



March 9, 2018

Senator Donny Olson
Alaska State Legislature
State Capitol Room 510
Juneau AK, 99801

RE: Support for SB203

Dear Senator Olson:

On February 27th, public testimony was heard concerning SB203A, a bill that would provide a mechanism for AIEDA to support critical infrastructure for the Graphite Creek project, now being developed on the Seward Peninsula.

As you are well-aware, economic opportunities for the residents of the Bering Strait region are almost non-existent. Most employment occurs in the service and governmental sectors, but there are currently no long-term projects or developments that could significantly reduce the unemployment and poverty that plague our communities.

Bering Straits Native Corporation has been in discussions with the Graphite One team to coordinate employment opportunities for our shareholders and residents, should the Graphite Creek mine come in to production. These discussions have been positive and BSNC anticipates working with Graphite One to develop in-region training programs and workforce development. We have also emphasized the need for protecting the irreplaceable subsistence resources our people depend upon. There are a number of research and permitting hurdles to overcome before any “go, no-go” decision is reached for the construction of the mine. Environmental and economic impacts will be evaluated and addressed during this process. Therefore, BSNC would like to take this opportunity to express support for the planning and permitting process for the Graphite One project. Until these activities are completed, there is no certainty that the project can, or should, go into production.

SB203A would allow AIEDA to issue bonds for the construction of the infrastructure necessary to support the Graphite Creek project. The construction of an access road, port improvements, and power generation to support the mine would be funded through AIEDA and would be owned by AIEDA as well; a model similar to the one that made Red Dog Mine a reality in the late 1980’s. Such infrastructure would only be constructed if the permitting (i.e. environmental requirements) are fulfilled and if Graphite One determines the project is economically feasible. A preliminary economic feasibility assessment (PEA) has already been completed, but the company needs further investment to move the program through the permitting and design phases. It is important that the Graphite Creek project continue with the pre-planning, design, and permitting, and SB203A provides critical



support by the State of Alaska in a project that could develop into a major economic engine for western Alaska. **BSNC supports SB203A as a measure that has the potential to be a catalyst for developing economies within our region's communities.**

During the hearing on February 27th, a number of people voiced their opposition to the Graphite Creek project. From the testimony presented it would appear that the residents of the region oppose a mine and oppose the use of funds for such infrastructure while there are shortages of basic services in the region. People spoke of their concern for the nearby moose habitat as well as the red salmon run that annually travels the nearby waters of Imuruk Basin. Such concerns are shared by most residents of the region. However, there are many that understand the need for developing the resources of the region for local benefit and accept that the permitting process will effectively guard against significant impacts from such development. Additional meetings held in Nome and communities would provide a more balanced view of residents' support and understanding of the Graphite Creek project.

Please contact Matt Ganley, VP Media and External Affairs, at (907)632-7197 (mganley@beringstraits.com), if you have further questions or concerns.

Sincerely,

A handwritten signature in black ink that appears to read "Gail R. Schubert".

Gail R. Schubert
President & CEO