

**CALIFORNIA ALTERNATIVE ENERGY AND
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

***Consideration of Simbol, Inc.'s Request to Waive a 25% Purchase Requirement under the SB
71 Program***

Tuesday, December 13, 2011

Prepared By: *Heather Williams*

Applicant – Simbol, Inc.

Location – Brawley, Calipatria and Niland, Imperial County

Industry – Lithium and Battery Material Mining and Manufacturing

Project – New Facility to Mine Lithium and Other Battery Material from an Existing
Geothermal Energy Plant to Produce Battery-Grade Lithium Compounds

Value of Qualified Property – \$42,484,174

Estimated Sales and Use Tax Exclusion Amount¹ – \$3,866,060

Amount of Time Requested: 1 year (December 15, 2012)

SUMMARY

Simbol, Inc. (“Simbol” or the “Applicant”) was approved by the CAEATFA Board on December 15, 2010 for the purchase of \$42,484,174 in Qualified Property for a new lithium mining facilities in Brawley, Calipatria and Niland, Imperial County. The SB 71 Program (“Program”) requires that Simbol purchase 25% (\$10,621,044) of the total approved Qualified Property within the first year (Regulation Section 10035(c)(1)), the “25% Purchase Requirement.” This requirement serves as an indicator of readiness and assists in incentivizing timely economic activity. The 25% Purchase Requirement can be waived by the Board upon a finding that it is in the public interest and advances the purposes of the Program (Regulation Section 10035(c)(1)(A)).

As of December 1, 2011 Simbol has conveyed only \$1,357,732.45 in Qualified Property (3% of total amount approved). On September 21, 2011, CAEATFA staff sent the Applicant a courtesy reminder of the 25% Purchase Requirement. Simbol responded by requesting an extension of the 25% Purchase Requirement to December 15, 2012 to accommodate unforeseen delays in the Project’s permitting process, construction planning and raising project capital (Attachment A).

About the Applicant

Simbol, Inc was incorporated on May 10, 2007 in Delaware. Simbol is a lithium and battery materials mining and manufacturing company headquartered in Pleasanton, California.

¹ This amount is calculated based off of the average statewide sales tax rate of 9.1% at the time the Application was approved by the Board. The current anticipated STE is \$3,441,218, calculated at 8.1%.

Project Description

Simbol's Application approved by the CAEATFA Board was for the mining and manufacturing of lithium and other compounds to sell to third parties for the production of lithium-ion batteries targeting low- or zero-emission, advanced technology vehicles (xEV's), including electric vehicles (EV's) plug-in hybrid electric vehicles (PHEV's), hybrid electric vehicles (HEV's) and electric bicycles and motorcycles (e-bikes) and energy storage technologies. Simbol anticipates a portion of its products will be used for the production of batteries for consumer products as well, and believes the percentage will decrease as the demand for electrical vehicles increases over time. Simbol's manufacturing process relies on co-locating with a geothermal power generation plant, and extracting lithium, manganese, and zinc compounds from the geothermal "brine" that the power plant uses as a heat source to generate energy. Simbol has a long term contract with EnergySource LLC to co-locate Simbol's facilities at its geothermal power plant in Imperial County.

Waiver Request

Simbol has requested a waiver of the 25% Purchase Requirement due to delays in the Project's permitting process, construction planning and raising project capital:

- Simbol has purchased and installed some equipment; however, it has experienced delays in the permitting process for the County Conditional Use Permit and California Environmental Quality Act (CEQA) process. Simbol expects to have those permits in hand by early 2nd Quarter of 2012.
- During the construction planning phase Simbol discovered that some of the electrical requirements needed for the facility were not in place. Delays were incurred to develop the plans and support needed to add the infrastructure support systems, including upgrades to existing transmission lines, a required new transmission line and an electrical substation. The modifications to the infrastructure plans may trigger an Environmental Impact Review (EIR) which may take an additional 6-12 months.
- Lastly, it has taken Simbol longer than anticipated to raise the capital needed to complete the Project. Simbol is currently finishing negotiations on two different capital-raising options and should have the financing in place by the time the permits are awarded.

Despite these delays, Simbol represents it will be able to execute the Project within the three-year planned period. Pending successful permitting, Simbol represents it is poised to enter a steep spending curve with purchase commitments that will fulfill the requirements of the Program.

Staff Evaluation

According to the Program's evaluation process at the time of initial Board approval, the Project is anticipated to produce a net benefit of an estimated \$6,244,717 with an anticipated fiscal benefit of \$9,552,414 and anticipated environmental benefit of \$558,363 over the life of the equipment (weighted average of 19.66 years). The approved Project is anticipated to support a total of 112 permanent jobs and 100 temporary construction jobs.

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Application No. 10-SM010

Simbol has represented that a one year time extension will allow the Project to move forward. Granting the waiver will allow the Project to proceed in accordance with the law. Simbol has further represented that the delays in the permitting process, construction planning and raising project capital were unanticipated and could not be reasonably avoided. Simbol has also represented that the Project remains the same as it was at the time of initial Board Approval. Based on the foregoing, staff believes that extending the 25% Purchase Requirement is consistent with the intent of the Program, is in the public interest, and advances the purposes of the Program.

Staff Recommendation: Staff recommends that the Board find it is in the public interest and advances the purposes of the Program to extend the 25% Purchase Requirement to December 15, 2012 pursuant to Regulations Section 10035(c)(1)(A).

Attachments

Attachment A: Simbol's Letter Requesting Waiver dated October 19, 2011

Attachment B: Simbol's Supplemental Letter dated November 29, 2011

Attachment C: Staff Summary/Project Description approved by the CAEATFA Board on
December 15, 2010

**A RESOLUTION OF
CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION
FINANCING AUTHORITY APPROVING A TIME EXTENSION OF THE 25%
PURCHASE REQUIREMENT**

December 13, 2011

WHEREAS, on December 15, 2010 the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”), a public instrumentality of the State of California, approved a Sales Tax Exclusion (“STE”) in the amount of \$42,484,174 of Qualified Property for **Simbol, Inc.** (the “Applicant”); and

WHEREAS, within one year of approval by the Authority, the Applicant must make purchases of Qualified Property totaling not less than twenty-five percent (25.0%) of the total amount listed in the approval resolution (Regulations Section 10035(c)(1));

WHEREAS, upon a finding that it is in the public interest and advances the purposes of the Program, the Authority may waive the requirement that the Applicant purchase at least twenty five percent (25.0%) of Qualified Property within one year of Board Approval (Regulations Section 10035(c)(1)(A)); and

WHEREAS, the Applicant has requested a waiver for the requirement to purchase 25% of Qualified Property within one year to address unanticipated and unavoidable delays in the Project’s environmental permitting process, and extend the term from December 15, 2011 to December 15, 2012; and

WHEREAS, Granting the waiver will allow the project to proceed and the state to receive the anticipated environmental and economic benefits that justified the initial approval of the project in accordance with the law, thereby advancing both the public interest and the purposes of the program.

NOW THEREFORE BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Authority finds that it is in the public interest and advances the purposes of the Program to waive the requirement that the first year purchases of Qualified Property are at least twenty-five percent (25.0%) of the total amount listed in the approval resolution, and extend the term to December 15, 2012.

Section 2. This resolution shall take effect immediately upon its passage.

Attachment A: Simbol's Letter Requesting Waiver



Luka Erceg
President and CEO
lerceg@simbolinc.com
d 925.226.7414
o 925.226.7400
f 925.226.7403

October 19, 2011

Ms. Christine Solich
Executive Director
California Alternative Energy and
Advanced Transportation Financing Authority
915 Capitol Mall, Room 457
Sacramento, CA 95814

Re: Request for Wavier of the Expenditure Obligation under SB 71 Advanced Transportation and Alternative Source Manufacturing Sales and Use Tax Exclusion Program

Dear Ms. Solich:

Thank you for your letter dated September 21, 2011. I apologize for the late response. I have been traveling internationally for the past several weeks, and I did not receive the letter until my return yesterday.

Summary

To date, Simbol Materials has made qualified purchases of \$1,056,648 with additional pending that has enabled us to achieve significant project milestones including:

- Purchased and installed equipment successfully used to initiate commercial production of the High-purity lithium carbonate plant (first major deliverable on Project Scope),
- Purchased and installed equipment for Lithium Hydroxide Crystallization (second major deliverable on Project Scope),
- Purchased, installed, and completed equipment upgrades to the Demonstration Plant that has been in operation throughout the year (third major deliverable), and,
- Purchased the property and completed an upgraded design for the Initial Commercial Plant and geothermal interconnects based on key learnings.

While we have completed these and other project deliverables, I must report to you, however, that Simbol Materials does not expect to be able to meet the Expenditure Obligation (25% requirement) by December 15, 2011 primarily due to permit related delays. We are continuing to develop our project and fully expect to spend the entire SB 71 amount within the three-year period as we laid out in our application. The only change in our project which we believe is vital to the public interest and advances the purposes of the sales and use tax exclusion program, is the expected timing on the expenditures summarized in the upgraded Exhibit B Schedule.

Primary Reasons for Delay

- As with many capital intensive construction projects, we have experienced added delays in our permitting process. In particular, we have found that the County Conditional Use Permit and CEQA processes have taken longer than we expected. We still expect to have those permits in hand by early December, 2011. There is, however, a risk that we will not receive a

SIMBOL MATERIALS
6920 KOLL CENTER PARKWAY, SUITE 216, PLEASANTON, CALIFORNIA 94566

mitigated negative declaration for the CEQA permit, which would require us to do an Environmental Impact Review (EIR), which may take up to 6 to 12 months or more.

- During our construction planning phase, we discovered that some of the infrastructure requirements were not sufficient to support project objectives. Delays were incurred to develop the plans and support needed to add the infrastructure support systems primarily related to electrical supply. These changes will probably increase our overall project cost.
- In addition to the delays related to permitting and construction readiness, it has taken longer for us to raise the capital needed to complete the project. In today's economic environment, this is not easy. We are currently finishing negotiations on two different capital-raising options and should have the financing in place by the time the permits are awarded. The loss of this award would further complicate our capital-raising efforts.

Request for Extension

We remain highly confident in our ability to execute the project within the three-year planned period. To date, we have achieved the initial project deliverables which has also improved the quality of our commercial plant design and construction plans. Pending successful permitting, we are therefore poised to enter a steep spending curve with heavy purchase commitments that will fulfill the requirements of the program as originally envisioned.

Given the continued delays and uncertainty on permitting, however, I would like to request a waiver of the Expenditure Obligation and an extension of the deadline by at least 6 months, in accordance with Section 10035(C)(1)(i) of the regulations implementing the Advanced Transportation and Alternative Source Manufacturing Sales and Use Tax Exclusion Program. If all goes well with the permits, we should be able to spend the 25% within 6 months, but if we have to do an EIR, that may take an additional 6-12 months, as mentioned above.



Project in Public Interest

Simbol Materials remains committed to the project which we believe is vital to the public interest and advances the purposes of the sales and use tax exclusion program. In addition to creating 62 long-term jobs and approximately 100 jobs during the construction phase, the project will further advance the clean-energy and environmental goals of the State of California and this nation. We therefore kindly ask for your consideration of this extension.

Sincerely,

A handwritten signature in black ink, appearing to read 'Luka Erceg'.

Luka Erceg
President and CEO

Simbol Materials
October 19, 2011

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Attachment B: Simbol's Supplemental Letter



Luke Eroeg
President and CEO
leroe@simbolinc.com
d 925.228.7414
co 925.228.7400
f 925.228.7403

November 29, 2011

Ms. Cheryl Ide
Associate Treasury Program Officer
California Alternative Energy and
Advanced Transportation Financing Authority
915 Capitol Mall, Room 457
Sacramento, CA 95814

Dear Ms. Ide:

Thank you for your follow-up email regarding our requested extension dated October 29th, 2011.

Per our extension request, Simbol Materials has made significant progress and achieved critical milestones in our project as outlined in our SB71 application. As detailed in our prior extension request, however, the project has been delayed primarily due to continued permitting issues coupled with evolving infrastructure requirements. While we fully expect to spend the entire SB 71 amount within the three-year period as we laid out in our application, we will not be able to meet the Expenditure Obligation (25% requirement) by December 15, 2011. Per our prior letter, we continue to request a waiver of the Expenditure Obligation and an extension of the deadline by 12 months.

Delays: Infrastructure

As noted previously, the infrastructure requirements have continued to evolve from our initial application contributing to project delays:

- Simbol Materials electrical requirements are typical of a chemical manufacturing facility requiring reliable electrical feed. It was assumed that the electrical infrastructure, including transmission lines and substations, would largely be in place and sufficient to meet our requirements.
- Through our permitting process, however, it was determined the existing Imperial Valley Irrigation District (IID) electrical infrastructure were not sufficient and did not meet the requirements of the project (see in figure 1):
 - A) Upgrades required to existing transmission line: The existing transmission line from the Niland substation was built in 1985 and does not meet IID's current transmission standards. As a result, IID will rebuild most of the existing transmission line.
 - B) New transmission lines required: IID will construct approximately 1.1 miles of new 92 kV transmission line within a new transmission line corridor to connect to the Simbol Materials operational area.
 - C) New electrical substation will be required: In addition, Simbol Materials will be required to construct an electrical substation within the Simbol Project Area which will then be deeded to IID.

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6920 KOLL CENTER PARKWAY, SUITE 216, PLEASANTON, CALIFORNIA 94588

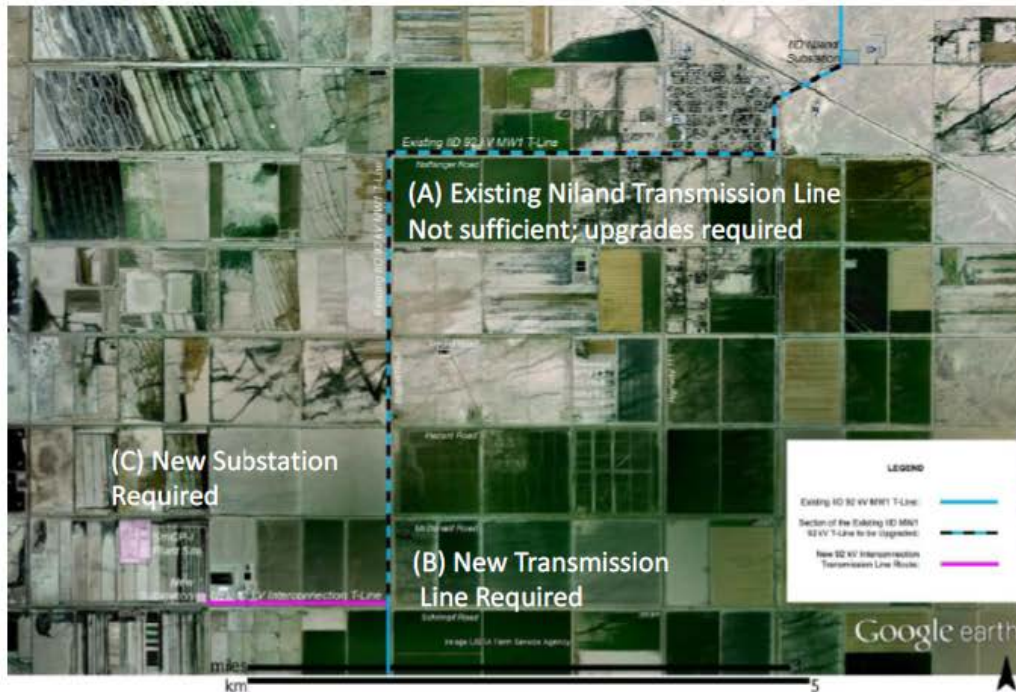


Figure 1 – Added Electrical Infrastructure Requirements

These and other added requirements were not anticipated during our SB71 application and have significantly added to the delays in achieving our Expenditure Obligation (25% requirement) by December 15, 2011.

Other Reasons for Delay

- Due in part to the evolving infrastructure requirements, we have experienced added delays in our permitting process. We now expect to have critical permits in hand in Q2 2012. There is, however, a risk that we will not receive a mitigated negative declaration for the CEQA permit, which would require us to do an Environmental Impact Review (EIR), which typically takes 6-12 months or more.
- As noted previously, in addition to the delays related to permitting and construction readiness, it has taken longer for us to raise the capital needed to complete the project. We are currently finishing negotiations on two different capital-raising options and should have the financing in place early in 2012. The loss of this award would further complicate our capital-raising efforts.

Request for Extension

In summary, we remain highly confident in our ability to execute the project within the three-year planned period. To date, we have achieved key milestones including further validation of our technology through the continued operation of our demonstration plant which has also improved the quality of our commercial plant design and construction plans. We have also initiated commercial production at our High Purity Lithium Carbonate Plant on September 28th, 2011. As important, we believe the requirements for the electrical infrastructure upgrades are well defined and advancing.

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Application No. 10-SM001**

Pending successful permitting, we are therefore poised to enter a steep spending curve, including significant outlays for the electrical infrastructure that will fulfill the requirements of the program as originally envisioned.

Given the continued delays and uncertainty, we again request a waiver of the Expenditure Obligation and an extension of the deadline by 12 months. If all goes well with the permits, we should be able to spend the 25% within this time period, but if we have to do an EIR, that may take an additional 6-12 months, as mentioned above.

Project In Public Interest

Simbol Materials remains committed to the project which we believe is vital to the public interest and advances the purposes of the Program. In addition to creating 62 long-term jobs and approximately 100 jobs during the construction phase, the project will further advance the clean-energy and environmental goals of the State of California and this nation. We again therefore kindly ask for your consideration of this extension. We would be pleased to meet in person to convey our progress to date, further detail the delays, and review our forward plans.

Sincerely,



Luka Erceg
President and CEO



Attachment C: Staff Summary at Board Approval

**CALIFORNIA ALTERNATIVE ENERGY AND
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

Request to Approve Project for SB 71 Sales and Use Tax Exclusion²

**SIMBOL MINING CORPORATION
Application No. 10-SM010**

Wednesday, December 15, 2010

Prepared By: *Deana Carrillo*

SUMMARY

Applicant – Simbol Mining Corporation

Location – Calipatria, Niland, and Brawley, Imperial County

Industry – Lithium and Battery Material Mining and Manufacturing

Project – New facilities to mine lithium and other battery material from an existing geothermal energy plant to produce battery-grade lithium compounds

Value of Qualified Property – \$42,484,174

Estimated Sales and Use Tax Exclusion Amount³ – \$3,866,060

Estimated Net Benefits: -- \$6,244,717

Application Score –

Fiscal Benefits Points:	2,471
<u>Environmental Benefits Points:</u>	<u>144</u>
Net Benefits Score:	2,615

<u>Additional Benefits Points:</u>	<u>80</u>
Total Score:	2,695

Staff Recommendation – Approval

² All capitalized terms not defined in this document are defined in the Program's statute and regulations.

³ This amount is calculated based on the average statewide sales tax rate of 9.1%.

THE APPLICANT

Simbol Mining Corporation (“Simbol” or “Applicant”) was incorporated on May 10, 2007 in Delaware. Simbol is a lithium and battery materials mining and manufacturing company headquartered in Pleasanton, California. Simbol plans to capture and produce lithium and other compounds to sell to third parties for the production of lithium-ion batteries targeting low- or zero-emission, advanced technology vehicles (xEV’s), including electric vehicles (EV’s) plug-in hybrid electric vehicles (PHEV’s), hybrid electric vehicles (HEV’s) and electric bicycles and motorcycles (e-bikes) and energy storage technologies. Simbol anticipates a portion of its products will be used for the production of batteries for consumer products as well, and believes the percentage will decrease as the demand for electrical vehicles increases over time.

Simbol’s manufacturing process relies on co-locating with a geothermal power generation plant, and extracting lithium, manganese, and zinc compounds from the geothermal “brine” that the power plant uses as a heat source to generate energy. Simbol has a long term contract with EnergySource LLC to co-locate Simbol’s facilities at its geothermal power plant in Imperial County.

The major shareholders (10.0% or greater) of Simbol are:

Mohr Davidow Ventures IX LP
Itochu Corporation
Firelake Investors Fund II LP

The corporate officers of Simbol are:

Luka Erceg – President and CEO
Stephen Harrison – Chief Technology Officer
Timothy Larrison – Chief Financial Officer

THE PROJECT

Simbol has developed proprietary technology to extract lithium, manganese, and zinc compounds from the hot water that geothermal power plants use to generate electricity. These compounds are key ingredients in lithium ion and other types of batteries. One of Simbol’s products, “Battery grade” lithium, can be used in a variety of end-products, including: electric vehicles, plug-in hybrid electric vehicles (PHEV’s), hybrid electric vehicles (HEV’s), electric bicycles and motorcycles (e-bikes), as well as cell phones, computers and other consumer goods.

The company claims in its application that its product qualifies as an “Advanced Transportation Technology” because its product will be used in electric car batteries. Because the demand for lithium for car batteries is currently limited due to the modest number of electric cars sold, Simbol plans to sell lithium initially to both makers of electric car batteries and makers of batteries used for consumer electronics or other uses. As demand for electric cars increases, Simbol plans to sell an increasing fraction of its output to makers of electric car batteries. Nevertheless, Simbol represents that its company was specifically established to produce lithium for the electrical vehicle battery industry, which is anticipated to grow significantly over the coming years.

Review of Project Eligibility

Because the Applicant's product can be used for both an Advanced Transportation purpose explicitly authorized by SB 71 (electric vehicles) as well as a non-authorized purpose (consumer electronics), CAEATFA staff has grappled with the issue of determining how to verify an Applicant's statements with respect to the intended market for its products.

According to the program regulations, the property that an Applicant purchases with the sales tax exclusion must be "used substantially" for the design, manufacture, production or assembly of Advanced Transportation Technologies. The regulations further define "substantial use" as being used 75 percent of the time.

In the case of Simbol, the Applicant does not have (a) existing customers in the Advanced Transportation market to which it intends to sell more or (b) contracts with new customers in the same market. Instead, the Applicant represents that it ultimately intends to sell substantially all of its products to the electric vehicle battery market, and has provided as support for this statement a large volume of materials, including the following:

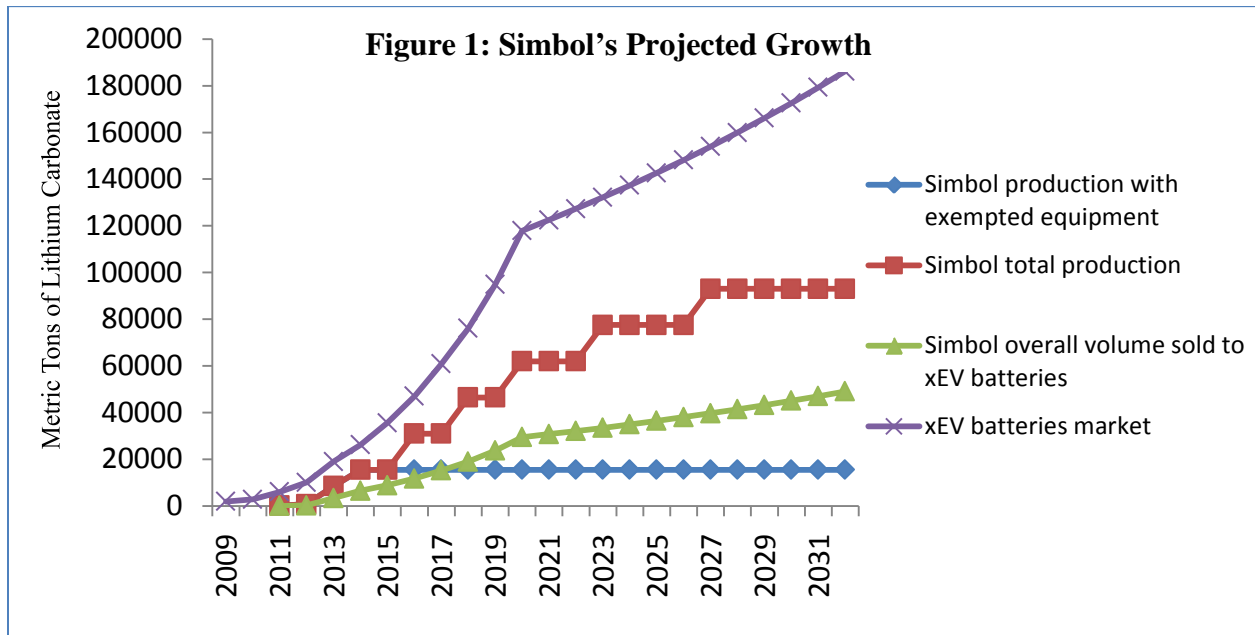
1. Third party projections documenting a substantial increase in lithium demand from the electric car industry.
2. Statements from several of its investors indicating their investment was based on "Simbol's ability to satisfy the emerging needs of the electric vehicle industry."
3. A marketing agreement covering 55% of Simbol's output with a Japanese company that has ties to electric vehicle companies.
4. An internal company projection indicating that it intends to capture 25% of global xEV battery lithium market in the next several years.⁴
5. The Applicant's anticipation that utility-scale energy storage using lithium-ion batteries will be a fast growing market in the next two decades, supported by the recent passage of Assembly Bill 2514.
6. A competitive advantage the Applicant may have over other lithium manufacturing companies by being located in one of the largest markets for xEVs (CA & US) in the world.
7. A statement from the Applicant indicating that its long-term plans include purchasing additional equipment to accommodate battery grade lithium sales for non- Advanced Transportation uses. These additional purchases are not the subject of this Application, and would not be Qualified Property under the Program.

Using this documentation as support, the company projects that, although it will initially sell lithium to both the (authorized) Advanced Transportation market and the (unauthorized) other lithium markets, over a 10 year period it expects to sell 78 percent of its output into the Advanced Transportation market. This overall average includes an early period in which a relatively small fraction of the output is sold into this market and a later period in which 100 percent of its products will be sold to the electrical vehicle battery market. The legal documents

⁴ The company represents that there are currently only three other low-cost lithium producers in the markets, and anticipates Simbol will produce 25 percent of the market share of lithium for xEV batteries by 2014. The three other companies are SQM, Chemetall and FMC.

that the Applicant will enter into with CAEATFA will be active for a 10 year period, half of the useful life of qualified property. See Figure 1 below.

While CAEATFA staff acknowledges that the assumptions and projections of the Applicant are aggressive, we believe that they are not unreasonable and have been supported to the extent that the Applicant, as a start up without an established customer base that is entering an emerging market, is able. Therefore, after much due diligence, CAEATFA staff has determined to rely on the Applicant’s statements that the Qualified Property will be used as outlined in the Application.



Project Description

The project includes a demonstration plant, an initial commercial plant, a full-scale plant and a high-purity lithium carbonate plant. Each of these facilities will be located in Imperial County. The demonstration plant will be located in Calipatria; the initial commercial plant and the full scale plant will be located in Niland; and the high-purity lithium carbonate plant will be located in Brawley. The full scale plant will produce 15,500 metric tons per year (tpy) of lithium carbonate and lithium hydroxide, expanding to 62,000 tpy by 2020.

The Applicant has stated that its mining method is environmentally sustainable – it extracts the compounds from hot water that is initially used in the geothermal energy plant. The facilities included in this application will produce: 1) “Battery-grade” (99.5% pure) lithium carbonate and lithium hydroxide, used to make cathode materials for lithium-ion batteries and 2) High-purity (99.9995% pure) lithium carbonate, used to make lithium hexafluorophosphate, the electrolyte salt in lithium-ion batteries.

Agenda Item -- 4.B.6
Resolution No. 10-SM010
Application No. 10-SM010

Simbol represents that it considered California as well as other states such as Arkansas, Texas, Nevada, and Arizona and Canada in which to locate its lithium production. All of these other states have lower state corporate income tax rates, lower electricity prices, and no sales tax on manufacturing equipment, according to the Applicant. The Applicant represents that the economic advantages brought through elimination in the sales and use tax incentivized Simbol to establish its facilities in California. CAEATFA has not evaluated these claims, as the Applicant has already obtained the minimum point threshold necessary to qualify; thus no additional points were awarded in this category.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

High-purity lithium carbonate plant

Entire existing plant purchased for lump sum in 2009 but not in use until 2011	\$ 297,000
Engineered process equipment needed to bring back into operation (2011)	
Chiller	100,000
Motors	10,000
Tanks	100,000
Piping	20,000
Field materials for reassembly	100,000
Filter cartridges	12,000
Peristaltic hoses	10,000
Tools	40,000
Other	176,000
Electrical equipment (2011)	180,000
Controls and instrumentation	165,000
Lab equipment	50,000
Lithium hydroxide crystallization, drying, and packaging equipment	200,000

Demonstration plant

Engineered process equipment	1,440,000
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Interconnects with geothermal power plant

Engineered process equipment	679,089
Electrical equipment	84,584
Controls and instrumentation	151,400
Other	1,484,927

Initial Commercial Plant

Feed material receiving and storage	274,995
Silica management	2,987,820
Lithium extraction	1,652,400
Evaporation	2,643,300

Qualified Property List Continued

Precipitation and drying	919,485
Utilities	622,080
Purification	445,579
Conversion to lithium carbonate	1,670,923
Spare parts	369,900
Other	413,518
Anticipated Qualified Property purchases continued:	

Full Scale Plant

Feed material receiving and storage	699,400
Silica management	6,300,600
Lithium extraction	2,981,400
Evaporation	3,500,000
Precipitation	1,823,400
Utilities	1,425,000
Purification	1,458,475
Conversion to lithium carbonate	5,833,899
Spare parts	<u>1,162,000</u>
Total	<u>\$42,484,174</u>

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. At the termination of the conveyance/reconveyance agreement a finalized project equipment list will be prepared detailing the value of the Project equipment conveyed and reconveyed and detailing the actual tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variations from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components of the Project from original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons.

TIMELINE

Simbol's scale-up path consists of three steps. First, the demonstration plant (operating in 2011), followed by the initial commercial plant (operating in 2012), followed by the full scale plant (operating in 2013). In addition, Simbol's high purity lithium plant will begin production in 2011.

PROJECT EVALUATION

NET BENEFITS

The total cost of the Qualified Property purchases is anticipated at \$42,484,174 and the total net benefits are valued at \$6,244,717 for the Project. The Project received a Total Score of 2,695,

which exceeds the required 1,000 point threshold and a total Environmental Benefits Score of 144, which exceeds the 100 point threshold.

- A. Fiscal Benefits (2,471 points):** The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Company's sales taxes, personal income taxes, firm taxes on profits, property taxes and other indirect fiscal benefits of the Applicant which amounts to \$9,552,414 resulting in a Fiscal Benefits Score of 2,471 points for the Project.
- B. Environmental Benefits (144 points):** The project results in \$558,363 of total pollution benefits over the life of the Facility resulting in an Environmental Benefits Score of 144 points for the Project. These benefits derive from the Applicant's pro-rate share of the environmental benefits of the electric vehicles that are anticipated to be powered by batteries containing the Applicant's lithium.
- C. Additional Benefits (80 of 200 points):** Applicants may earn up to 200 additional points for their Total Score. The Applicant submitted information and received 80 additional points as a result of locating its facility in a high unemployment area and producing environmental benefits outside of California.

 - a. Permanent Jobs (0 of 40 points).** The Applicant's Project will support a total of 112 permanent jobs at their Facility. CAEATFA estimates that approximately 12 of these jobs will be attributable to a marginal increase in jobs created due to the approved STE. Zero points were awarded because the marginal increase in jobs created does not meet the required threshold.
 - b. Construction Jobs (0 of 20 points).** The Applicant's Project will support a total of 100 construction jobs at their Facility. CAEATFA estimates that approximately 11 of these jobs will be attributable to a marginal increase in jobs created due to the approved STE. Zero points were awarded because the marginal increase in jobs created does not meet the required threshold.
 - c. Unemployment (40 of 40 points).** The Applicant's facility will be located in Imperial County which has a 29% unemployment rate. This is above 110% of the statewide average unemployment rate, which results in an additional 40 points for this Project.
 - d. Non-CA Environmental Benefits (40 of 40 points).** The Applicant's total value of out-of-state non-greenhouse gas pollution benefits are valued at \$402,622 resulting in a Non-CA Environmental Benefits Score of 40 points for the Project.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

Simbol has either acquired or submitted all permits necessary for the demonstration plant. Simbol will still need to submit all permits for the high purity plant and the initial commercial plant.

LEGAL QUESTIONNAIRE

Staff reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. The responses did not disclose any information that raises questions concerning the financial viability or legal integrity of this applicant.

CAEATFA FEES

In accordance with CAEATFA regulations,⁵ the Applicant has paid CAEATFA an Application Fee of \$5,000 and will pay CAEATFA an Administrative Fee up to \$169,936.

RECOMMENDATION

Staff recommends approval of Resolution No. 10-SM010 for Simbol Mining Corporation's purchase of Qualified Property in an amount not to exceed \$42,484,174 anticipated to result in an approximate sales and use tax exclusion value of \$3,866,060.

⁵ California Code of Regulations Title 4, Division 13, Article 2, Section 10036.

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A TITLE
CONVEYANCE AGREEMENT WITH SIMBOL MINING CORPORATION**

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Simbol Mining Corporation** (the “Applicant”), for financial assistance in the form of a conveyance/reconveyance of title agreement (the “Agreement”) regarding tangible personal property for the design, manufacture, production or assembly of Advanced Transportation Technologies or Alternative Source products, components, or systems (“Qualified Property”) as more particularly described in the staff summary and in the Applicant’s Application to the Authority (collectively, the “Project”); and

WHEREAS, the Applicant has requested the Authority to enter into the Agreement transferring title of Project equipment with an cost not to exceed \$42,484,174 over a period of three years; and

WHEREAS, the Agreement will provide that the Applicant will, prior to any use of the Qualified Property, transfer title at no cost to the Authority from time to time as purchases of Qualified Property are made and the Authority will then transfer title back to the Applicant without having taken possession of the Qualified Property; and

WHEREAS, the Applicant believes that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Qualified Property pursuant to California Revenue and Taxation Code Section 6010.8; and

WHEREAS, approval of the terms of the Agreement and authority for the Executive Director, Deputy Executive Director or Chair of the Authority, to execute the necessary documents to effectuate the Agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Project constitutes a “project” within the meaning of Public Resources Code Section 26003(g)(2).

Section 2. The requested conveyance agreement constitutes “financial assistance” within the meaning of Public Resources Code Section 26003(e)(2).

Section 3. The Applicant is a “participating party” within the meaning of Public Resources Code Section 26003(f).

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Section 4. The Executive Director, Deputy Executive Director, or Chair of the Authority (the “Authorized Signatories”) are hereby authorized for and on behalf of the Authority to approve any changes to the Project as the Executive Director shall deem appropriate, provided that the amount of the Qualified Property to be purchased may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Agreement between the Applicant and the Authority, as filed with the Authority prior to this meeting, is hereby approved. The Authorized Signatories are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Applicant the Agreement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as the Authorized Signatory executing the same, may require or approve, and with particular information inserted therein in substantial conformance with the staff summary and in the Applicant’s Application to the Authority, such approval to be conclusively evidenced by the execution and delivery thereof. The Authority understands and agrees that pursuant to the terms of the Agreement, the obligations of the Applicant may, under some circumstances be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including (without limitation) the execution and delivery of any and all documents and certificates they may deem necessary or advisable in order to consummate the Agreement and otherwise effectuate the purposes of this resolution.

Section 7. The Applicant shall assure CAEATFA that all Qualified Property conveyance pursuant to the Agreement shall be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Agreement shall only apply to Qualified Property that the Applicant certifies will be installed, maintained and operated at facilities within the State of California.

Section 9. The adoption by the Authority of this Resolution for the Applicant shall not be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to acquire, construct or operate the Project.

Section 10. This Resolution is effective immediately and will remain in full force and effect unless the Regulatory Agreement, as defined in CAEATFA Regulations Section 10035(A), is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty days if necessary.