Biloxi Marsh Lands Corporation

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March 25, 2019

To the Shareholders of Biloxi Marsh Lands Corporation:

The following is a discussion of the results of operations of the Company for the year ended December 31, 2018. The annual revenue breakdown is as follows: 2018 revenue from oil and gas production from our fee lands was $21,398 compared to revenue of $103,032 in 2017. Dividend and interest income for 2018 was $115,035, compared to $105,771 for 2017. In 2018, the Company realized a cumulative gain from the sale of investment securities of $1,591,104 compared to a cumulative gain in the amount of $548,455 in 2017. The flow-through loss from B&L Exploration, LLC (B&L) reduced the Company's annual revenue by $1,972,854 in 2018 compared to $741,597 in 2017. During the fourth quarter of 2018, the Company recognized a settlement gain in the amount of $86,967 with respect to its wetlands real property claim. Expenses for the year totaled $781,064 compared to prior year expenses of $743,914. For the year, the Company had a net loss of $850,545 or $.34 per share compared to a net loss of $666,368 or $.26 per share in 2017.

While 5 wells continue to produce from the Company's fee lands in St. Bernard Parish, Louisiana, as of December 31, 2018, the combined net daily production accruing to the Company was minimal. Due to the minimal production from the Company's fee lands, the Company opted not to commission a reserve study for the period ending December 31, 2018.

B&L Exploration has commissioned two independent reserve studies by separate reservoir engineering firms covering different properties in which B&L holds interests. These studies estimate that B&L's proved reserves as of December 31, 2018 were approximately 2.4 billion cubic feet of natural gas (Bcfg), approximately 60.8 thousand barrels of oil (Mbbl) and approximately 8.8 Mbbl of natural gas liquids. Meanwhile, B&L's Probable and Possible reserves as of December 31, 2018 are estimated to be approximately 1.6 Bcfg. This compares to B&L's estimated proved reserves as of December 31, 2017 which were approximately 4.7 Bcfg, approximately 101 Mbbl of oil and approximately 26.6 Mbbl of natural gas liquids.[1]

Information reported by the Highlander well's operator to the Louisiana Department of Natural Resources (LDNR) is available on LDNR's Strategic Online Natural Resources Information System (SONRIS – www.sonris.com). B&L is contractually entitled to a 1.5% of 8/8ths overriding royalty interest (ORRI) in the mineral leases comprising the 9,000 acre - EOC-TUSC BL UDS SUA production unit from which the Highlander well is producing. This production unit is located in St. Martin Parish, Louisiana. Meanwhile, B&L's South Texas operations were adversely affected during the second half of 2018 due to abnormal amounts of rainfall limiting access to well locations, thus affecting operational effectiveness.

[1] The reserve estimates were prepared in accordance with the definition and regulations of the U. S. Securities and Exchange Commission (SEC) defined in S-X Part 210.4-10 (a) as revised and adopted effective January 1, 2010.

B&L's current net daily production is approximately 1,200 thousand cubic feet of natural gas (Mcfg) and 4 barrels of oil per day (BOPD). Currently, B&L's main focus is South Texas and it is looking at opportunities that are weighted more toward oil as opposed to natural gas.

B&L was organized as a limited liability Company (LLC) under the laws of Louisiana in July of 2006. B&L's members are BLMC and Lake Eugenie Land & Development, Inc. (LKEU), which have membership percentages of 75% and 25%, respectively.

As previously disclosed, on January 3, 2017 the Louisiana Coastal Protection and Restoration Authority (CPRA) released a draft of its 2017 Coastal Master Plan (CMP). Disturbingly, as released the draft of the 2017 CMP did not include all the coastal restoration projects that were included in CPRA's 2012 CMP and did not include all the coastal restoration projects that are included in the U.S. Army Corps of Engineer's Ecosystem Restoration Plan, which was an integral part of the de-authorization for the closure of the MR-GO ship channel. The issue at hand is that the Company's property would not be eligible for future restoration dollars, if the area in which it is located is not included in the State's current CMP. The Company took steps to have language included on page 162 of the 2017 CMP that does not preclude its property. Please see the following page on the Company's website: http://www.biloximarshlandscorp.com/bmlc2/wp-content/uploads/2017/05/CPRA-2017-CMP-Page-162-Amended-Language-Adressing-the-Biloxi-Marsh-Complex-BMC.pdf.

The Company along with Lake Eugenie Land & Development, Inc. have assembled a team of scientists to study the Biloxi Marsh Complex (BMC) to demonstrate the BMC's long-term sustainability by understanding its geologic stability and root causes of its degradation. Our team collected data in the field over the past 18 months using new observation stations as well as stations that were installed during 2003 and 2004. These stations provided our team with critical field data concerning accretion, erosion and elevation which form the basis for the attached project proposal: *Leveraging Natural Resilience to Ensure the Long-Term Sustainability of the Biloxi Marsh Complex: An Integrated Project.* The regional importance of the BMC due to its geographic location, its unique geological stability and its unique nearshore topography, among other factors, were taken into consideration while conceptualizing our integrated project. *Leveraging Natural Resilience to Ensure the Long-Term Sustainability of the Biloxi Marsh Complex: An Integrated Project* was submitted February 28, 2019 in response to CPRA's request for New Projects to be considered for inclusion in the 2023 CMP. Our scientific experts' report, Day et al., 2019, in prep., will be available shortly and will substantiate in detail our team's conclusions. To obtain more information concerning coastal restoration, please visit our website: http://www.biloximarshlandscorp.com/biloxi-marsh-coastal-restoration/.

As previously reported, on June 15, 2012, the Company filed a claim (Biloxi Marsh Lands Corp., et al. v. United States; Case No. 12-382L) in the U.S. Court of Federal Claims against the U.S. Army Corps of Engineers (The Biloxi Case) seeking monetary damages for property damage and losses caused by the Mississippi River Gulf Outlet (MR-GO). In January of 2018, The Biloxi Case was consolidated with other similar landowners' cases against the U.S. Army Corps of Engineers and will proceed as Biloxi Marsh Lands Corp., et al. v. United States, No. 12-382L. The U.S. has filed a motion for summary judgment on the issue of statute of limitations, and our attorneys filed a cross motion on the same issue. Following the government shutdown the court issued a new Scheduling Order stating that all briefs must be submitted by May 3, 2019. After receipt of all briefs to be filed, the court will schedule oral arguments on the statute of limitations issue. At this time, the Company cannot predict the timing of resolution or the outcome of this litigation process, but it is anticipated that this litigation process will take many years.

During 2017, the Company filed suit in Louisiana State District Court (34th Judicial District Court, Division D in St. Bernard Parish, LA) against Alta Mesa Holdings, LP (Alta Mesa) (Case No. 17-1104). We made claims under three separate causes of action: 1) Specific performance to remove the North Eros pipeline; 2) Property damages caused by installation, use and operations of the North Eros pipeline; 3) Specific performance to plug and abandon all wells, remove all associated equipment, facilities and fixtures from our property. We filed Motions for Summary Judgments on all three of the foregoing causes of action. On February 28, 2019 the court granted our motions on actions 1 and 2. Action 3 is pending a hearing scheduled for April 17, 2019. Trial on the costs associated with repairing the property damages is scheduled for September 9, 2019. As of this time, the Company is unable to forecast the amount of monetary damages that will be awarded, if any. Based on recent developments involving Alta Mesa's parent company, Alta Mesa Resources, Inc. (NASDAQ: AMR) including class action litigation and expected significant non-cash impairment charges, as of this time, it is unclear whether Alta Mesa will have the financial ability to pay monetary damages.

During 2018, the Company accrued a settlement payment for its wetlands real property claim under the Halliburton Energy Services, Inc. and Transocean Ltd. Settlement Agreements. The payment was received in January 2019. The Company has been advised by our legal counsel that an additional limited recovery under the settlement is expected, but as of this time it is difficult to determine the timing and amount of the additional settlement.

The Company maintains a stock buyback program. On December 14, 2015, the board of directors authorized the additional purchase of up to 30,000 shares of the Company's common stock. The purchases will be made from time to time on the open market at the sole discretion of the Company. All shares purchased will be held as treasury stock. As of December 31, 2018, the Company has acquired 22,020 shares.

On Wednesday, January 9, 2019, the Company paid a dividend to its shareholders of record at the close of business on Monday, December 31, 2018. This represents a total cash dividend payment of $251,301 or $.10 per share. Since 2002, the Company has paid approximately $55,980,000 in total dividends. With the Company's fee land production depleting and no new wells being drilled on its fee lands, it will be difficult to maintain the level of dividends paid since 2002.

We encourage you to visit our website to obtain general information about the Company as well as historical annual reports and all press releases, and we strongly recommend that all interested parties become familiar with the information available on the Company's website: www.biloximarshlandscorp.com.

Attracting third parties interested in exploring for and developing the minerals beneath our fee lands in St. Bernard Parish, Louisiana continues to prove difficult. This is due to a combination of factors which include the depth of prospects beneath our property, the current price of natural gas and the difficult business environment for oil and gas operators in Louisiana's coastal zone. With our management team's experience in the oil and gas sector, we are uniquely positioned to take advantage of changes in this business environment.

We have positioned the Company for the future with an experienced management team. B&L's management and staff have knowledge and experience in the oil and gas sector, which uniquely positions it and the Company to seek and take advantage of opportunities as they present themselves. These opportunities may be within the boundaries of the Company's fee lands or beyond. Meanwhile, the Company's management continues to proactively address the myriad of issues affecting the Company's property in St. Bernard Parish, Louisiana.

Sincerely,

William B. Rudolf
President and Chief Executive Officer
Metairie, Louisiana
Email: wrudolf@blexp.net [2]

[2] This letter contains forward-looking statements regarding oil and gas discoveries, oil and gas exploration, development and production activities and reserves. Accuracy of the forward-looking statements depends on assumptions about events that change over time and is thus susceptible to periodic change based on actual experience and new developments. The Company cautions readers that it assumes no obligation to update or publicly release any revisions to the forward-looking statements in this report. Important factors that might cause future results to differ from these forward-looking statements include: variations in the market prices of oil and natural gas; drilling results; unanticipated fluctuations in flow rates of producing wells; oil and natural gas reserves expectations; the ability to satisfy future cash obligations and environmental costs; additional drilling, and general exploration and development risks and hazards. Readers are cautioned not to place undue reliance on forward-looking statements made by or on behalf of the Company. Each such statement speaks only as of the day it was made. The factors described above cannot be controlled by the Company. When used in this report, the words "hopeful", "believes", "estimates", "plans", "expects", "could", "should", "outlook", "possibly" and "anticipates" and similar expressions as they relate to the Company or its management are intended to identify forward-looking statements.

Leveraging Natural Resilience to Ensure Long-Term Sustainability of the Biloxi Marsh Complex: An Integrated Project

Biloxi Marsh Lands Corp., Lake Eugenie Land & Development, Inc., One Galleria Blvd., Suite 902, Metairie, LA 70001
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St. Bernard Parish, Louisiana
Pontchartrain Basin; Planning Unit 1

Composite Map of the BMC
Richardson & Powell Surveys – 1840s
U. S. Surveyor General's Office

2.0 - Project Description

Project Summary

The goal of the Biloxi Marsh Complex (BMC) INTEGRATED PROJECT (Type E) is to leverage the BMC's natural durability and resiliency with coordinated sequential construction and operation of compatible restoration projects to synergistically extend the sustainability of the BMC both as a productive estuary and a natural surge buffer for the New Orleans metropolitan area. The 2017 Coastal Master Plan (CMP) final draft (2017 CMP, p. 162) acknowledges new information regarding the unique geography and geological history of the BMC. This project makes use of data collection and analysis undertaken in 2017-2019 (Day et al., 2019, in prep.) that provide additional location specific data to understand the processes contributing to current BMC land-loss, and why subsidence and relative sea level rise (RSLR) presents less of a threat to marsh survival here than elsewhere in the Mississippi River Deltaic Plain. The proposed Integrated Project will serve to supplement and augment existing, partially completed and proposed Projects affecting the BMC, including without limitation, the closure of MRGO below Bayou LaLoutre (PO-0038-SF) which is complete, PO-0030 (S. Lake Borgne shore protection, also complete), PO-0072 (4 miles west BMC shore protection, partially complete in 2013), PO-0148 (oyster reef), PO-0178 (5.5 miles of LaLoutre Ridge Restoration, not built), PO-0180 (1,548 ac. marsh creation southeast Lake Borgne), 001.RC.01 (20 mi. of LaLoutre Ridge Restoration, supersedes PO-0178 not built), 001.MC.06a (Breton Marsh Creation 5,248 ac. E. of Delacroix Island), 001.MC.07a (2,080 ac. marsh creation S. of Lake Borgne), and 001.DI.18 (Diversion into Central Wetlands near Violet). This Integrated Project is designed to function synergistically with the foregoing projects and is not dependent on a sediment source from the Mississippi River. Following implementation of the Integrated Project, natural processes are expected to sustain the BMC (see map on cover page).

Shapefiles (Google Earth Link attached as *CMP 2023 BMC.kmz* in side bar) **PDF must be downloaded to view Link**

The proposed Integrated Project includes the following elements (Note: majority of components of this Integrated Project are within the boundaries of the Biloxi WMA):

1) Marsh Creation and Marsh Nourishment with Reconstruction of Western BMC Beach Berm. This project element beneficially uses dredged material supplemented with additional sediment from Lake Borgne as needed, as well as leveraging natural processes. The reconstructed beach berm will provide containment and protection until the Rangia supply is restored and shell beaches become re-established. The overarching goal and objective of this project element is to mitigate continuing adverse hydrologic impacts initiated during the operation of the MRGO, namely a drastically reduced supply of coarse-grained shell beach material to the west BMC coast (Poirrier, 2019). Loss of erosion-resistant, gently sloping, shell armored beaches has increased shoreline retreat to over 50 feet/y in some places through a process in which the weakest soil of the marsh scarp, that beneath the rooted zone, is notched and hollowed out by waves. This has led to cascading failure of the over-steepened shoreface. In addition, this project element, which can be expanded, is estimated to initially create ~33 acres of new marsh, nourish another ~130 acres, and sustain thousands of acres near shore and in the interior marsh.

2) Hydrologic Restoration. This project element closes at least two growing east-west tidal routes that connect Lake Borgne and Chandeleur Sound using rock and/or earthen dams. The purpose and intent of this element is to build upon Element 1 by further reducing the hydrologic connectivity and erosional forces within the BMC interior allowing the BMC to benefit from natural sediment distribution processes.

3) Thin-layer Marsh Nourishment of Interior Wetlands. This project element utilizes slurried and sprayed sediments from interior ponds to nourish marsh adjacent to these ponds. This project element is estimated to create and nourish 510 acres of marsh. Once the hydrology of the BMC interior is stabilized this element will fortify pond edges to further reduce internal erosion and allow natural processes to sustain the BMC interior marshes.

Biloxi Marsh Complex. The BMC encompasses an area approximately 700 square miles (~450,000 acres) within the Lower Pontchartrain Basin in St. Bernard Parish (Cover Page). Much of the BMC is owned by two landowners, Biloxi Marsh Lands Corporation (BLMC) and Lake Eugenie Land & Development, Inc. (LKEU) owning approximately 235 square miles (~150,000 acres). By granting a free lease to the Louisiana Department of Wildlife and Fisheries for over 60 years, BLMC has opened over 50 square miles (~35,000 acres) to the public for recreational use as the designated Biloxi WMA. BLMC and LKEU have funded efforts to gather and evaluate existing data and to collect additional critical data resulting in new information supporting inclusion of the BILOXI INTEGRATED PROJECT in the 2023 Coastal Management Plan (2023 CMP).

BMC Ecosystem Services. The BMC supports a vast estuarine ecosystem of intermediate, brackish and saline marshes; shell beaches (Rangia clams on the oligohaline Lake Borgne side; Oysters on mesohaline Chandeleur Sound); 3000-year-old natural levees, chenier ridges and mounds constructed by native Americans topped with live oaks, oyster reefs, tidal bayous, inlets, lagoons, lakes, and bays. BMC is only 25 to 30 miles east/southeast and seaward of the City of New Orleans, thus has been a preferred destination for generations of residents of southeastern Louisiana and south Mississippi who have fished, trapped and hunted there. Large bays and shell keys on the eastern side of the BMC support some of the most dependably productive commercial oyster grounds in the United States.

The 20-mile-wide BMC peninsular platform separates Chandeleur Sound from Lake Borgne. This position explains why the BMC plays such an important role in buffering the City of New Orleans and its eastern suburbs from storm surge and waves (Westerink, 2013). During passage of Hurricane Katrina in August 2005, the best "actual event" ADCIRC model hind-cast indicates BMC marshes reduced maximum surge elevation at the south end of Lake Borgne by about 8 feet relative to that at Bay St. Louis, and decreased significant wave height by 6 feet. Given that the rebuilt New Orleans levees and flood walls are constructed only to a 100-year standard surge return frequency, retention of key natural buffers is crucial to the long-term survival of the City when more energetic storms strike in future (Bhatia et al., 2019).

Mississippi River Gulf Outlet (MRGO). The MRGO navigation channel extended over 50 miles from the Gulf Intracoastal Waterway southward through the BMC into Breton Sound cutting the majority of BMC off from land to the west and southwest. After the channel was constructed in the 1960s through the marsh south of Lake Borgne and across the Bayou LaLoutre natural levee ridges, it was repeatedly dredged to more than the 40-foot project depth until a rock dam was installed below the Bayou LaLoutre crossing in 2009. The MRGO had devastating effects on the BMC and played a major role in the flooding of the New Orleans area during Hurricane Katrina (Shaffer et al., 2009). The operations resulted in changes to salinity and hydrology that triggered continual and widespread degradation of the BMC, including the decline in Lake Borgne of the Rangia clam whose shells were important to erosion resistance of the western BMC beach berm (Poirrier, 2013, 2019). Despite the devastating effects of the MRGO, research conducted since 2017 indicates that the post-closure BMC is partially recovering and can become more resilient with restoration measures like those proposed in the BMC INTEGRATED PROJECT.

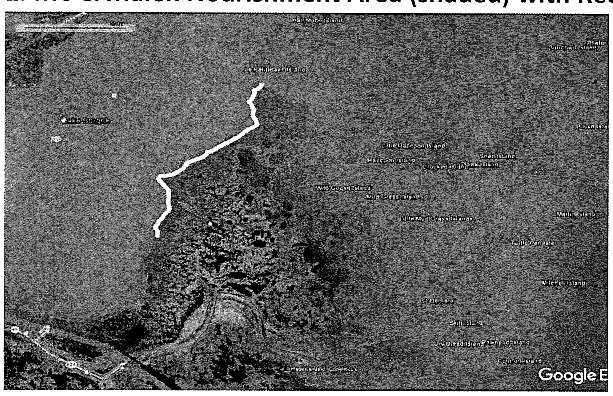
Natural Durability. The BMC is situated on a relatively stable geologic platform. The BMC occupies the eastern inland margin of the Mississippi delta. This zone lacks mobile salt at depth, is proximal to, but south of, the Baton Rouge fault system on the northern edge of the delta, and has experienced only 50 to 100 feet of deltaic deposition over the past 10,000 years (Jankowski et al., 2017; Olea and Coleman, 2014; Frederick et al., 2018). This compares with compactable Holocene sections more than 400 feet thick elsewhere in the delta. So, when vertical displacement velocities from 36 continuously-operating, high-precision GPS stations (mounted on buildings) were mapped across the entire deltaic plain, it was no surprise that subsidence in the BMC was estimated to range from 2.0 to 3.5 mm/y, with 2.4 mm/y for the center. This value is below the lower bound of the "plausible" subsidence range (4.4-6.5 mm/y) used in 2017 CMP modeling for the Breton Sound polygon (Reed and Yuill, 2017), but is similar to the current (1990-2015) Mississippi delta eustatic (global) sea level rise rate of 2.6 mm/y (Karegar et al., 2015).

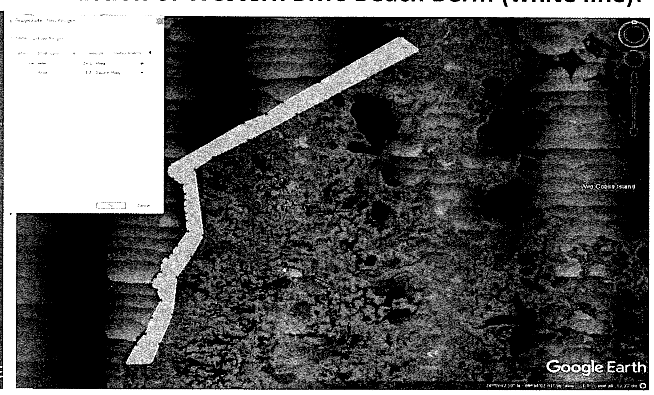
Eustatic sea level rise combined with deep subsidence in the BMC adds up to 5 mm/y. This is a base relative sea level rise (RSLR) rate because natural biological and geological processes are also operating at and just below the marsh surface that can build up (aggrade) or lower (degrade) this surface, something that does not happen on the man-made surfaces supporting the continuous GPS receivers. So, the actual RSLR that marsh plants experience is locally reduced or increased depending on the net effect of upward sediment "accretion" and down-directed "compaction," also called "shallow subsidence" (Cahoon et al., 2006). These marsh surface dynamics have been monitored in the BMC for intervals of 10-15 years using the Sedimentation-Erosion-Table (SET) technique (Day et al., 2019, in prep.). Local differences, particularly in sediment supply to the marsh surface, were found to modify the base RSLR by up to +/- 10 mm/y in BMC marshes. Generally, BMC perimeter marshes are aggrading fast enough to offset deep subsidence and RSLR, and maintain a stable position in the tidal frame. However, some interior marshes that are subject to erosional forces and altered hydrology initiated by the MRGO are falling through the tidal frame.

<u>Screening Criteria</u>. The 2023 CMP New Project Development Guidelines and Criteria do not specifically address how the initial wetland health "starting point" is expected to affect long-term sustainability. Initial marsh elevation relative to the tidal frame (range) is a proxy for wetland health (Day et al., 2011). Programmatically, it is perhaps the best predictor of "the collective effects of project investments" going forward, which underpins the three Screening Criteria, and particularly the requirement that the proposed project will "continue to provide benefit in the face of sea level rise and subsidence without continued maintenance." As shown below, the INTEGRATED PROJECT proposed takes full advantage of individual projects that have already been incorporated into the 2017 CMP. With respect to the "magnitude of expected effects," it is possible to measure – rather than speculate about - the beneficial effects of decreasing Lake Borgne salinity and beach berm reconstruction on the western BMC shoreline because projects have already been constructed that allow prototype validation of theoretical benefits (e.g. MRGO closure, Lake Borgne breakwaters).

3.0 - Defined Project Attributes

1. MC & Marsh Nourishment Area (shaded) with Reconstruction of Western BMC Beach Berm (white line):



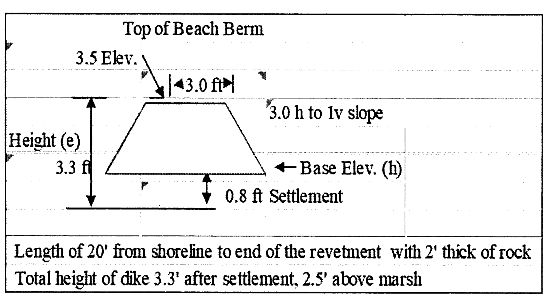


<u>**Preliminary Conceptual Design**</u>

<u>Beach Berm Reconstruction Western Shoreline of the BMC</u>: ~75,000 linear feet

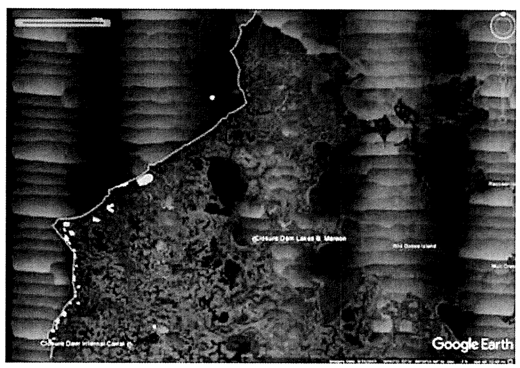
Southern end: 29 degrees 56' 13.46" N, 89 degrees 34' 45.31" W; Northern end: 30 degrees 04' 37.68" N, 89 degrees 29' 01.06" W (NAD 83)

<u>**Conceptual Design**</u>



Western BMC – Marsh Creation (MC) and Marsh Nourishment inside of Beach Berm. ~5 square miles area. Marsh creation and marsh nourishment will be strategically implemented within this approximate 5 square mile area. Below is a figure identifying specific areas where sediments will be applied to marshes behind the reconstructed beach berm showing both MC and Marsh Nourishment sites. Sediment can be removed from the flotation channel during dredging and transported to the marsh by pipeline to fill ponds that have been formed by recent shoreline degradation, as well as sediment can be applied to the surface of the marsh by spraying a slurry of water, sand, and silt using the "Thin-Layer Placement" method also known as "Thin-Layer Sediment Addition" and "Marsh Nourishment". Any additional sediment needed can be obtained from Lake Borgne. The reconstructed beach berm will contain the applied sediment and protect the project allowing time for natural processes to re-establish. The proposed design is to increase marsh elevation to 8 cm to 10 cm above the current marsh level. Currently we estimate placing material ranging from less than 1.0 cm to $\geq$30 cm based upon current elevations and the amount of material needed to achieve the design marsh elevation. This dredged sediment addition to marshes will be beneficial as a mechanism for increasing marsh resilience (VIMS 2014). Thin-layer placement of dredge material will be used to increase soil surface elevation, to reduce waterlogging and porewater hydrogen sulfide toxicity and to increase soil redox potential and vegetation stem density, productivity and nutrient uptake (DeLaune et al., 1990; Mendelssohn and Kuhn, 2003; Croft et al., 2006). This Marsh Creation and Marsh Nourishment project element is estimated to create ~33 acres of new marsh, nourish ~130 and sustain thousands of acres near shore and in the internal marsh by greatly reducing the BMC's hydrologic connectivity to Lake Borgne.

Creation Sites	Acres	Lat./Long. (NAD 83)
1	6.57	29°56'37.36" N, 89°34'45.99" W
2	3.72	29°58'10.21" N, 89°34'06.92" W
3	7.65	29°59'07.17" N, 89°34'20.10" W
4	0.92	29°58'05.75" N, 89°34'05.92" W
5	0.99	29°58'22.18" N, 89°34'07.08" W
6	10	30°00'24.54" N, 89°32'44.16" W
7	0.31	29°56'29.54" N, 89°34'39.83" W
8	1.44	29°59'01.61" N, 89°34'15.81" W
9	0.5	29°57'49.16" N, 89°34'03.67" W
10	0.87	29°57'43.57" N, 89°34'04.03" W
Acreage	32.97	



Nourishment Sites	Acres	Lat/Lon (NAD 83)		Acres	Lat/Lon (NAD 83)
1	8.18	29°57'18.27" N, 89°34'23.63" W	12	1.54	29°58'34.75" N, 89°34'04.67" W
2	5.63	29°57'07.34" N, 89°34'33.97" W	13	1.12	29°58'26.79" N, 89°34'02.65" W
3	6.97	29°59'14.63" N, 89°34'10.61" W	14	1.82	29°58'49.64" N, 89°34'06.68" W
4	8.19	29°59'34.00" N, 89°33'29.60" W	15	0.7	29°58'43.83" N, 89°34'05.07" W
5	56.6	30°00'32.83" N, 89°32'06.62" W	16	3.81	29°56'53.62" N, 89°34'41.63" W
6	9	29°59'27.38" N, 89°34'19.93" W	17	0.87	29°56'33.83" N, 89°34'38.56" W
7	14.3	29°59'51.51" N, 89°33'08.55" W	18	1.1	29°56'57.23" N, 89°34'35.88" W
8	2.15	29°57'56.51" N, 89°33'58.95" W	19	1.28	29°57'01.14" N, 89°34'36.67" W
9	1.9	29°57'33.09" N, 89°33'59.70" W	20	0.58	29°59'20.48" N, 89°34'23.14" W
10	1.71	29°56'42.04" N, 89°34'40.45" W	21	0.68	29°59'18.13" N, 89°34'22.54" W
11	1.49	29°57'33.39" N, 89°34'12.65" W		129.62	

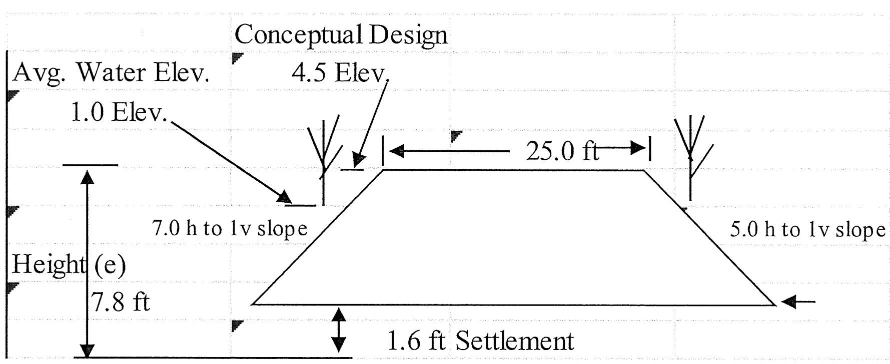
Note: White Shaded Areas = Marsh Creation; Grey shaded Areas = Marsh Nourishment

2. Hydrologic Restoration of the Interior BMC

A. Internal Dam (eastern BMC); location: 29 degrees, 59' 56.30" N, 89 degrees 29' 2.28" W (NAD 83),

B. Internal Dam (western BMC); location: 29 degrees; 56' 23.30" N, 89 degrees 32' 32.36" W (NAD 83).

To restore hydrology in critical areas of the interior BMC, we have identified specific locations which need to be closed. We proposed closing these points with rock and/or earthen dams using the following conceptual design:



3. Thin-layer Marsh Nourishment of Interior Wetlands

Using the same method of Thin Layer Placement described above, we propose to apply sediments from the existing interior ponds to the adjacent marshes. As conceptualized, this project element is estimated to create and nourish 510 acres of marsh and can be expanded. Once the hydrology of the BMC interior is stabilized this element will fortify pond edges to further reduce internal erosion and allow natural processes to sustain the BMC interior marshes (grey shaded areas).

Conceptual Design

Sites	Acres	Lat./Long. (NAD 83)
1	56.38	29°55'18.74" N, 89°31'42.08"
2	258	29°54'28.16" N, 89°31'45.23"
3	34	29°53'59.44" N, 89°31'05.83"
4	72.6	29°53'59.99" N, 89°30'28.46"
5	11.2	29°55'17.33" N, 89°31'14.26"
6	15	29°54'59.80" N, 89°30'42.61"
7	33.5	29°57'05.31" N, 89°31'23.64"
8	16.2	29°57'55.66" N, 89°32'36.53"
9	7.13	29°56'22.75" N, 89°31'25.91"
10	5.48	29°56'11.00" N, 89°31'46.15"
Total Acreage	**509.5**	

Possible Phase Implementation

While each element of this proposed Integrated Project is conceptualized to act synergistically with each other and will serve to supplement and augment existing, partially completed and proposed Projects, due to budgetary constraints the projects can be implemented in phases or sub-phases. In the event that implementation in phase or sub-phase takes place, the projects will continue to function synergistically with each phase, subphase, each other and other project affecting the BMC.

Integrated Project Recap and Overview

- The proposed project was conceptualized after the collection of specific, localized new data which was analyzed by our team of scientists to identify the root causes of the degradation of the BMC[1], and to determine the BMC's critical restoration needs;
- The proposed Integrated Project combines defined attributes, while importantly augmenting and functioning synergistically with other past and future projects addressing the most critical needs of the BMC;
- This recently collected and evaluated specific and localized new data was obtained by our scientists using, among other tools, private SET-Accretion stations established dating back to 2003. To supplement its conclusions our team also examined the BMC's localized and regional geology[2] demonstrating the relative stable platform;
- Importantly, our team measured increased sedimentation below water and shoreline advance inside or shoreward of the rock dyke constructed as PO-072 and accretion on the marsh surface;
- The proposed BMC Integrated Project is designed to create and nourish almost 700 acres of marsh and can be expanded. Restoration of the natural beach berm and closure of key hydrologic passages will re-establish natural barriers to flow, thus allowing natural processes to reestablish thousands of acres near shore and in the interior marshes by protection from wave and tidal action;
- This Integrated Project's implementation will ensure that this valuable resource is given a chance to take advantage of natural processes currently at work allowing the BMC to continue its resiliency and to act as a storm surge barrier and critical marine estuary for the region;
- The importance of the BMC to the region, basin and sub-basin warrants the investment and the inclusion of this proposed Integrated Project in 2023 CMP.

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[1] Scientists recently determined the BMC suffers mainly from peripheral and internal erosion which was initially caused by salinity and hydrological changes by construction of the MRGO. Closure the western BMC shoreline from hydrologic connectivity with Lake Borgne will significantly reduce both peripheral and internal erosion addressing the critical need of the BMC. Additionally, the near shore topography of the BMC exacerbates wave fetch peripheral erosion which is particularly acute during periodic and seasonally frequent frontal passages (Day, et al., 2019, in prep.).

[2] CPRA's Subsidence Polygon 11 skews the subsidence and elevation change of the BMC (Day, et al., 2019, in prep.).

List of Refences and Links

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BILOXI MARSH LANDS CORPORATION

FINANCIAL STATEMENTS

INCOME TAX BASIS

DECEMBER 31, 2018

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

Postlethwaite & Netterville
A Professional Accounting Corporation
pncpa.com

BILOXI MARSH LANDS CORPORATION

FINANCIAL STATEMENTS

INCOME TAX BASIS

DECEMBER 31, 2018

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

BILOXI MARSH LANDS CORPORATION

Table of Contents

Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Biloxi Marsh Lands Corporation:

We have audited the accompanying financial statements – income tax basis of Biloxi Marsh Lands Corporation (the Company), which comprise the statements of assets, liabilities, and stockholders' equity – income tax basis as of December 31, 2018 and 2017, and the related statements of revenues and expenses – income tax basis, changes in stockholders' equity – income tax basis, and cash flows – income tax basis for the years then ended, and the related notes to the financial statements – income tax basis.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the income tax basis of accounting described in Note 1; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Postlethwaite & Netterville

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and stockholders' equity of Biloxi Marsh Lands Corporation as of December 31, 2018 and 2017, and its revenues and expenses, changes in stockholders' equity, and cash flows for the year then ended in accordance with the basis of accounting the Company uses for income tax purposes described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting the Company uses for income tax purposes, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As described in Note 1, because many types of transactions are susceptible to varying interpretations under federal and state income tax laws and regulations, the amounts reported in the accompanying financial statements – income tax basis may be subject to change at a later date upon final determination by the taxing authorities. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements – income tax basis as a whole. The Schedules of Marketable Securities as of December 31, 2018 and 2017 is presented for purposes of additional analysis and is not a required part of the financial statements – income tax basis. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements – income tax basis. The information has been subjected to the auditing procedures applied in the audit of the financial statements – income tax basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements – income tax basis or to the financial statements – income tax basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements – income tax basis as a whole.

Postlethwaite & Netterville

Metairie, Louisiana
March 14, 2019

BILOXI MARSH LANDS CORPORATION

STATEMENTS OF ASSETS, LIABILITIES, AND STOCKHOLDERS' EQUITY
INCOME TAX BASIS
DECEMBER 31, 2018 AND 2017

A S S E T S

	2018	2017
Current assets:		
Cash and cash equivalents	$ 2,033,637	$ 2,209,949
Accounts receivable	91,113	13,898
Accrued interest receivable	6,642	6,642
Income taxes receivable	29,538	8,786
Prepaid expenses	40,222	40,195
Marketable debt securities - at cost	300,765	-
Other assets	3,830	3,830
Total current assets	2,505,747	2,283,300
Investment in partnership	217,654	1,065,508
Marketable debt and equity securities - at cost	6,096,339	6,714,675
Deferred tax asset	21,159	21,055
Land - at cost	234,939	234,939
Levees and office furniture and equipment	308,607	314,943
Accumulated depreciation	(308,576)	(314,835)
Total assets	$ 9,075,869	$ 10,319,585

L I A B I L I T I E S A N D S T O C K H O L D E R S ' E Q U I T Y

	2018	2017
Current liabilities:		
Accrued expenses and other current liabilities	$ 17,541	$ 33,234
Total current liabilities	17,541	33,234
Stockholders' equity		
Common stock, $0.001 par value. Authorized, 20,000,000 shares; issued, 2,851,196 shares; outstanding, 2,513,008 and 2,528,008 shares in 2018 and 2017, respectively	47,520	47,520
Retained earnings	12,040,933	13,144,279
Treasury Stock, 338,188 and 323,188 shares in 2018 and 2017, respectively, at cost	(3,030,125)	(2,905,448)
Total stockholders' equity	9,058,328	10,286,351
Total liabilities and stockholders' equity	$ 9,075,869	$ 10,319,585

The accompanying notes are an integral part of these financial statements.

BILOXI MARSH LANDS CORPORATION

STATEMENTS OF REVENUES AND EXPENSES
INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Revenues:		
Oil and gas	$ 21,398	$ 48,032
Surface rentals	-	55,000
Total oil and gas revenues	$ 21,398	$ 103,032
Other income (loss):		
Loss from investment in partnership	(1,972,854)	(741,597)
Dividends and interest income	115,035	105,771
Gain on settlement	86,967	-
Gain of sale of securities	1,591,104	548,455
Surface rentals	67,605	61,885
Total other income (loss)	$ (112,143)	$ (25,486)
Total revenues and other income (loss)	$ (90,745)	$ 77,546
Expenses:		
Compensation and salaries	190,500	189,000
Employee benefits	8,435	9,552
Association dues	7,575	7,500
Accounting and auditing	46,800	52,500
Consultants	25,717	39,784
Amortization - geological and geophysical costs - fee lands	-	8,224
Depreciation	11,228	352
Directors' fees	47,250	48,000
Insurance	84,203	83,482
Surface patrolling and oversight	22,534	21,498
Legal fees	120,926	61,245
Other	33,308	31,394
Portfolio management	41,434	44,572
Taxes and licenses	95,850	103,306
Rent	31,021	30,645
Shareholder relations	14,283	12,860
Total expenses	781,064	743,914
Net loss before income taxes	(871,809)	(666,368)
Income tax benefit	(21,264)	-
Net loss - income tax basis	$ (850,545)	$ (666,368)
Net loss per share - income tax basis	$ (0.34)	$ (0.26)

The accompanying notes are an integral part of these financial statements.

BILOXI MARSH LANDS CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Common stock		Treasury stock		Retained	
	Shares	Amount	Shares	Amount	earnings	Total
Balance, December 31, 2016	2,851,196	$ 47,520	316,168	$ (2,842,625)	$ 14,064,150	$ 11,269,045
Net loss - income tax basis	-	-	-	-	(666,368)	(666,368)
Purchase of treasury shares	-	-	7,020	(62,823)	-	(62,823)
Dividends	-	-	-	-	(253,503)	(253,503)
Balance, December 31, 2017	2,851,196	$ 47,520	323,188	$ (2,905,448)	$ 13,144,279	$ 10,286,351
Net loss - income tax basis	-	-	-	-	(850,545)	(850,545)
Purchase of treasury shares	-	-	15,000	(124,677)	-	(124,677)
Dividends	-	-	-	-	(252,801)	(252,801)
Balance, December 31, 2018	2,851,196	$ 47,520	338,188	$ (3,030,125)	$ 12,040,933	$ 9,058,328

The accompanying notes are an integral part of these financial statements.

BILOXI MARSH LANDS CORPORATION

STATEMENTS OF CASH FLOWS
INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss - income tax basis	$ (850,545)	$ (666,368)
Adjustments to reconcile net loss - income tax basis to net cash used in operating activities:		
Depreciation	11,228	352
Amortization - geological and geophysical costs - fee lands	-	8,224
Gain on sale of securities	(1,591,104)	(548,455)
Loss from investment in partnership	1,972,854	741,597
Deferred income tax expense	(104)	-
Change in operating assets and liabilites:		
Accounts and interest receivable	(77,215)	1,338
Prepaid expenses	(27)	(1,349)
Income taxes receivable	(20,752)	3,357
Accrued expenses	(15,693)	3,257
Net cash used in operating activities	(571,358)	(458,047)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of securities	7,005,387	5,255,841
Purchase of securities	(5,096,712)	(6,226,200)
Investment in partnership	(1,125,000)	-
Purchase of furniture and equipment	(11,151)	-
Net cash provided by (used in) investing activities	772,524	(970,359)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Treasury stock purchased	(124,677)	(62,823)
Dividends paid	(252,801)	(253,503)
Net cash used in financing activities	(377,478)	(316,326)
Net decrease in cash and cash equivalents	(176,312)	(1,744,732)
Cash and cash equivalents, beginning of year	2,209,949	3,954,681
Cash and cash equivalents, end of year	$ 2,033,637	$ 2,209,949
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for income taxes	$ -	$ -

The accompanying notes are an integral part of these financial statements.

(1) Summary of Significant Accounting Policies

Nature of Operations

Biloxi Marsh Lands Corporation (the Company) is a Delaware corporation whose principal assets are surface and mineral rights to approximately 90,000 acres of marsh land in St. Bernard Parish, Louisiana, which from time to time generates revenues from mineral activities including lease bonuses, delay rentals, royalties on oil and natural gas production, and surface rentals.

The Company owns an interest in B&L Exploration L.L.C. (B&L). B&L is engaged principally in the exploration for and development of oil and natural gas resources through various ownership interests in oil and natural gas properties located in Louisiana and Texas.

Basis of Accounting

The accompanying financial statements – income tax basis are presented in accordance with the accrual method of tax accounting used for federal income tax reporting purposes. Under this method of accounting, revenues are generally recorded when earned, and expenses are recognized when incurred. The accompanying financial statements – income tax basis are not intended to present the financial position and results of operation of the Company in conformity with accounting principles generally accepted in the United States of America.

Because many types of transactions are susceptible to varying interpretations under federal and state income tax laws and regulations, the amounts reported in the financial statements – income tax basis may be subject to change at a later date upon final determination by the taxing authorities.

Use of Estimates

The process of preparing financial statements – income tax basis requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to accrued amounts as of the date of the financial statements – income tax basis. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include $1,930,895 and $2,162,422 of investment money market funds with an initial term of less than three months at December 31, 2018 and 2017, respectively.

(1) Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are recorded at invoiced amount and do not bear interest. Amounts collected on accounts receivable are included in net cash used in operating activities in the statements of cash flows – income tax basis. Account balances are charged off after all means of collection have been exhausted and the potential for recovery is remote.

Investment Securities

Under the income tax basis of accounting, investment securities are recorded at cost in the statements of assets, liabilities, and stockholders' equity – income tax basis. Unrealized gains and losses are excluded from earnings until realized. Realized gains and losses from the sale of equity securities are determined on a specific-identification basis. Dividend income is recognized when received. Interest income is recognized when earned.

Land and Equipment

Land and equipment are stated at cost. The Company had depreciation expense of $11,228 and $352 in 2018 and 2017, respectively. Repair and maintenance costs are expensed when incurred.

Depreciation of property is provided for in amounts sufficient to recognize their cost over their estimated service lives using the Modified Accelerated Cost Recovery System (MACRS) rates as indicated for federal income tax purposes. Capitalized geological and geophysical costs are amortized over a 24-month period.

Investment in Partnership

The Company owns an interest in B&L Exploration, L.L.C. (B&L), an oil and gas exploration business. B&L has commissioned reserve studies, which were completed by independent reservoir engineering firms. These reserve studies estimate that B&L has proved reserves in natural gas and oil attributable to its mineral properties. Additionally, B&L has various ownership interests in oil and gas properties on which wells are being drilled, completed, or are yet to be drilled that are not included within the proved reserve estimates. The proved reserve estimates are not included in the table below summarizing financial information - income tax basis of B&L.

The Company owns a 75% interest in B&L. The remaining 25% interest in B&L is owned by Lake Eugenie Land & Development, Inc. The members participate in current and future projects based on their respective 75% and 25% membership interests. The carrying amount of the investment in B&L was $217,654 and $1,065,508 at December 31, 2018 and 2017, respectively.

(1) Summary of Significant Accounting Policies (continued)

Investment in Partnership (continued)

Under the income tax method of accounting, the Company accounts for its membership percentage on the equity method whereby the Company recognizes its share of income and losses of the investment. The Company recognized net losses of $1,972,854 and $741,597 in 2018 and 2017, respectively. The losses included net reductions in costs of $109,091 and $1,545,543 in 2018 and 2017 respectively, representing intangible drilling costs that the Company elected to capitalize and the amortization of those costs. The capitalized costs will be amortized over a period of 60 months. The Company made capital contributions of $1,125,000 and $0 in 2018 and 2017, respectively.

Revenue Recognition

Under the accrual method of tax accounting, the Company recognizes revenue in the period in which all events have occurred that fix the right to receive the revenue, and the amount can be determined with reasonable accuracy.

Treasury Stock

The Company follows the cost method of accounting for treasury stock transactions.

Income Taxes

Under the income tax basis of accounting, income taxes are accounted for based on an estimate of current federal and state income tax expense. Income tax (benefit) expense includes federal and state taxes currently (receivable) payable as well as deferred taxes.

Operating loss and tax credit carryforwards are recognized as reductions to net deferred income tax liabilities, if it is likely that their benefit will be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those 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.

In 2018, the Company adopted Accounting Standards Update (ASU) 2015-17, *Balance Sheet Classification of Deferred Taxes* (ASU 2015-17), which requires entities to present deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet. The prior year deferred tax asset has also been reclassified as noncurrent. Other than this reclassification, the adoption of ASU 2015-17 did not have an impact on the Company’s financial statements.

Under the income tax basis of accounting, the Company does not recognize a liability for uncertain tax positions until agreement and settlement is reached with the taxing authority.

(1) Summary of Significant Accounting Policies (continued)

Net Loss Per Share

Net loss per share – income tax basis is calculated by dividing net loss – income tax basis by the weighted average common stock shares outstanding during the period.

Commitments and Contingencies

Under the income tax basis of accounting, liabilities for loss contingencies, including environmental remediation costs, arising from claims, assessments, litigation, fines and penalties, and other sources, are not recorded until paid. Commitments and contingencies, if material, are disclosed even if not paid as of the financial reporting date.

Gain on Settlement

During 2018, the Company accrued a settlement collection for its wetlands real property claim under the Halliburton Energy Services Inc. and Transocean Ltd. Settlement Program. The Company will receive $86,967, net of the Company's $15,347 legal fees.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

(2) Investments in Investment Securities

The cost basis, unrecorded gross unrealized gains, unrecorded gross unrealized losses, and fair value of corporate bonds and equity securities as of December 31, 2018 and 2017 were as follows:

	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value
At December 31, 2018:				
Corporate bonds	$ 893,514	$ -	$ (103,844)	$ 789,670
Equity securities	5,503,590	22,975	(1,388,012)	4,138,553
	$ 6,397,104	$ 22,975	$ (1,491,856)	$ 4,928,223
At December 31, 2017:				
Corporate bonds	$ 893,514	$ 15,457	$ (1,140)	$ 907,831
Equity securities	5,821,161	647,155	(437,717)	6,030,599
	$ 6,714,675	$ 662,612	$ (438,857)	$ 6,938,430

(2) Investments in Investment Securities (continued)

Maturities of corporate bonds were as follows at December 31, 2018:

	Cost basis	Fair value
Due within one year	$ 300,765	$ 206,625
Due after one through six years	592,749	583,045
	$ 893,514	$ 789,670

(3) Investment in Partnership

Summary financial information – income tax basis of B&L as of and for the years ended December 31, 2018 and 2017 (on the income tax basis of accounting) is as follows:

	2018	**2017**
Financial position – income tax basis:		
Current assets	$ 512,343	$ 1,219,947
Other assets	73,002	59,406
Mineral properties and equipment, net	2,378,629	2,538,774
Total assets	$ 2,963,974	$ 3,818,127
Total liabilities	$ 4,700,254	$ 4,278,481
Members' deficit	(1,736,280)	(460,354)
Total liabilities and members' deficit	$ 2,963,974	$ 3,818,127
Results of operations – income tax basis		
Revenues	$ 1,602,597	$ 3,155,435
Net loss	$ (2,775,926)	$ (3,049,521)

The Company is a co-guarantor of a $7,500,000 revolving line of credit with a bank to be utilized by B&L. The Company has granted a security interest in its investment portfolio as collateral to back its guarantee. From time to time, B&L utilizes the credit facility during the ordinary course of its oil and gas operations, mainly to fund projects, which B&L operates. The line of credit expires November 9, 2019. B&L had outstanding borrowings of $3,805,000 and $2,375,000 under the revolving line of credit as of December 31, 2018 and 2017. As of December 31, 2018, there are no indications that the Company will be required to perform under the terms of the guarantee.

(4) Income Taxes

Components of income tax expense (benefit) are as follows:

	2018			2017		
	Current	Deferred	Total	Current	Deferred	Total
Federal	$ (21,160)	$ (104)	$ (21,264)	$ -	$ -	$ -
State	-	-	-	-	-	-
Total income tax expense (benefit)	$ (21,160)	$ (104)	$ (21,264)	$ -	$ -	$ -

Deferred income taxes have been recorded in the accompanying statements of assets, liabilities, and stockholders' equity – income tax basis for the tax effects of temporary differences that impact the financial statements and income tax returns in different periods, offset partially by carryforwards for federal and state income tax purposes of unused net operating losses and tax credits. The primary components of deferred tax assets are as follows:

	2018	2017
Deferred tax assets:		
Tax credit carryforwards	$ 21,159	$ 21,055

Nontaxable revenues and nondeductible expenses may result in reporting net income for tax basis financial statements that differs from taxable income reported on the tax return. The reconciliation of U.S. federal statutory and effective income tax rates is shown below:

	2018		2017	
Statutory rate	$ (183,080)	(21.00) %	$ (233,229)	(35.00) %
Tax credits	(21,264)	2.40 %	-	-
Effect of net operating losses carried forward	187,462	21.50 %	245,547	36.80 %
Other (net)	(4,382)	(0.50) %	(12,318)	(1.80) %
Effective tax rate	$ (21,264)	2.40 %	$ -	(0.00) %

Management has not recorded any deferred tax assets as of December 31, 2018 on net operating loss carry forwards due to the lack of certainty that it is more likely than not that the deferred tax assets will be realized through future operations.

Federal alternative minimum tax credits of $21,159 had unlimited carryforward periods. Under the Tax Jobs and Cuts Act of 2017, these credits became refundable in stages with the refundable credit becoming 100 percent in taxable years beginning in 2021.

Net operating loss (NOL) carryforwards outstanding of $2,651,486 federal and $3,100,742 state as of December 31, 2018, begin to expire in 2034 and 2035, respectively.

(5) Stockholders' Equity

Common Stock

Holders of common stock are entitled to one vote per share, to receive dividends, and, upon liquidation or dissolution, are entitled to receive all assets available for distribution to stockholders.

Rights Plan

On November 6, 2003, the board of directors of the Company adopted a shareholder rights plan. Pursuant to the rights plan by and between the Company and the Company (as Rights Agent), authorized and declared a dividend of one preferred share purchase right for each outstanding share of common shares of the Company on November 20, 2003. Each right entitles the holder to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock, with a par value of $0.001, at an initial price of $90.00 per one one-hundredth of a share. The purchase price shall be subject to adjustment from time to time as more fully described in the Rights Agreement. The rights, however, will not become exercisable unless and until, among other things, any person acquires 15% or more of the outstanding common shares of the Company. If a person acquires 15% or more of the outstanding common shares (subject to certain conditions and exceptions more fully described in the Rights Agreement), each right will entitle the holder (other than the person who acquired 15% or more of the outstanding common shares) to purchase preferred stock of the Company at a favorable price. On April 24, 2013, the board of directors of the Company reauthorized the shareholder rights plan dated November 6, 2003 for another ten-year term. Unless reauthorized, the shareholder rights plan will expire on October 31, 2023.

Treasury Stock

On December 14, 2015, the board of directors authorized the purchase of up to 30,000 shares of its common stock. The purchases will be made from time to time on the open market at the sole discretion of the Company. All shares purchased will be held as treasury stock. As of December 31, 2018, the Company has acquired 22,020 shares.

Dividends

At its December 14, 2017 meeting, the board of directors declared a dividend of $.10 per outstanding share of common stock payable on January 3, 2018 to shareholders of record as of the close of business on December 29, 2017. At its December 18, 2018 meeting, the board of directors declared a dividend of $.10 per outstanding share of common stock payable on January 9, 2019 to shareholders of record as of the close of business on December 31, 2018.

(6) Commitments and Contingencies

From time to time, the Company is involved in legal actions to defend title to its property. In the opinion of management, these matters are necessary to protect the Company's interests and the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

(7) Related Parties

A member of the board of directors is a partner in a law firm that represents the Company. From time to time, this firm provides legal counsel to the Company and is paid for services provided.

(8) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 14, 2019, and determined that there were no subsequent events that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

BILOXI MARSH LANDS CORPORATION

SCHEDULES OF MARKETABLE SECURITIES
DECEMBER 31, 2018 AND 2017

	2018				2017			
Company description	Shares/ face value	Cost	Fair value	Unrealized gains (losses)	Shares/ face value	Cost	Fair value	Unrealized gains (losses)
Common stock:								
2U Inc.	2,900	$ 230,313	$ 144,188	$ (86,125)	9,000	$ 401,815	$ 580,590	$ 178,775
3 D Systems Corp	14,400	267,801	146,448	(121,353)	14,300	290,772	123,552	(167,220)
Abbott Laboratories	3,600	256,767	260,388	3,621	6,800	300,329	388,076	87,747
Axon Enterprise Inc.	4,100	260,361	179,375	(80,986)	15,800	432,018	418,700	(13,318)
Cypress Semiconductor Corp.	17,500	298,255	222,600	(75,655)	17,500	298,255	266,700	(31,555)
EBIX Inc.	4,600	354,338	195,776	(158,562)	5,300	299,105	420,025	120,920
Euronet Worldwide, Inc.	2,300	266,793	235,474	(31,319)	4,000	357,606	337,080	(20,526)
Financial Engines Inc.	-	-	-	-	11,650	443,615	352,995	(90,620)
First Hawaiian Inc.	10,600	348,989	238,606	(110,383)	10,600	348,989	309,308	(39,681)
Howard Hughes Corp.	2,830	353,892	276,265	(77,627)	2,830	353,892	371,494	17,602
Kearny Financial Corp.	22,100	314,434	283,322	(31,112)	22,100	314,434	319,345	4,911
Leggett & Platt Inc.	5,800	300,900	207,872	(93,028)	5,800	300,900	276,834	(24,066)
LKQ Corp.	9,400	303,861	223,062	(80,799)	9,400	303,861	382,298	78,437
Pool Corporation	1,630	227,684	242,300	14,616	2,900	314,070	375,985	61,915
Progressive Co.	3,600	258,423	217,188	(41,235)	-	-	-	-
Steris PLC	2,010	215,635	214,769	(866)	4,400	354,779	384,868	30,089
Visa, Inc.	1,800	256,946	237,492	(19,454)	3,200	298,105	364,864	66,759
Wabco Holdings Inc.	2,380	250,731	255,469	4,738	-	-	-	-
Weight Watchers Intl Inc.	4,970	328,851	191,594	(137,257)	-	-	-	-
Western Digital Corp.	4,500	408,616	166,365	(242,251)	4,500	408,616	357,885	(50,731)
Total common stock		5,503,590	4,138,553	(1,365,037)		5,821,161	6,030,599	209,438
Corporate bonds:								
JP Morgan Chase & Co.	300,000	299,484	298,045	(1,439)	300,000	299,484	302,581	3,097
LKQ Corp	300,000	293,265	285,000	(8,265)	300,000	293,265	305,625	12,360
PHI Inc.	300,000	300,765	206,625	(94,140)	300,000	300,765	299,625	(1,140)
Total corporate bonds		893,514	789,670	(103,844)		893,514	907,831	14,317
Total marketable securities		$ 6,397,104	$ 4,928,223	$ (1,468,881)		$ 6,714,675	$ 6,938,430	$ 223,755

See accompanying independent auditors' report.