

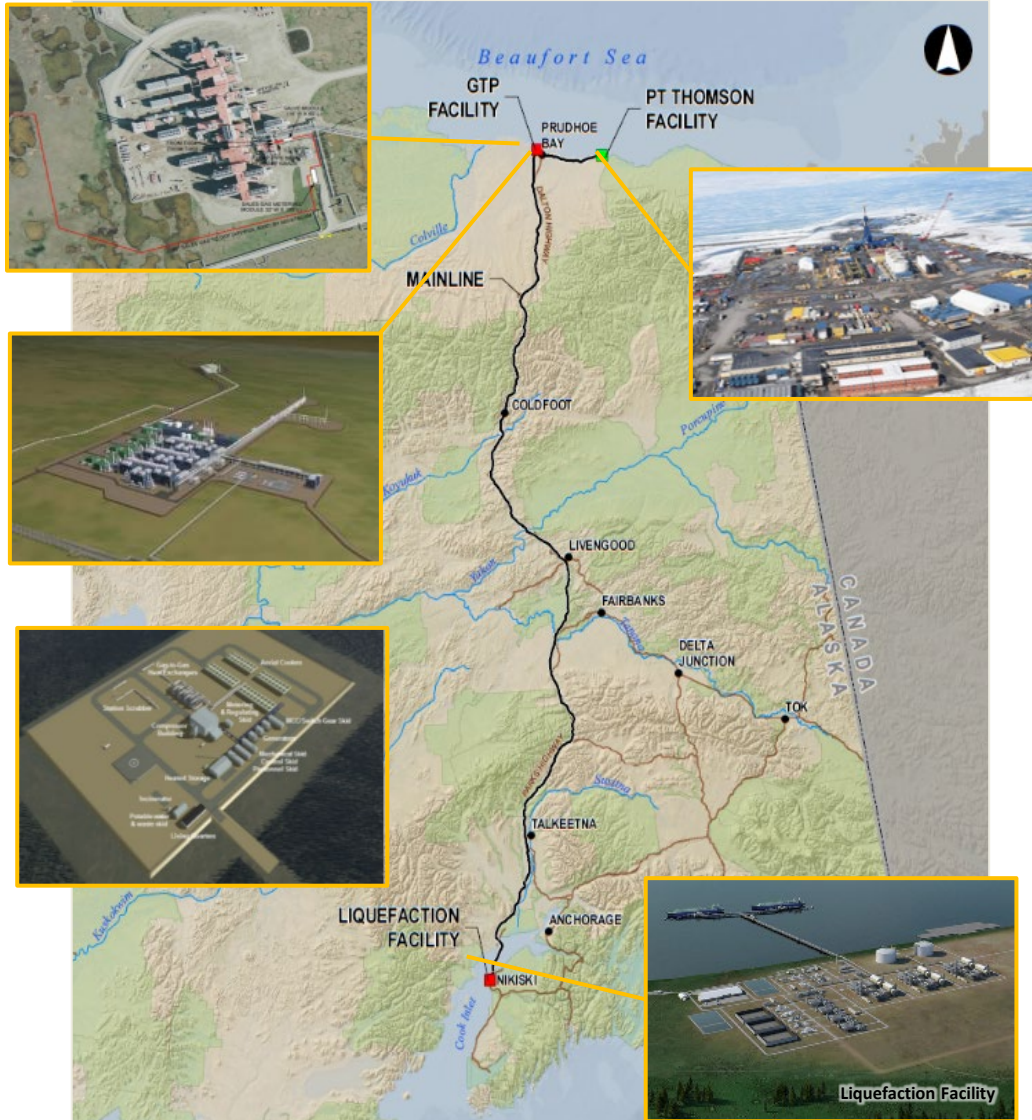
Alaska LNG Project Update

Meet Alaska Conference

Frank Richards, President
March 19, 2021



Alaska LNG Project - Overview



Producing Fields

- ~35 TCF discovered North Slope resource
- Anchored by Prudhoe Bay and Point Thomson for 20 years
- Confirmed use of existing North Slope facilities
- Peak Workforce: 500-1,500 people

Gas Treatment Plant

- Located at North Slope
- Remove CO₂ / H₂S; Compress for re-injection
- Footprint: 150 - 250 acres
- Peak Workforce: 500-2,000 people
- Required Steel: 250k-300k tons

Pipeline

- Large diameter: 42" operating at >2,000 psi
- Capacity: 3.3 billion cubic feet per day
- Length: ~806 miles (similar to TAPS)
- Peak Workforce: 3,500-5,000 people
- Required Steel: 600k-1,200k tons
- State off-take: 250-500 MCF/d

Liquefaction Plant

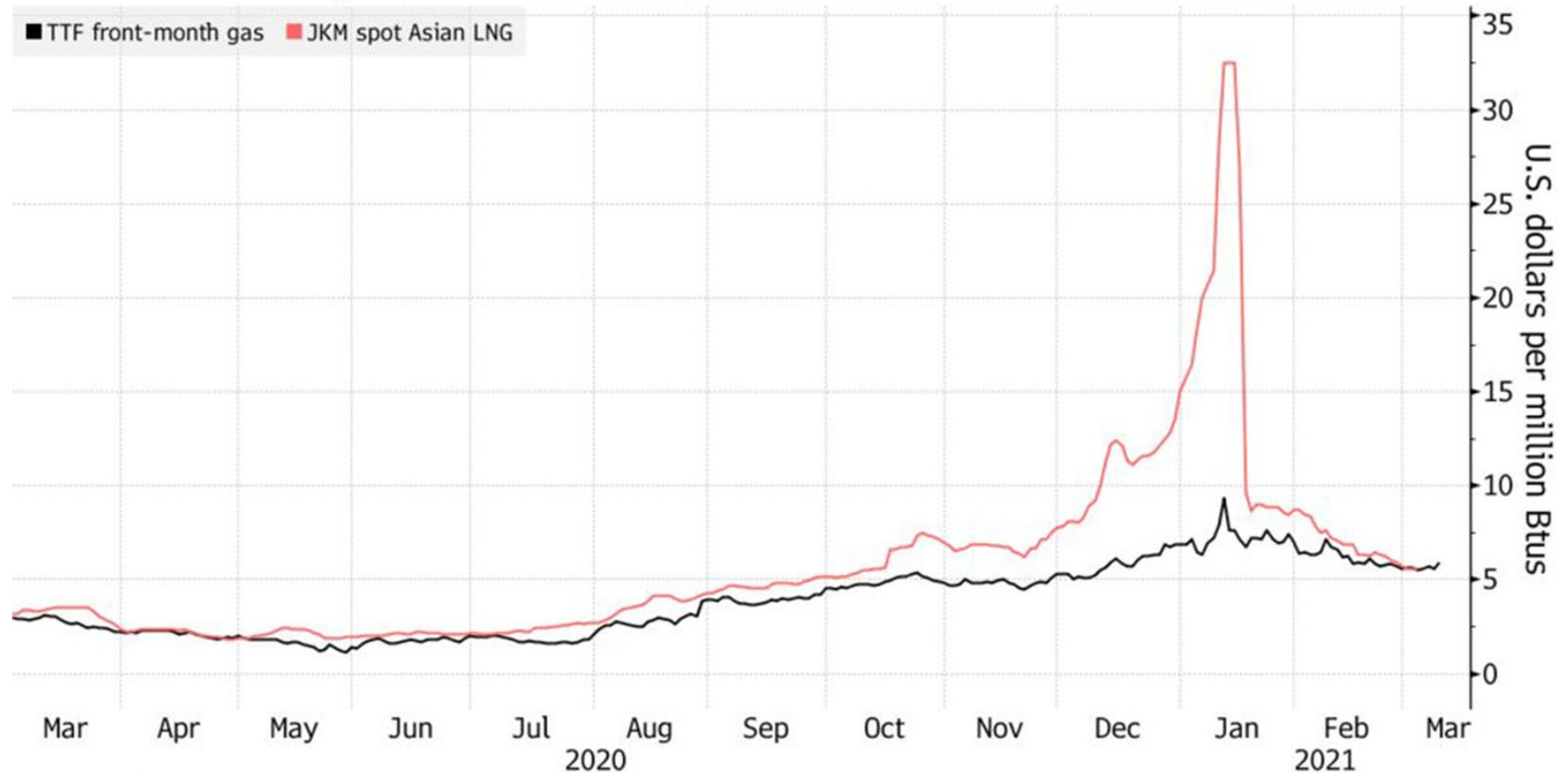
- Capacity: up to 20 MTA
- 3 trains (6.67 MTA/train)
- Footprint: 640-1,000 acres
- Peak Workforce: 3,500-5,000 people
- Required Steel: 100k-150k tons

Storage / Loading

- Terminal: 2 x 240,000 m³ LNG Storage Tanks
- 1 loading jetty with 2 berths; 15-20 tankers per month
- Peak Workforce: 1,000-1,500 people

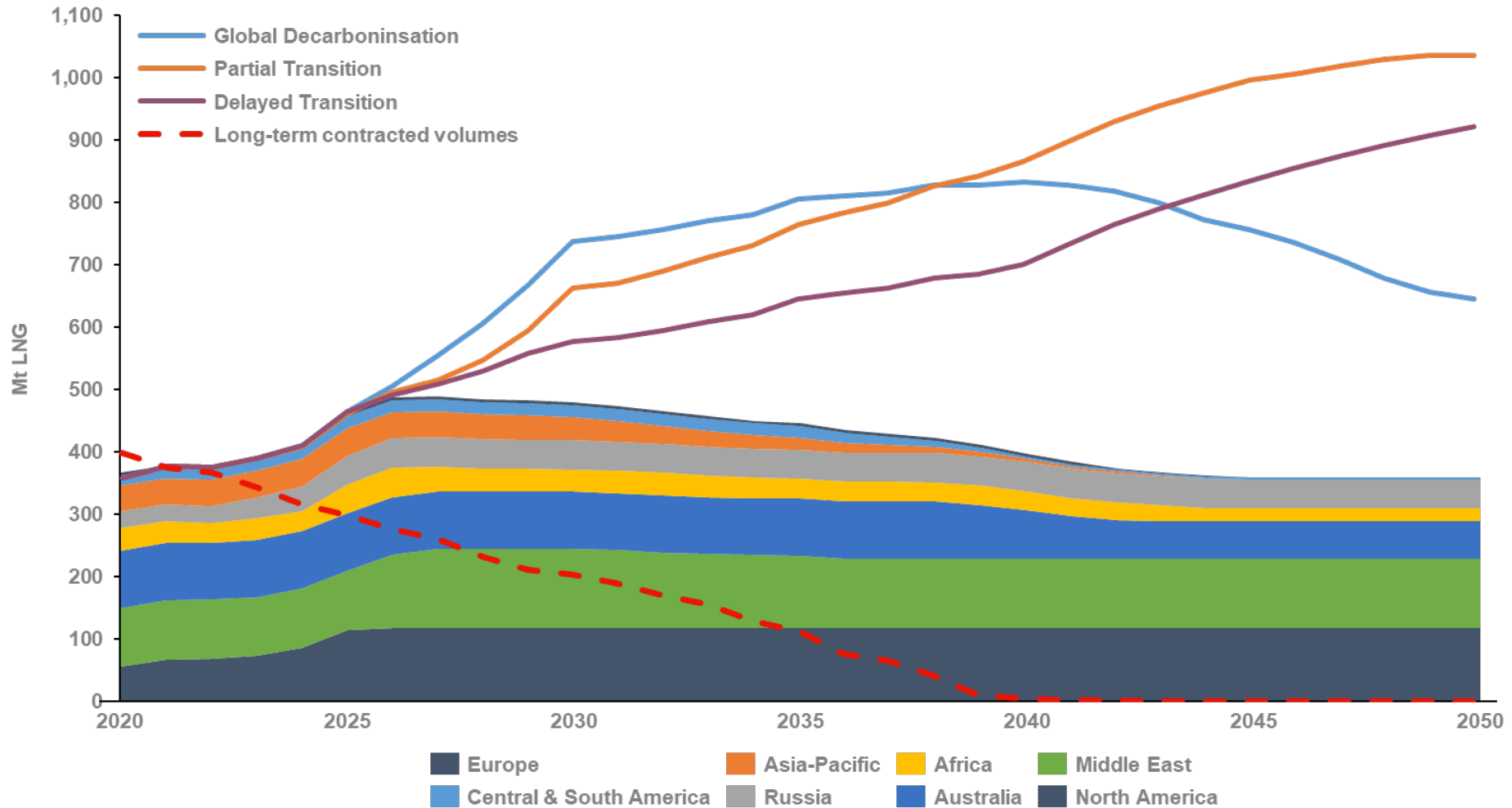
- Completed
 - Federal Energy Regulatory Commission (FERC) Final Environmental Impact Statement and Section 3 Order
 - Federal ROWs: Bureau of Land Management, National Park Service
 - All 36 Major Federal permits & authorizations completed
 - Alaska DEC Air Permit for the Gas Treatment Plant (GTP)
- In Process:
 - Alaska DNR State Land ROW Lease
 - Alaska DEC Air Permit for the Liquefaction Facility
 - Cultural Resource Management Plan

Asia's January LNG Price Spike Echoed in Europe



Source: S&P Global Platts, EDX-ICE Endex

Global LNG Supply and Demand

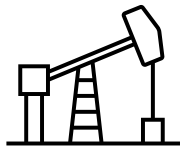


Source: Gas Strategies, March 2021

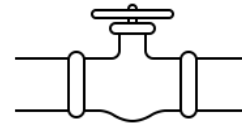
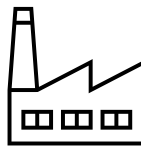
- On Feb. 8, the Department of Energy projected that coal and natural gas will still contribute nearly 40% of U.S. electricity generation in 2050
- Wind and solar power will increase but aren't ready to meet the huge demand for electricity without fossil fuels and nuclear power in the mix
- China is the world's biggest polluter, generates 28% of the planet's yearly carbon dioxide emissions

Proposed Commercial Structure

The project will have a non-integrated structure to attract a broad range of potential investors by allowing investors to target specific asset classes, and risk return profiles.



Will unlock otherwise stranded gas for upstream investors



Infrastructure investors can focus on the GTP and Pipeline



LNG offtakers can focus on the Liquefaction Plant

Key Benefits

- | | | |
|---|---|---|
| <ul style="list-style-type: none">Market for significant gas resource which would otherwise be stranded | <ul style="list-style-type: none">Low risk, long life assetsCredit worthy counterpartiesLong terms capacity agreementsExperienced operator | <ul style="list-style-type: none">Fixed price LNG with no commodity price riskLow exposure to shipping costsExcellent location to enable portfolio swaps and optimisation |
|---|---|---|

- Continuing to advance the structure and leadership of the project with a Strategic Party group consisting of:
 - North Slope producers
 - A major pipeline developer
 - LNG buyers
 - Banks and financial corporations
- These parties have the technical and financial capacity to bring this project to completion
- Strategic parties have a combined market capitalization of \$1.25 trillion
- New potential strategic parties with significant market capitalization have approached AGDC

Alaska Will Need to Address Two Hurdles

Fiscal Stability

- It is difficult to imagine a scenario where the private sector would invest \$38 billion, when any future legislature can essentially change contract terms at any time.
- Most other resource owner states are able to offer a Fiscal Stabilization Clause.
- Compounding this issue is the fact that the State can change it's election for royalty and tax between "in-kind" and "in-value" – this project relies on long-term, 20+ year contracts to work and that requires fiscal stability.

Payment in Lieu of Tax (PILT)

- Property tax for project is an order of magnitude higher than other projects in North America (\$0 – 50 MM p.a.).
- Competing projects globally don't pay property tax, or it is back loaded in the project life.

And ultimately decide on level of participation

State Participation

State equity participation can help facilitate the project.

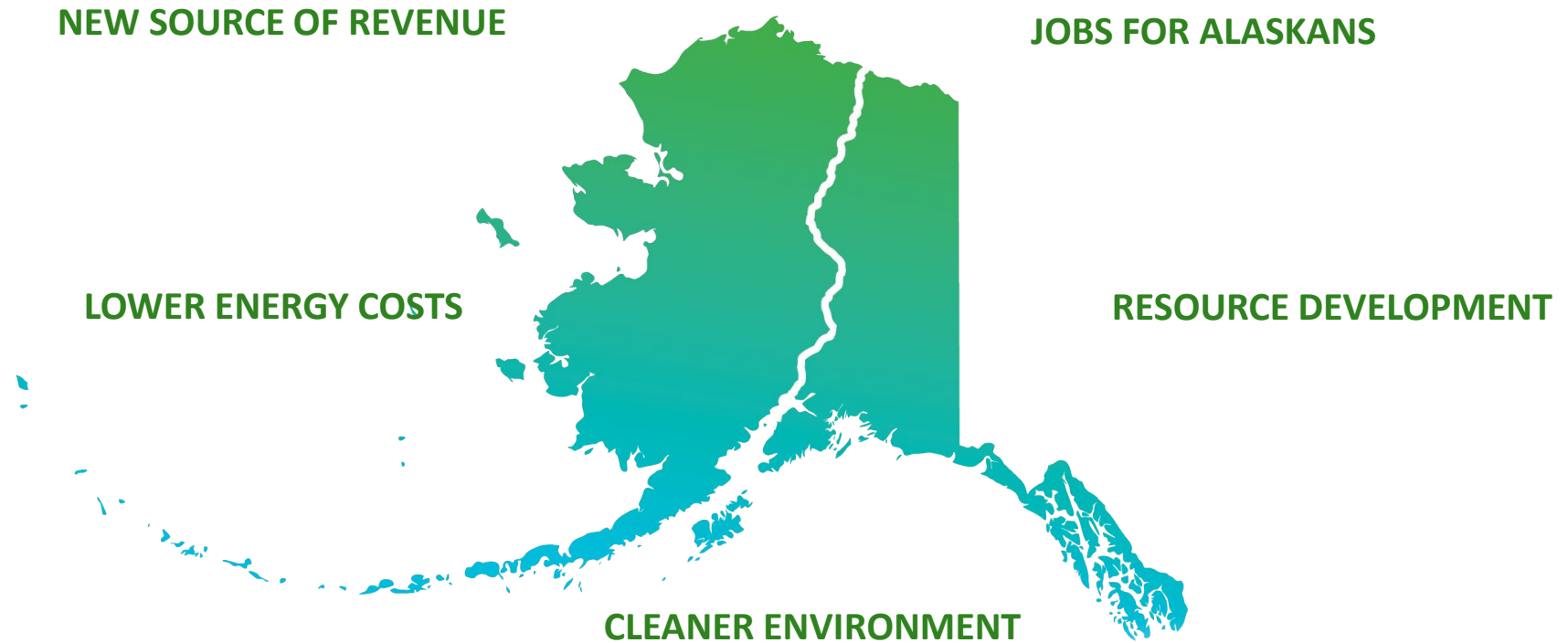
State participation helps create alignment between the state and the project.

It is not uncommon for to see sovereign ownership in infrastructure.

The State should only have a minority stake and not an operatorship role.

Equity participation will also increase the State's take from the project

Alaska LNG Project – Positive Impacts



How Alaska Ranks



Note: Government employment includes federal, state, and local government plus public schools and universities.

¹December seasonally adjusted unemployment rates

²December employment, over-the-year percent change

Sources: U.S. Bureau of Labor Statistics and Alaska Department of Labor and Workforce Development, Research and Analysis Section

Near-Term Economic Stimulus Initiative

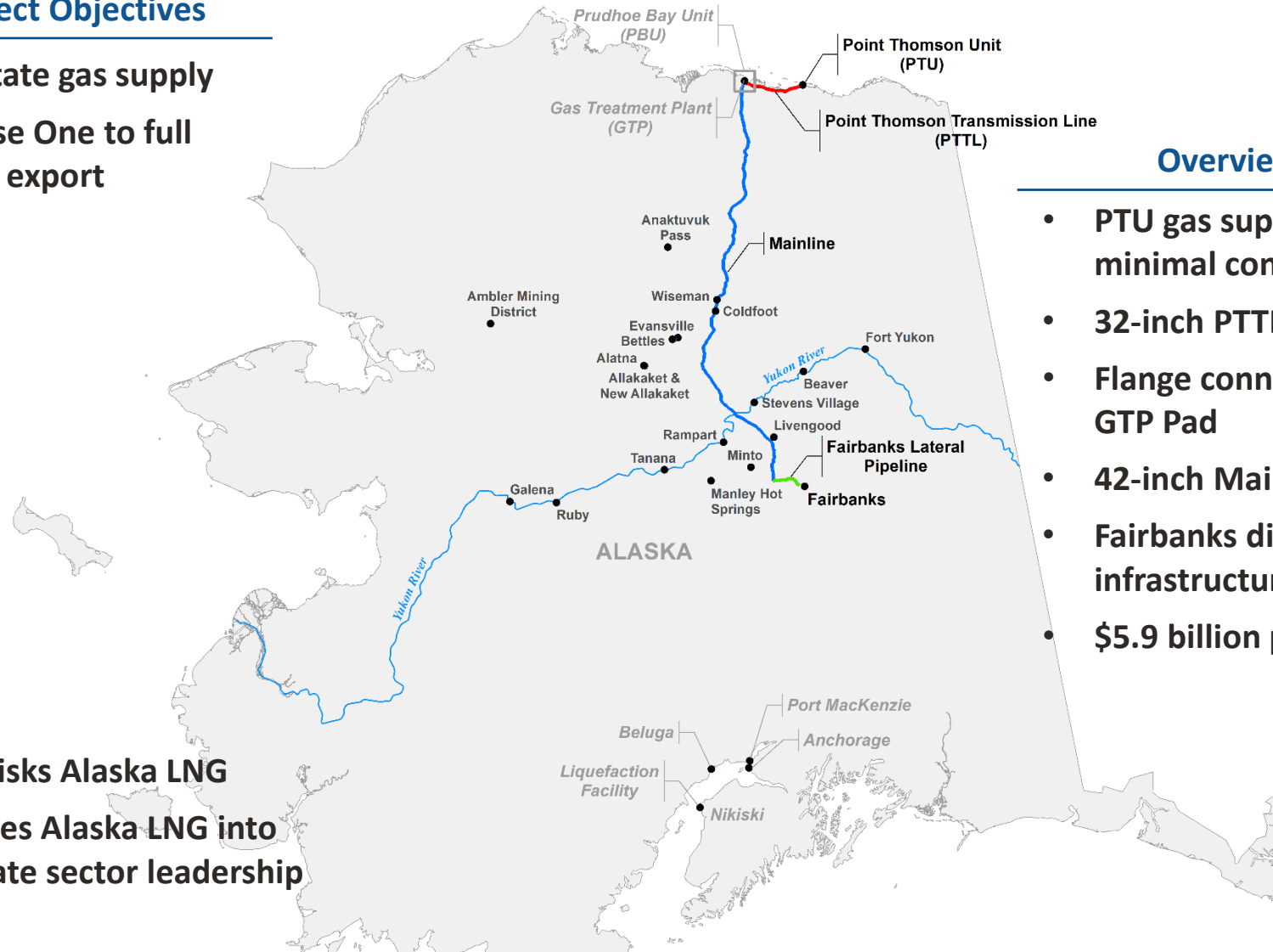
- Potential to attract stimulus and private funding to quickly create jobs and revitalize Alaska
- Phase One opportunity - \$5.9 billion clean energy infrastructure initiative
- Immediately ignites our economy, put thousands of Alaskans back to work
- Resolves longstanding climate, pollution, and energy problems affecting rural and urban Alaskans
- Alaska LNG is unique; the project has major permits required to start Phase One work now

Phase One - Infrastructure Opportunity

Project Objectives

- In-state gas supply
- Phase One to full LNG export

- De-risks Alaska LNG
- Moves Alaska LNG into private sector leadership



Overview

- PTU gas supply with minimal conditioning
- 32-inch PTTL
- Flange connection at GTP Pad
- 42-inch Mainline
- Fairbanks distribution infrastructure
- \$5.9 billion plus

- Propels a near-term economic recovery for Alaska:
 - ✓ \$1.5 billion impact in first 24 months
 - ✓ 1,400+ high-paying direct jobs
 - ✓ 20,000+ indirect jobs
- Immediate benefit to hardest-hit service industries (e.g., restaurants, hotels, transportation, warehousing, etc.)
- Delivers natural gas to Interior Alaska in 2025
- Private sector leadership:
 - Build and operate
 - Invest capital in ownership depending on level of Federal infrastructure funds available to Alaska

- Will significantly decrease gas supply costs
 - 75% Federal infrastructure support: \$15 MMBtu
 - 100% Federal infrastructure support: \$5 MMBtu
- Will provide cleaner air
 - Some of the worst air quality in the nation
 - Bring relief to residents with no alternative to diesel or wood
- Will boost military readiness and efforts to alleviate climate impacts
- Will reduce costs for producing minerals

“Natural gas will play an indispensable role in managing the risk that a precipitous leap to renewables will make electricity more expensive and potentially less reliable”

“Political debate around energy and climate policy often presents Americans with a false choice between natural gas and renewable energy - the two are intertwined”

Progressive Policy Institute

Wind, Solar, and Gas: Managing the Risks of America's Clean Energy Transition

December 2020

- Completing major permits and approvals
- Working with private-sector Strategic Parties to provide investment and lead the LNG export project
- Seeking Federal infrastructure funds for a Phase One economic stimulus opportunity
- Encouraging Alaskans to rally behind the project that will bring positive impacts to Alaska for generations



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