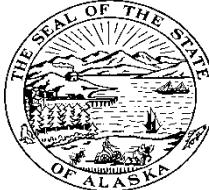


ALASKA STATE LEGISLATURE

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Session

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Sponsor Statement

Senate Bill 203

AIDEA Bonds for Graphite Creek Project

Senate Bill 203 authorizes the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of the Graphite Creek Project on the Seward Peninsula. The principle amount of the bonds may not exceed \$80,000,000.

Graphite is among 23 metals and minerals the United States Geological Survey has deemed critical to the national economy and national security of the United States. Graphite is of utmost importance as an anode material in lithium batteries powering electric vehicles and a rapidly expanding number of electronic devices.

Currently the US is totally reliant on foreign countries for a supply of this critical battery ingredient. On the Seward peninsula, the Kigluaik Mountains' vast flake graphite deposits represent the largest known graphite resource in the US.

In 2016 the US needed 39,500 metric tons of natural graphite. Significantly, Tesla's new lithium battery Giga-factory, located in Nevada, is scheduled for production in late 2018 or early 2019. This factory alone will require 93,000 tons per year of flake graphite.

A proposed processing plant at Graphite Creek would annually produce 60,000 metric tons of graphite concentrates. A 2017 study shows that the Graphite Creek Project has the potential to produce a significant portion of projected domestic demand for graphite in the US for decades.

I ask for your support of Senate Bill 203.