



Background to AIDEA's \$80 Million Bond Authorization Limit

SB 203 -2- SB0203A: "The principal amount of the bonds provided by the Alaska Industrial Development and Export Authority for the Graphite 1 Creek graphite project may not exceed \$80,000,000 and may include the costs of issuing bonds considered reasonable and appropriate by the Alaska Industrial Development and Export Authority."

1. Construction of a mine access road and related infrastructure:	\$42 million
a. No existing road access. Project has helicoptered-in to date.	
b. Initial option examined connects Nome-Teller Highway to the mine site (22 mile). Bridges required in some areas to avoid impacting water areas. Other route options to be examined in feasibility.	
c. Road would be all weather operating 12 months of the year. Expected to be gated, restricted access. Discussion with villages regarding allowing their use on authorized basis.	
d. Cost allocation assumes unit costs similar to those reviewed by AIDEA for Ambler Road project (detailed design completed, all weather). Detailed engineering estimate will be in the FS.	
2. Construction & commissioning of Site Power Generation and related infrastructure (main switch yard, distribution):	\$20 million
a. Option examined to date is diesel generation, 6 megawatts capacity.	
b. Provides projected load for mine, processing plant and related infrastructure.	
3. Construction & Commissioning of Port Improvements :	\$ 5 million
a. Concentrate expected to be loaded in closed containers at the processing plant adjacent to the mine, then containers trucked to the port, containers stored and loaded to barges during shipping season.	
b. Cost is for infrastructure at the port (Nome or Port Clarence) to unload & store containers and then load containers to barges.	
4. Revenue Bond Contingency (20%):	\$13 million
a. Standard AIDEA contingency	
	TOTAL: \$80 million

Final engineering and design will establish the estimated costs of the infrastructure elements that AIDEA will complete its diligence on and provide the basis for its decision on the ultimate funding for the project within the authorization limits of the proposed legislation.

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