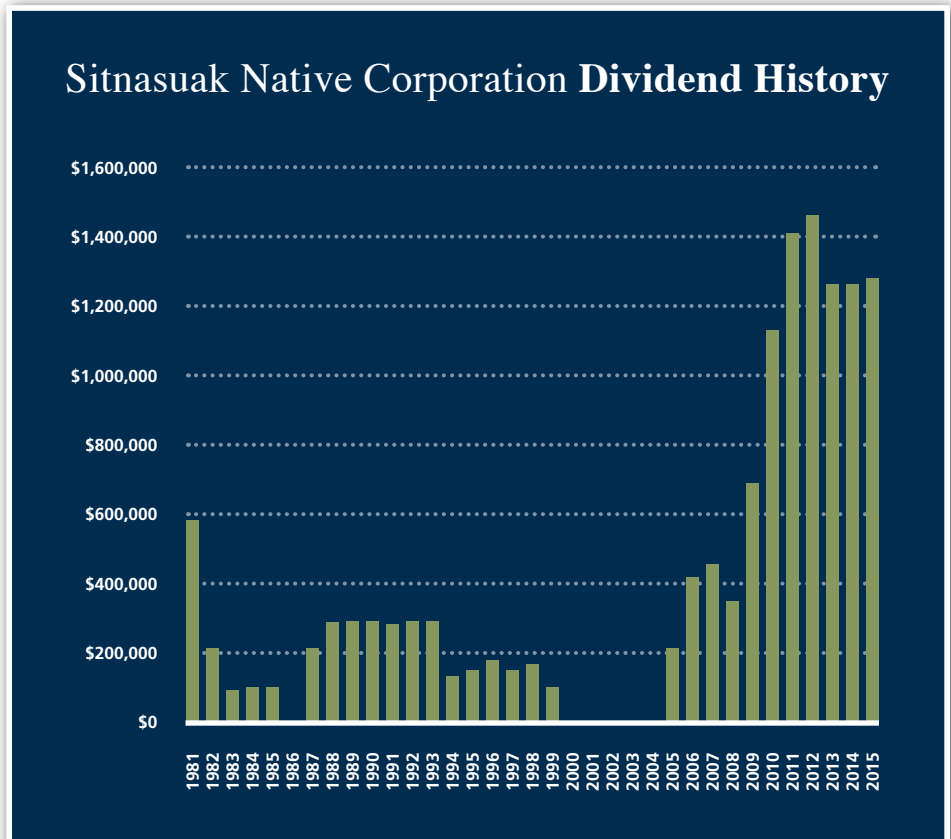
DIRECTOR MARK ALLRED ON BEHALF OF THE COMMUNICATIONS COMMITTEE

DIVIDENDS ARE UP AND CONSISTENT

The decision by the Board of Directors of Sitnasuak Native Corporation to distribute higher dividends reflects confidence in the Corporation's long-term cash flow. It's the belief of many Board members that we must maximize shareholder wealth. We believe we are equipped as a Board to fund potentially profitable investments while we evaluate new initiatives meant to improve the social well-being of our shareholders.

Dividends are higher because of the performance of our executive management team and the decisions that the current Board has made to diversify our Corporation's lines of business. Data is available on shareholder dividends for the last 34 years of Sitnasuak's operations. While there are different explanations for the fact that no shareholder dividends were paid in

[Continued on page 2]



Sitnasuak Native Corporation Annual Meeting Set for June 4th

The 43rd Annual Meeting of Shareholders is Saturday, June 4, 2016. It begins at 10 am at Nome Elementary School. Be sure to review your proxy packet and the annual report, and to complete your proxy to be eligible for proxy prizes. Lunch will be provided with updates about Sitnasuak operations and the election of Board of Directors. Please visit our website at www.snc.org to livestream the meeting online if you cannot attend in person. We look forward to seeing our shareholders.

NOTICE OF THE 43RD ANNUAL MEETING OF SHAREHOLDERS

- Saturday, June 4, 2016
- 10 a.m. • Nome Elementary School
- Nome, Alaska

BUSINESS CONDUCTED WILL INCLUDE:

1. Presentation of minutes of the Annual Meeting of Shareholders, June 6, 2015 and 2016 Special Meeting of Shareholders Minutes, January 7, 2016;
2. Reports of the Chairman, President/Chief Executive Officer, Treasurer, auditors, committees and subsidiaries;
3. Electing three (3) Directors for terms of three (3) years each; and
4. Voting on the eight proposals discussed in the proxy statement.

Sitnasuak's future is Bright

[CONTINUED FROM PAGE 1]

some years, such as 1986, 2000, 2001, 2002, 2003, and 2004, what is notable is the Board has consistently voted to distribute a significant amount of cash in the form of shareholder and Elder dividends in the last decade.

Elders have received a supplemental dividend for the past 3 years at the rate of an additional \$500 per Elder. Other initiatives intended to demonstrate our commitment to shareholder well-being include scholarships, heating fuel discounts, discounted rental prices in Nome, and the bereavement program. The Corporation is not simply distributing cash; rather, many of our decisions show that the current Board of Directors believes in enriching the lives of our shareholders.

Despite significant distributions, Sitnasuak only distributed 24% of

net income in 2015. The average payout ratio for the last four years was 33% of net income. This is well within the conservative norm. We are retaining more than enough net income to grow the company, which is illustrated by our strong balance sheet.

DIVERSIFICATION CREATES STABILITY

SNC, in its early years, placed too much emphasis on one or two business lines. While we had some good years we also had some bad years. To bring stability to the Corporation the Board made a commitment to diversify our business lines and not depend so heavily on the performance of our government contracting businesses in Puerto Rico. Now we have four strong pillars – Apparel Manufacturing, Financial Services, Fuel Distribution and Real Estate. As with many successful

corporations, higher dividends can be directly tied to the diversification of the company. SNC, in 2016, is a diversified shareholder-owned company.

A BRIGHT FUTURE

Sitnasuak has many challenges ahead, but the four business lines should help SNC to weather the upcoming financial challenges that Alaska finds itself in due to lower oil prices and reduced production levels as the North Slope oil fields continue to age.

The tireless work of the Board of Directors and its executive management team see a bright future for Sitnasuak Native Corporation. We are more transparent than we have ever been in the past 43 years, and the Board's business experience and acumen will benefit all shareholders, now and into the future.

Sitnasuak Annual Meeting FAQs

What is the purpose of the Annual Meeting of Shareholders?

The Annual Meeting of Shareholders is a great opportunity to hear reports from the Chairman, President, Treasurer, auditors, committees, and subsidiaries. The meeting minutes from the 2015 Annual Meeting and Special Meeting of Shareholders on January 7, 2016 will be presented, which were included in your proxy packet mailed out by the Corporation in late April. Furthermore, three Directors for terms of three years each will be elected and voting on eight proposals will take place.

When and where will the meeting take place?

The Annual Meeting of Shareholders will be held on Saturday, June 4, 2016, 10:00 a.m., at Nome Elementary School in Nome, Alaska.

Can I still vote without attending the meeting?

Yes. Shareholders who cannot attend the meeting are requested to list their votes, sign, and date and return their proxy card in the prepaid envelope, which was enclosed in your proxy packet. Your proxy card must be received at the Election Judge deposit box located at the Sitnasuak Native Corporation offices in Nome or Anchorage or by the Election Judge by 5:00 p.m. on Wednesday, June 1, 2016.

Can I vote the day of the meeting?

Yes. Shareholders must register in person to vote the day of the meeting. Registration will be open at Nome Elementary School from 8:00 a.m. until 11:00 a.m. on June 4, 2016. You must register during the registration period and attend the meeting in order to cast your votes.

Is it possible to recast my votes in person at the meeting although I sent in my proxy card beforehand?

Yes. You have the opportunity to revoke your proxy card at any time before the meeting and vote in person.

What happens to my shares of stock if I do not vote?

If you do not specify your votes to director(s) nominees or proposals on the proxy, the Proxy Committee will divide your votes equally among the eleven (11) nominees for the Board of Directors. The Proxy Committee consists of Mark Allred, Charles "Buzz" Fagerstrom and Trudy Sobocienski.

Will the meeting be accessible online?

Yes. Sitnasuak will be live streaming the meeting online. You will find the link to the live stream video by visiting our website, at www.snc.org.

Welcome New Shareholders

Felicia J. Larsen
Lizzie L. Larsen

Adrienne D. Michels
Tommy Morse

Devan J. Otton
Jadyn E. Otton

Message from the Chairman

BOBBY EVANS

Hello Fellow Shareholders,

I send greetings to you and your families from SNC headquarters in Nome. Spring is in the air and soon we will be camping, fishing and enjoying our land.

Fiscal year 2015 was another successful year for Sitnasuak as we continued to build revenues and profits. We made operational changes that improved profitability and set our course for the future. Our profits are returned to shareholders through regular and Elder's dividends, scholarships, bereavement benefits, and fuel and rental discounts. We also were able to contribute funding to the Community of Nome through tax-credit eligible donations to Nome Public Schools, City of Nome and the Kawerak Cultural Center.

We are becoming a great partner in our community and building a company that is changing our future. As our economy heads toward tougher times, building partnerships is the key to success for our people. Our partnership with the City of Nome is an example of working together. Our shareholders and descendants that live here in Nome use the services that the City of Nome offers, such as Nome Public Schools. Our partnership with the City of Nome benefits our people.

We will also continue to look for new ways to assist shareholders that live throughout Alaska. We are looking at how we can support our shareholders and their descendants in all the communities where we live. If you have any ideas, please share them with us. We want to help.

Sitnasuak is on a great path. The last six years have seen us move into new lines of business such as financial services. We continue to reduce our dependence on government contracting through

diversification closer to home. Our Title Companies in Anchorage/MatSu and our property endeavors (Tudor Bingo and Rilke Schule) in Anchorage have all been great investments. We are building upon our strengths to continue the progress made the last couple years. I want to thank all Directors, Management and all Staff for all their hard work towards this success.

It is election time again. Soon we will be hosting our annual meeting in Nome and we are looking forward to reporting our success. We also have been hosting shareholder informational sessions in Anchorage, Nome and Teller. We understand the need to reach out more and engage with shareholders. This is a great opportunity to share our achievements, meet and greet, visit and listen to shareholder concerns.

Shareholders have an opportunity to, not only vote for three Directors, but also give input on eight proposals. These proposals give shareholders unprecedented opportunity to provide advisory input toward the future of our corporation. Your vote counts. I am happy to see so many candidates running for the Board – this means shareholders are paying attention and getting involved. Good luck to all those running!

It is an honor and privilege to serve you as Chairman of the Board. I take this responsibility with great pride and honor. I will continue to work with Management and the Board of Directors to stay on the path of profitability, keep looking to diversify, and keep reaching out to shareholders. Each member of the Board of Directors works very hard and always has the shareholders – wherever you may live – in mind when we make our decisions.



Thank you for your continuing support and confidence. Please keep in touch and if you have any comments or questions, please email me at bevans@snc.org. And keep up to date via our website – www.snc.org

Quyanna and God Bless,
Robert (Bobby) Evans

In MEMORIAM

Our sincere condolences to the family and friends of the recently deceased.

**Charles Achayok, Jr.
Mesonga Atkinson
Evelyn A. Calvert
Lydia F. Douglas
Robert L. Fagerstrom
Adrienne V. Hearsey
John D. Klementson
Ruth Hannah Seetot
Clarence Waghiyi**

PLEASE SEND OBITUARY INFORMATION TO
REBECCA NEAGLE AT RNEAGLE@SNC.ORG

PHOTO BY PEGGY FAGERSTROM

Message from the President

MICHAEL ORR



our shareholders, through our dividends and community contributions. I'm proud of our success in 2015, despite the substantial headwinds that faced both Alaska and Puerto Rico. As we look to 2016 and beyond, we'll continue to build upon our strengths and share in our success.

Additionally, I wanted to report that we had a great Shareholder Outreach and Informational Session in Anchorage on April 30th, and heard many relevant suggestions about the course our corporation should take. The one that resonated most with me is the need to incorporate our Iñupiaq Values into our businesses. While we are successful financially, we can improve on spreading our values throughout the company – as they are the foundation of our strength and success.

I am proud of Sitnasuk, and the achievements of our team. I also look forward to seeing as many of you as possible in the coming weeks, to share more details about our financial performance in 2015.

Spring Greetings, Shareholders:

By now, many of you will have received your 2015 Annual Report and have heard about what a great year we had. We experienced growth in revenues to \$116.9 million, as well as growth in net income to \$6.3 million. We experienced balanced growth and we are continuing our efforts to be a diversified company.

I would also like to highlight that we continued our trend of returning value to



PRESIDENT MICHAEL ORR AND CHAIRMAN ROBERT (BOBBY) EVANS AT THE ANCHORAGE SESSION.

Enjoy your spring and I want to thank you in advance if you can make it to the Annual Meeting in Nome on June 4th.

Respectfully,
Michael Orr



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Board of Directors Candidates

2016

The following shareholders are running for the Board of Directors. The biographies to follow were compiled from information provided to Sitnasuak Native Corporation by applicants for inclusion in the Board Solicited Proxy through completion of the candidate questionnaire. Please see your proxy packet for each candidate's full biography, personal statements, and disclosures.



CRYSTAL ANDERSEN-BOOTH
(Incumbent)

Crystal Andersen-Booth has served on the Board of Directors from 2004 to the present; her current term expires in 2016. She currently serves as the Chairperson and President of the Sitnasuak Foundation. During the past five years, Ms. Andersen-Booth

has been employed by Alaska Airlines as a Customer Service Associate. Ms. Andersen-Booth is also the owner of Gnome Courier, LLC; is a member of the American Legion VFW Women's Auxiliary; and is a Director of Siu Alaska Corporation.



LOUIS GREEN, JR.
(Incumbent)

Louis Green, Jr., has served on the Board of Directors from 1993 to 2000 and from 2010 to the present; his current term expires in 2016. He currently serves as the Vice-Chairman of the Board of Directors and as a member of the Executive

Committee; as the Chairman of the Land Committee; and as a member of the Subsistence, By-laws/Personnel, and Elders committees. Mr. Green also serves as a Director of the following subsidiaries: Bonanza Fuel, LLC and Sitnasuak Financial Services, LLC.



ROBERT "BOBBY" EVANS
(Incumbent)

Robert "Bobby" Evans has served on the Board of Directors from 2010 to the present; his current term expires in 2016. He currently serves as the Chairman of the Board of Directors and the Executive Committee.

Mr. Evans is also a member of the Communications Committee. During the past five years, Mr. Evans has been a business owner of Tundra Toyo & Heating and Tundra B&B and has owned and operated a residential rental duplex. Mr. Evans was also employed as a wellness coordinator with the Children and Family Services Division of Kawerak, Inc.

Mr. Evans serves on the Bering Straits Native Corporation Board of Directors, as well as on the Bering Straits Regional Housing Authority Board of Commissioners (Bering Straits Native Corporation & Kawerak, Inc. appointment). Mr. Evans is the public rural representative on the State of Alaska Alcohol Beverage Control Board (appointed by Governor). He is also a Regional Wellness Forum member, as well as a member of the Nome Referee Association, Inc. Mr. Evans is a shareholder in Bering Straits Native Corporation and a tribal member of the Nome Eskimo Community.

DENNIS L. BAHNKE

During the past five years, Dennis Bahnke has been employed as a community liaison officer with Shell Oil, as a substitute teacher with the Nome Public Schools, as a parts counter and salesman with Wilderness Ski-Doo, and as a deckhand helper on commercial crabbing boats. Mr. Bahnke is also a shareholder in Bering Straits Native Corporation.



EDNA "BECKA" BAKER

During the past five years, Edna "Becka" Baker has been employed by the State of Alaska, listing her last position as Election Supervisor. Ms. Baker is now retired. Ms. Baker is also a shareholder in Bering Straits Native Corporation and Koyuk Native Corporation.



MARY JANE DAVID

For the past five years, Mary David has been employed as the Executive Vice President of Kawerak, Inc., and as the Vice President of Community Health Services at Norton Sound Health Corporation. Ms. David serves on the Board of Directors of Bering Sea Women's

Group and is the Financial Secretary for Community United Methodist Church. Ms. David is also a shareholder of Bering Straits Native Corporation.



BRUCE DAVIS

Bruce Davis previously served on the Board of Directors from 1986-1989. During the past five years, Mr. Davis has been employed by BP Exploration and has worked as a reindeer herder and a T&D Technician. Mr. Davis currently serves as the President of the

Reindeer Herders' Association. Mr. Davis is also a shareholder in Bering Straits Native Corporation.



GLORIA "ACLOSSY" KARMUN

Gloria "Aclossy" Karmun has previously served on the Board of Directors from 1998 to 2007 and from 2009 to 2014. During the past five years, Ms. Karmun has worked as an office assistant for the Department of Public Safety – Alaska State Troopers and has

worked as a type setter for the Nome Nugget Newspaper. She is a member of the Church of Nazarene Board of Directors and is also a shareholder of Bering Straits Native Corporation.

ANGUS N. MAZONNA

During the past five years, Angus Mazonna has worked for Norton Sound Health Corporation.



LINCOLN T. TRIGG, SR.

Previously, Lincoln Trigg, Sr. served on the Board of Directors for much of the time period between 1979 to 2015. Mr. Trigg is also a shareholder of Bering Straits Native Corporation and is a tribal member of the Nome Eskimo Community. He is also a member of the Alaska

Native Brotherhood. Mr. Trigg is retired.



JEANETTE "JEANNIE" YUMAN

Jeanette "Jeannie" Yuman previously served on the Board of Directors from 2007 to 2010. During the past five years, Ms. Yuman has worked as a clinical associate and patient advocate with the Norton Sound Health Corporation and has worked as an associate with the Rural

Human Services Program at the University of Alaska Fairbanks. Ms. Yuman is currently working towards a Bachelors of Social Work at the University of Alaska Fairbanks. Ms. Yuman is also a student advisor to the University of Alaska Fairbanks Rural Human Services Committee.

Proposals for Vote by Shareholders

Shareholders can refer to a more complete discussion of each of the following proposals for vote by shareholders in the proxy packet that was mailed in late April. Please vote, either by completing the proxy packet or in person at the annual meeting in Nome on June 4, 2016.

Items 1-6 are advisory and require further action by Sitnasuak Native Corporation.

An affirmative vote of a majority of the outstanding shares entitled to vote at the Annual Meeting on Item 7 would amend the Bylaws. An affirmative vote of 2/3 of the outstanding shares entitled to vote on Item 8 may approve an amendment to the Amended and Restated Articles of Incorporation and require consideration and action of the Board at the next regular or special meeting of the board of directors.

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ITEM 1: ANNUAL MEETING LOCATION

Shall the Corporation alternate the venue for the Annual Meeting of Shareholders between Anchorage and Nome beginning in 2017?

ITEM 2: ISSUING ADDITIONAL NON-SHAREHOLDER CAMPSITES ON SITNASUAK NATIVE CORPORATION LAND

Shall the Corporation permit additional non-shareholders to get campsites on Sitnasuak Native Corporation land?

ITEM 3: ISSUING AND ADMINISTERING SHAREHOLDER IDENTIFICATION CARDS

Shall Sitnasuak Native Corporation issue shareholder identification cards?

ITEM 4: FEASIBILITY STUDY FOR OPERATING A BUILDING FOR CULTURAL EVENTS

Shall Sitnasuak Native Corporation operate a “Qargi” or multi-purpose building for cultural events in Nome?

ITEM 5: MINIMUM ELIGIBILITY REQUIREMENTS FOR INCLUSION ON BOARD SOLICITED PROXY

Shall a minimum eligibility requirement to be listed on the Board solicited proxy include a requirement for a minimum amount of five years of combined post-secondary education and business management experience?

ITEM 6: DIRECTOR EMPLOYMENT

Shall Directors of Sitnasuak Native Corporation also be permitted to be employed by the Corporation?

ITEM 7: AMENDMENT TO THE BYLAWS TO ADDRESS THE INCLUSION OF CANDIDATES ON BOARD SOLICITED PROXY

Shall the Corporation amend the Bylaws to include, as Article II, Section 18, a provision that states: “All eligible candidates shall be included on the Board Solicited Proxy”?

ITEM 8: AMENDMENT TO THE AMENDED AND RESTATED ARTICLES OF INCORPORATION TO ELIMINATE THE RIGHT TO VOTE BY DISCRETIONARY PROXY IN DIRECTOR ELECTIONS

Shall the Corporation amend the Amended and Restated Articles of Incorporation to replace the statement in Article VIII that says, “cumulative voting shall apply in all board elections” with the statement that says, “cumulative voting shall apply in all board elections, except that no shareholder shall have the right to appoint a proxy holder with discretion to allocate their votes”?

ATTENTION BUSINESS OWNERS!

Sitnasuak Native Corporation wants to hear about your business and services!

In an effort to support shareholder owned businesses, we are making a new form available on our website to allow us to collect information on your businesses and services.

Please visit our website’s “Forms” page for more information.



Elder of the Year

ROBERT K. JOE, SR.

Many corporations around the world look to a set of corporate values to guide a company’s internal conduct and culture as well as its relationships with customers, partners, and shareholders. “Hard work” is one of Sitnasuak Native Corporation’s core values, and given the life of Sitnasuak Native Corporation’s 2016 Elder of the Year, Robert K. Joe, Sr. it becomes clear that a core value like hard work is more than a slogan. Our original incorporators, like our ancestors from the Nome area, worked hard and worked together.

Robert K. Joe, Sr. was born on July 13, 1927 to Imatuq and David Joe, and was raised at Pilgrim Hot Springs from the age of 2 ½ until the age of 14. In

1940, Henry Kost asked Robert to travel from Nome to North Pole as a summertime employee. Robert went on to work at the Nome Grill, as a dishwasher and laborer at Marks Army Air Field, and as a heavy equipment operator driving Oshkosh trucks until he was drafted into the US military. He was stationed in Anchorage for two years, where he worked with ammunition. After he was discharged, he worked for a munitions inspector, and was promoted to foreman—before moving back to Nome to build roads for the Alaska Road Commission for several years. Robert also waited tables at the Bering Sea bar and restaurant. He then was a delivery worker for Bronson Water, carrying 2 5-gallon buckets to homes in the days before Nome had water and sewer.

Robert married Ruth Oxereok, who was born and raised in Wales, in 1966. Their son Billy Joe was born on January 17, 1966. Robert Joe, Jr. was born on January 20, 1967 and John Joe was born on December 14, 1967. It is said that the sons were so close in age that Nomeites often called them by the nickname of “the Three Musketeers.”

Along with Charles Fagerstrom, Myrtle Johnson, Frances Longley, and Jerome Trigg, Robert K. Joe, Sr. was one of the signers of the original articles of incorporation for Sitnasuak Native Corporation. Sitnasuak was incorporated on February 9, 1973, but like the other signatories, he served on the first Sitnasuak Board of Directors for almost two years, from December of 1972 to January of 1974.

Sitnasuak supports the

NOME EMERGENCY SHELTER SYSTEM



PICTURED TO THE LEFT ARE BOBBY EVANS, SITNASUAK CHAIRMAN, AND SHAREHOLDER BRIDIE TRAINOR, EXECUTIVE DIRECTOR OF NEST. SITNASUAK DONATED \$15,000 TO NEST EARLIER THIS YEAR TO HELP WITH THE HIGHER THAN EXPECTED EXPENSES OF THE SHELTER. THE SHELTER PROVIDES SERVICES TO PEOPLE FROM AROUND THE REGION.

Bridie Trainor says, “Sitnasuak’s contribution to the Nome Emergency Shelter Team (NEST) helped the shelter to stay open from November through April. For the nearly 200 individuals who stayed at the shelter over the course of this winter, your donation has made a world of difference. Just as Sitnasuak serves our communities region wide, more than half of our shelter guests, including elders and young adults, are from villages outside of Nome. Sitnasuak’s contribution to NEST serves our region as a whole, helping our shareholders’ children, families, schools, law enforcement and emergency services work together to build healthier communities. Quyanna!”

Nome Townsite and White Alice

LAND SWAP

Sitnasuak Native Corporation and The City of Nome are pleased to announce that they have reached the principal terms of an agreement exchanging two lots in the Nome Townsite for 12 acres of land housing the White Alice Towers on Anvil Mountain. Doing so will allow the City to receive title to the White Alice Site on Anvil Mountain. The status of the site has been in question since the towers were decommissioned by the United States Air Force over thirty years ago.

The agreement will sanction Sitnasuak Native Corporation to serve as a “pass-through” for the City to acquire the site under the Alaska Native Claims Settlement Act. For doing so, the City has agreed to fully indemnify Sitnasuak and provide two highly-desirable undeveloped lots in the General Use District of the Nome Townsite.

Sitnasuak Native Corporation President Michael Orr, Sitnasuak Land Manager David Evans, City of Nome Mayor Richard Beneville, City of Nome Utility Manager John Handeland, and City Manager Thomas Moran collaborated on the agreement for nearly six months before it was finally ratified by both the Sitnasuak Native Corporation Board of Directors and the City Council. The agreement marks the beginning of a series of partnerships that are envisioned by the organizations’ management, including a project involving the Eskimo Cemetery. A celebratory picnic to commemorate the land deal is scheduled for Friday, May 27th.

John Handeland cites the “historical value” of the towers, which were initially built in 1958 for military purposes



during the Cold War. After the towers were constructed, Nome residents no longer had to rely exclusively on the city’s one phone connection to Fairbanks to call outside of Nome. “The [new] connection to Nome was by means of a large-capacity telephone cable laid on the ground on the west side of the Nome-Teller Road, and then up the mountain to the site.” Nome residents have considered the site part of the Nome landscape for nearly 60 years. He adds, “they have served as navigation aids to hunters on the ice and pilots flying into the community.”

Handeland also says, “through the renewed cooperative effort between SNC and the City, these last remaining antennas will continue to adorn the skyline north of Nome. When the final conveyance is made, it will allow for potential further development of the site for recreation and sightseeing by residents and visitors alike.”

When asked about access to the 12 acre site, he assures, “I am certain the City and SNC will work together on ways to develop the site and allow for increased

visitor, community and shareholder enjoyment, while still protecting the surrounding lands along the access corridor. Now that the question – which has been open for over 25 years – has been settled and the antennas will remain, working to improve and maintain access will become a priority.”

City Manager Tom Moran says, “The White Alice communication system initially consisted of 31 sites across Alaska. Today, the towers on Anvil Mountain are the last vestiges of that bygone era. An important attraction for our tourism industry, the towers also serve as an important reminder of the military history of our region.” He, too, is hopeful about future collaborations: “Though Sitnasuak’s primary concern is for its shareholders, while the City’s primary concern is for its citizens, both organizations are keenly interested in improving the quality of life in our region. The City’s negotiations with Sitnasuak on the White Alice land transfer were extremely positive, as both organizations collaborated to accomplish what was best for each other’s long-term goals.”

2015 Sitnasuak Financial Review

FROM THE CHIEF FINANCIAL OFFICER, TOM DELAMATER

2015 was a good year for Sitnasuak. Consolidated pre-tax income increased nearly 77% at \$8,983,079, which is nearly \$4 million more than 2014. Total net income attributable to Sitnasuak Native Corporation was \$6,278,666. Sitnasuak was able to distribute 24% of this net income, or \$1,508,482, to Sitnasuak shareholders. The total assets of Sitnasuak Native Corporation grew to \$123,730,138, with \$17.7 million (over 14%) held in cash. Total shareholder equity grew to \$68,368,008, exceeding total liabilities, and accounted for 55% of total assets.

Sitnasuak has four primary business units. Each business unit manager creates a budget for the upcoming year and manages daily operations in a way that maximizes income potential. These budget and management approaches make sure that each of Sitnasuak Native Corporation's businesses fulfills operational plans and creates shareholder value.

Business Unit Income (BUI) is one of the most important ways to measure budget performance. BUI can be determined by looking at operating income before factoring in depreciation (the reduction in value of assets as they age, which is a non-cash expense) and allocation of corporate general & administrative costs.

Some of the most interesting comparisons between current and prior year BUI numbers include:

- 2015 Apparel Manufacturing BUI was up by nearly \$3.3 million over its recorded loss of \$(793,324) in 2014.
- 2015 Financial Services BUI increased by \$387,295 over 2014.

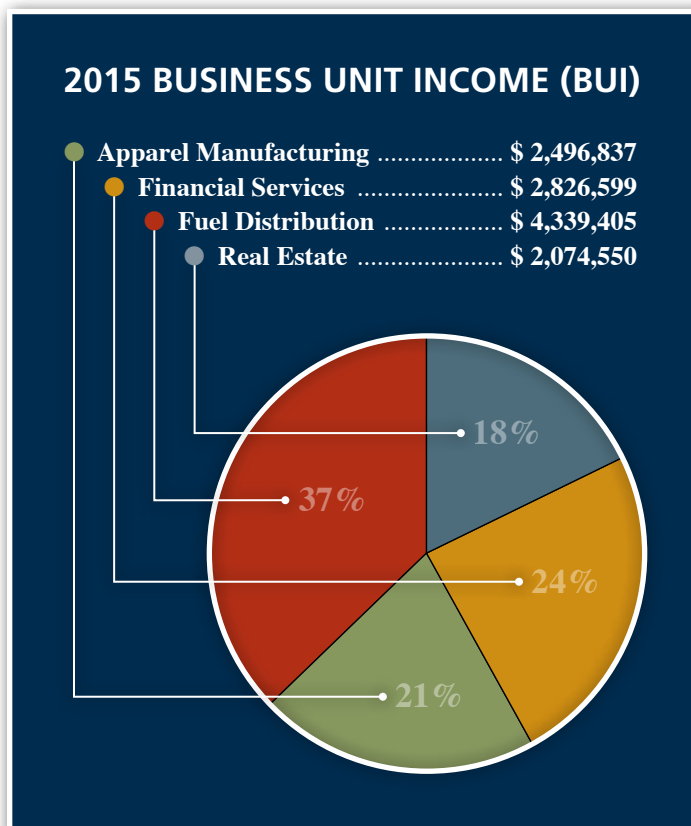
The increase in 2015 income for Apparel Manufacturing is due, in large part, to increased Federal demand for apparel. This demand picked up again in 2015 after the end of a long Federal process to finalize the new camouflage pattern for its uniforms.

Fuel Distribution and Real Estate were down \$940,943 and \$775,231 respectively in 2015 vs. 2014. The income decrease for Fuel Distribution can be traced back to 2014's higher priced fuel inventories that carried over to 2015. This, in turn, reduced fuel margins. A property sale in 2014 overshadowed expanded operations in 2015, including 2015's rental income increases.

All of this outlines a very important fact; Sitnasuak maintains a diverse group of profitable business units. We have expanded our core competencies over the past five years to cover more industries. The fact that we are profitable in all areas shows that we have a broad base of managerial talent.

Having diverse operations in multiple industries improves the likelihood that Sitnasuak will maintain consolidated profitability in the future, even if a business unit or two experience a decline in income (like in 2015). It wasn't long ago (2009) when over 80% of Sitnasuak's income was derived from a single business unit (Apparel Manufacturing). This over-allocation of income in one industry increased the probability of consolidated losses, which Sitnasuak experienced in 2010 when the Apparel Manufacturing group lost two of its three main contracts. The pie chart to the left shows that Sitnasuak's income is allocated in a relatively equal manner between four main business units.

In addition to operations, Sitnasuak recorded some large "other" income transactions throughout 2015, which included \$3,573,923 in 7(j) income, \$1,293,407 in realized gains from the stock and bond portfolios, and \$2,564,279 primarily from the sale of Banner Wind assets and 871 acres of land near the abandoned Rock Creek mine outside of Nome.





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Sitnasuak Venture • Summer 2016

Missing SHAREHOLDERS:

Melissa Adolph
Helen Ahwinona
Joe D. Alexander
Patrick C. Analoak, Jr.
Katherine G. Anderson-Timmons
Cecil J. Anowlic
Jeffery M. Atuk
Gregg Baldwin
Charlie Barger, Jr.
Dakota B. Beaton
Grace Bell
Jennifer L. Ben
Nola M. Boggs
Chelsea R. Borkowski
Phillip G. Bourdon
Lamoyne I. Brown
Mary Buck
Kevin A. Cabinboy
Charlene A. Callahan
Ashley R. Christian
Kanani A. Cockett
Daniel R. Coleman
Eric M. Coleman
Kaylin J. Coleman
Amanda Dorn
Alie D. Douglas
Dale V. Douglas
Steven R. DuBois
Terrence R. Earnshaw
Joni M. Earp
Frederick E. Ernak II
Ernest Escholt
Christopher Eubanks
Daniel Eubanks
George E. Finley III
Jacqueline Friemering

Gaynelle Gauthier
Laura Giffin
Norman L. Goff
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Crystal R. Hawkins
William W. Higgins, Sr.
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Hazel N. Jack
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Romald K. Katexac
MJ Kayouktuk
Savanna B. Kayouktuk
Bowhan Kealisher
Lester R. Keller, Jr.
Robert B. Kokuluk
Patricia Koopmans
Dorthella Kowchee
Cheri Kremper
Michele R. Kulukhon
Douglas N. Lane
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Scott Littlefield
Charles M. Lomen
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Geoffrey C. Milligrock
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Steven C. Murphy
Peter W. Nelson
D'lany B. Nichols

Betty F. Nicholson
Amanda Y. Noyakuk
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Jason A. Nunooruk
Quinn E. Oksoktaruk
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Ernestine Waghiyi
William L. Walluk
Timothy P. Walunga
Henry C. Wheeler
Albert K. White
Veta Williams
Lars P. Willoya, Jr.
Steffannita Willoya
William W. Willoya
Janice E. Wilson
Frank B. Wittie
Jamie W. Wittie

If you know the whereabouts
of a missing shareholder please
contact Sitnasuak's Shareholder
Relations Coordinator with
updated information.

Sitnasuak Native Corporation
Shareholder Relations Coordinator
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