Alaska LNG - Project Update

December 1 - 4, 2021

ALASKA GASLINE DEVELOPMENT CORP.

Topics

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- Outreach to Whaling Captains Associations
- Project Update
  - Overview
  - Regulatory Status
  - Federal Infrastructure Package and Loan Guarantee
  - LNG Market Update
  - Alignment of Strategic Parties
- Greenhouse Gas Lifecycle Assessment
- Moving Forward

North Slope Whaling Captains

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- AEWC Recommendation – November 2020
- AGDC Outreach
  - Barrow Whaling Captains – January 2021
  - Kaktovik Whaling Captains – August 2021
  - Nuiqsut Whaling Captains – November 2021

Project Overview

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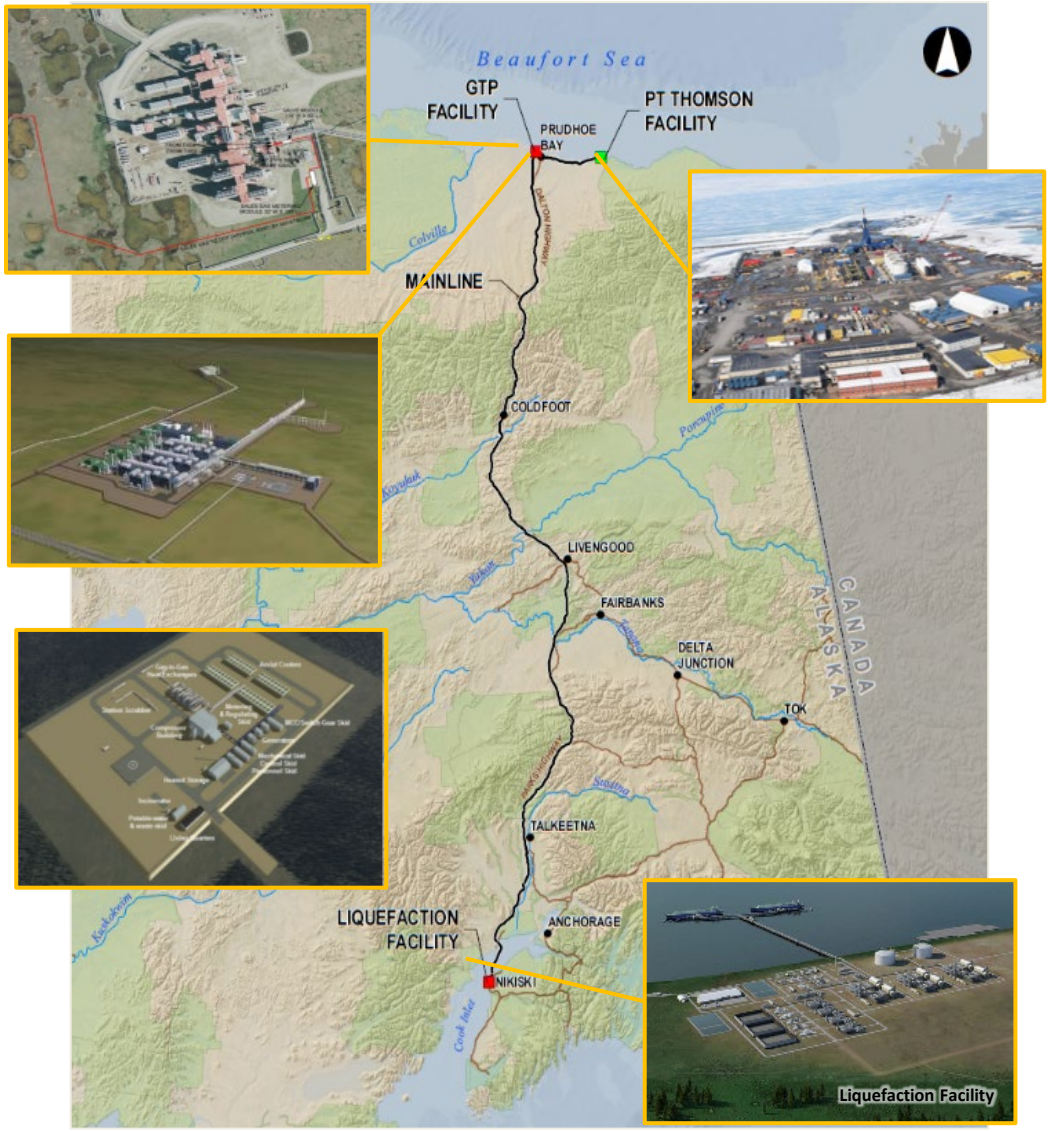

Producing Fields

- Anchored by Prudhoe Bay and Point Thomson
- Right now more gas is already produced (8 bcfd) than the project will use (4 bcfd peak), but it is 'stranded' – no way to get it to market, so it is compressed and reinjected
- Peak Workforce: 500 - 1,500 people

Gas Treatment Plant

- Located at North Slope
- Remove $C0_2$ / H_2S; use for re-injection
- Footprint: 150-250 acres
- Peak Workforce: 500 - 2,000 people

Mainline Pipeline

- Large diameter: 42"
- ~800 miles (similar to TAPS)
- Pipeline is onshore (other than Cook Inlet crossing)
- Land portion: 99.7% fully buried and 69.54% within existing corridors - i.e. within a mile of existing TAPS, TAPs fuel gas, highway or within the PLO 5150 utility corridor
- 8 compressor stations and 1 heater station

Liquefaction Plant and Terminal

- Located in Nikiski, Alaska, capacity: up to 20 MTA
- 3 trains (6.67 MTA/train), footprint: 640-1,000 acres
- Terminal: 2 x 240,000 m^3 LNG Storage Tanks
- 1 loading jetty with 2 berths; 15-20 tankers per month

Location

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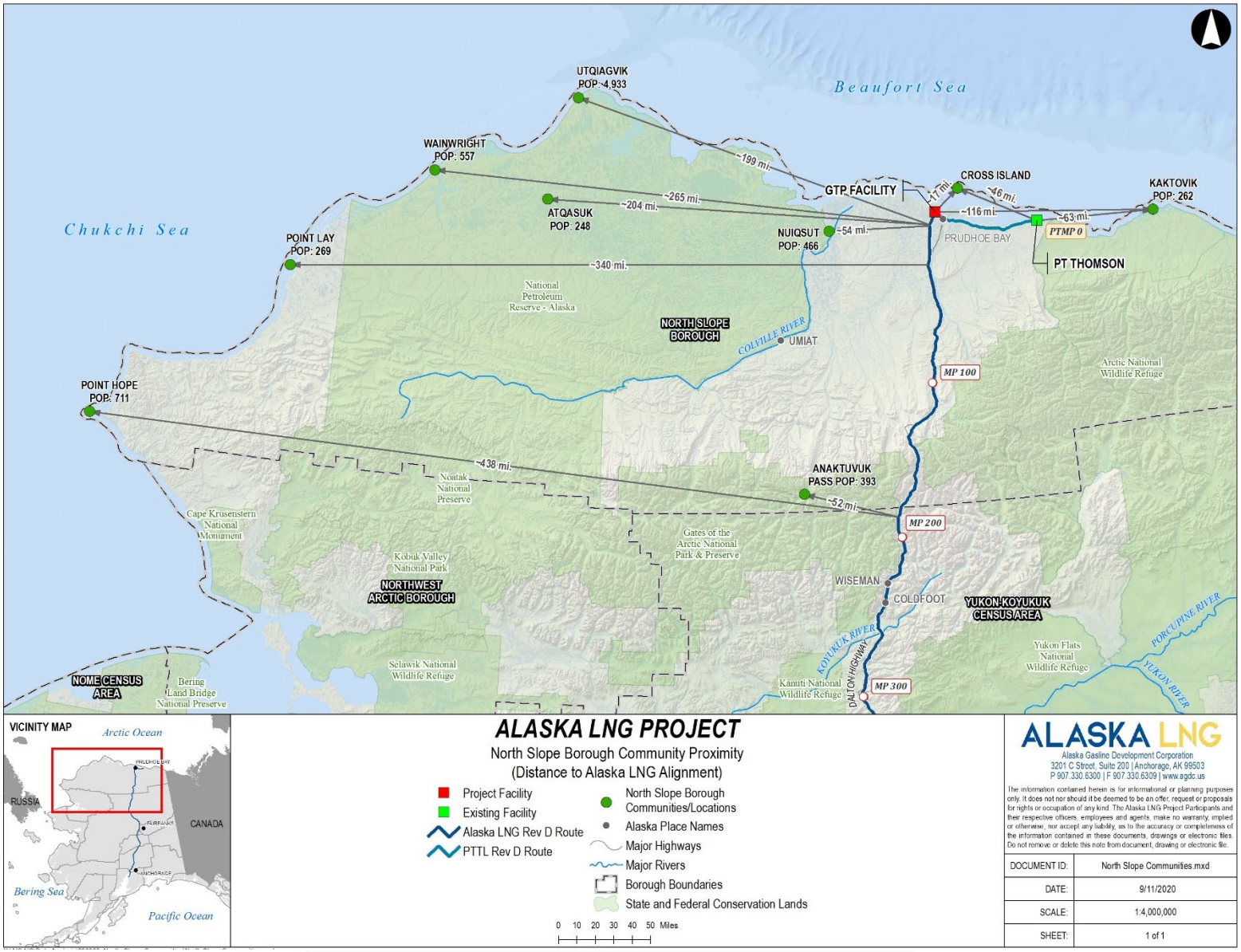

Permits & Approvals: 7 Years of Work

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- Completed
  - Federal Energy Regulatory Commission (FERC) Final Environmental Impact Statement (FEIS) and FERC Order
    - Huge piece of work - over 100,000 pages of application and responses
    - FEIS 1,534 pages plus 3,550 pages of appendices
  - All 36 Major Federal permits & authorizations
  - Federal ROWs: Bureau of Land Management, National Park Service
  - Alaska State Land Leases and Gas Treatment Plant Air Permit
- Supplemental EIS by Dept. of Energy – Draft May 2022
  - In response to Center for Biological Diversity and Sierra Club challenge
  - Two Studies
    - Upstream analysis of potential environmental impacts associated with natural gas production on the North Slope
    - Lifecycle analysis calculating greenhouse gas emissions from the Alaska LNG Project

Federal Loan Guarantee

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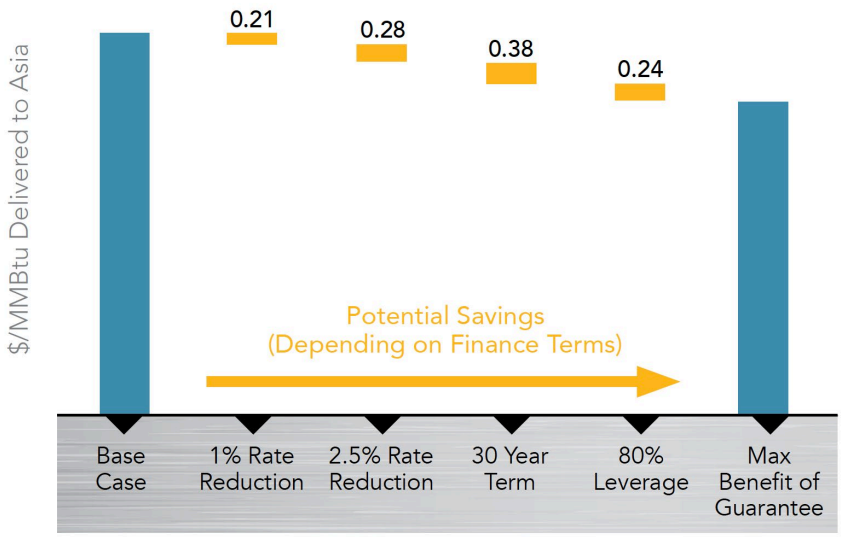
The full faith and credit of the United States will be pledged to pay all of the principal and interest on $25.6 billion of Alaska LNG debt in the event of a default.

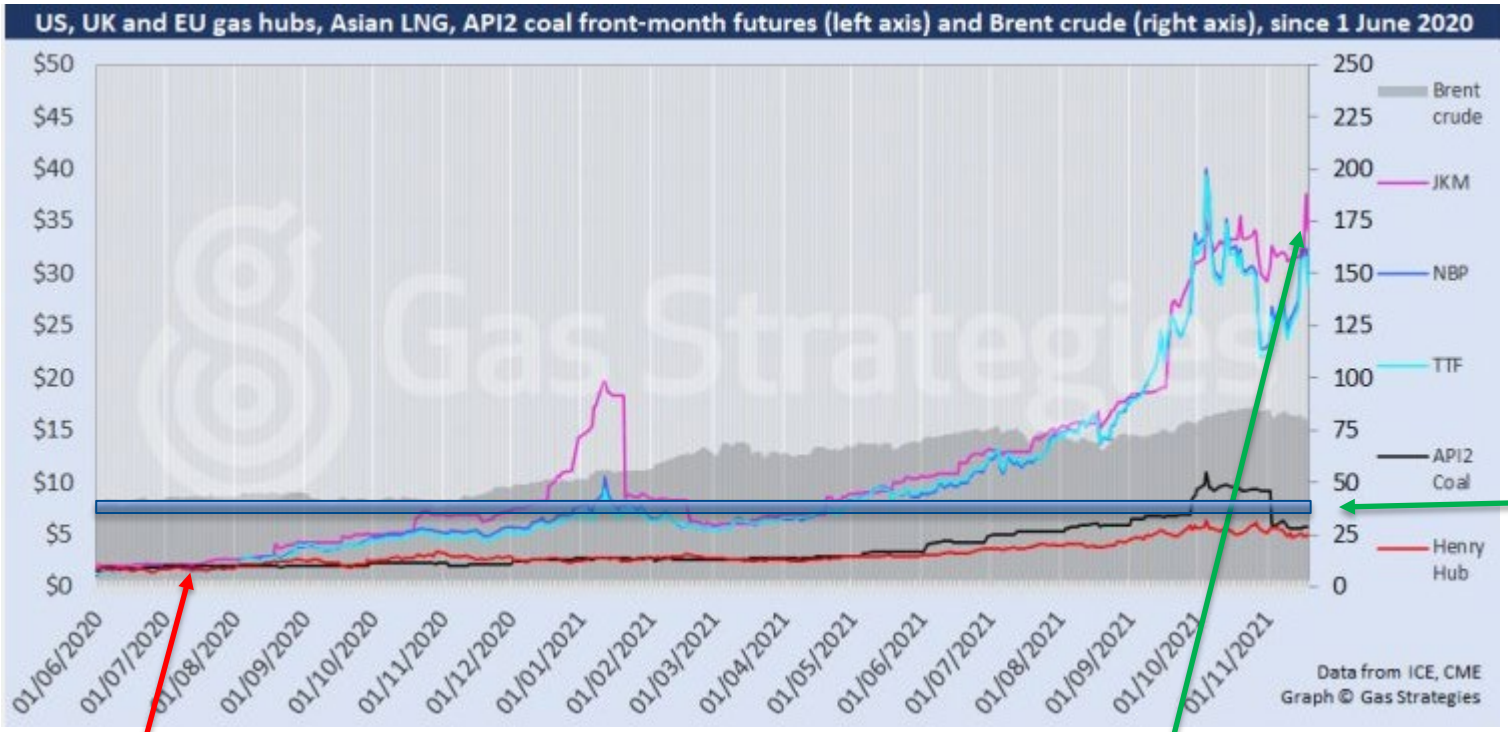
- The Infrastructure Bill includes a loan guarantee for Alaska LNG
  - Principle amount of debt guaranteed up to $25.6 billion (adjusted for inflation)
  - Up to 80% of the capital cost
  - Term of up to 30 years
- Loan guarantee will be subject to credit terms and requirements of the loan program
- Benefits of the loan guarantee
  - Reduced cost of supply
  - Completion risk mitigation
  - Federal government support and "skin in the game"

Reduced Cost of Supply

- Interest rate reduction of between 1 and 2.5%
- Potential for longer term debt
- Potential for higher debt/equity ratio



LNG Market



Japan, Korea Market (spot price)

Alaska LNG
Target Range

Summer 2020
LNG: $2.00
Henry Hub: $2.00

November 2021
LNG: $34.00
Henry Hub: $5.07

LNG Market – Global Forecasts

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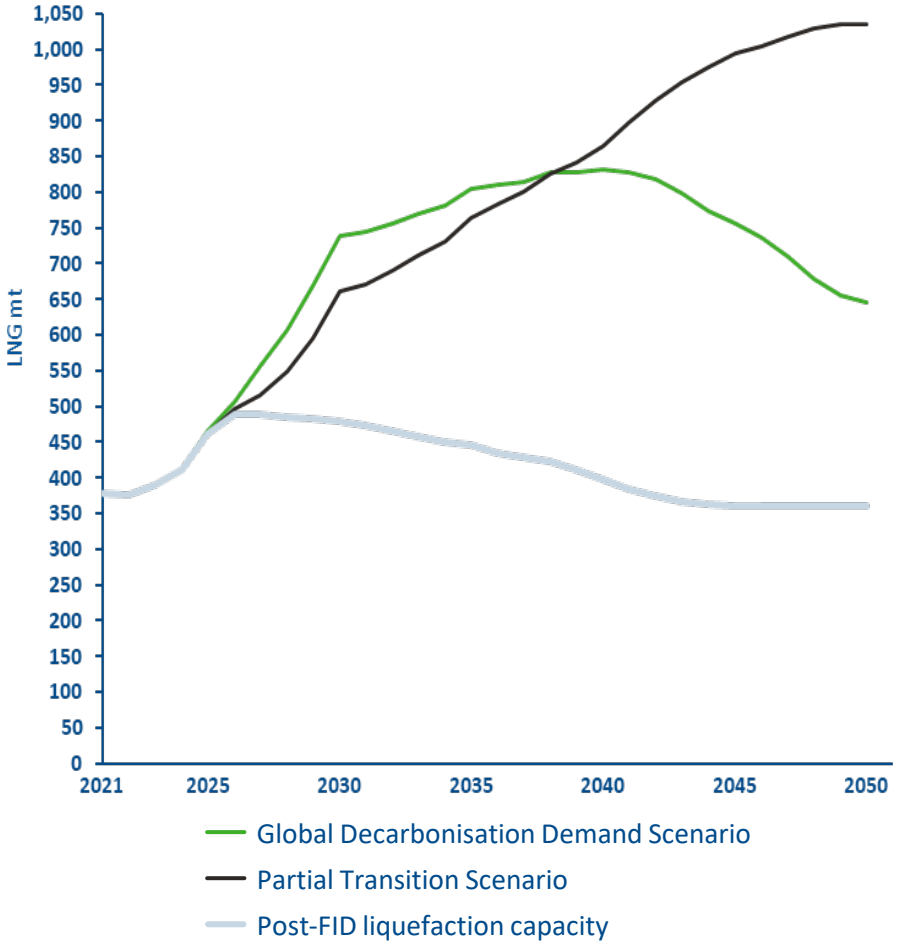
- Two LNG demand scenarios based on different speeds of the energy transition
- Under both scenarios, global LNG demand grows through 2040 and outpaces supply beginning in 2025
- Demand for new LNG supply is driven by Asia coal-to-gas switching and growth in Southeast Asia and India
- Significant levels of LNG capacity will be needed as LNG demand doubles by 2040

Global Decarbonisation Demand Scenario:
Individual nations' net-zero emissions are met while LNG demand increases in developing countries without net-zero targets.

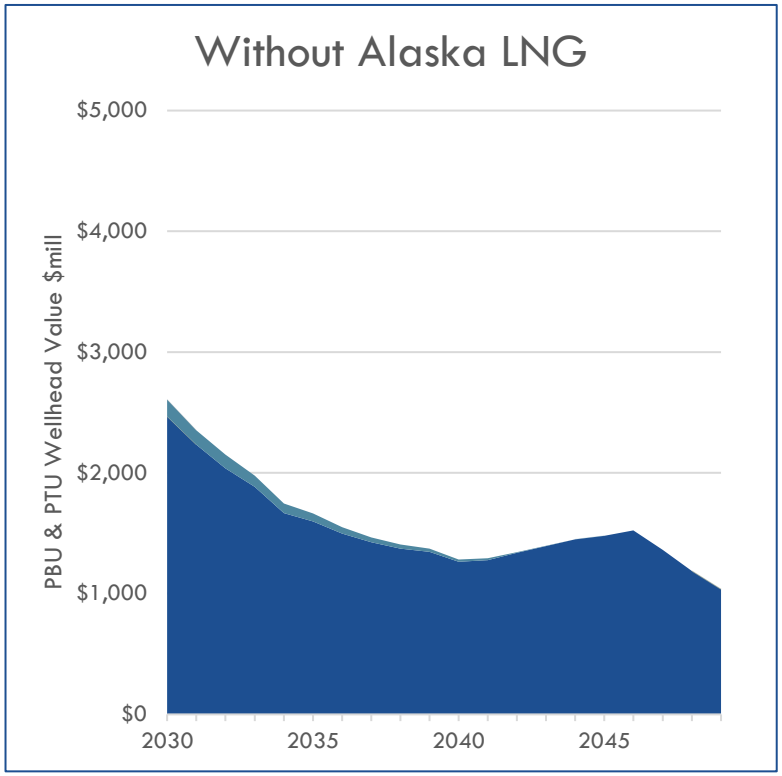
Partial Transition Scenario:
Net-zero targets are met with a 10-year delay with an increased near-term focus on coal-to-gas switching.

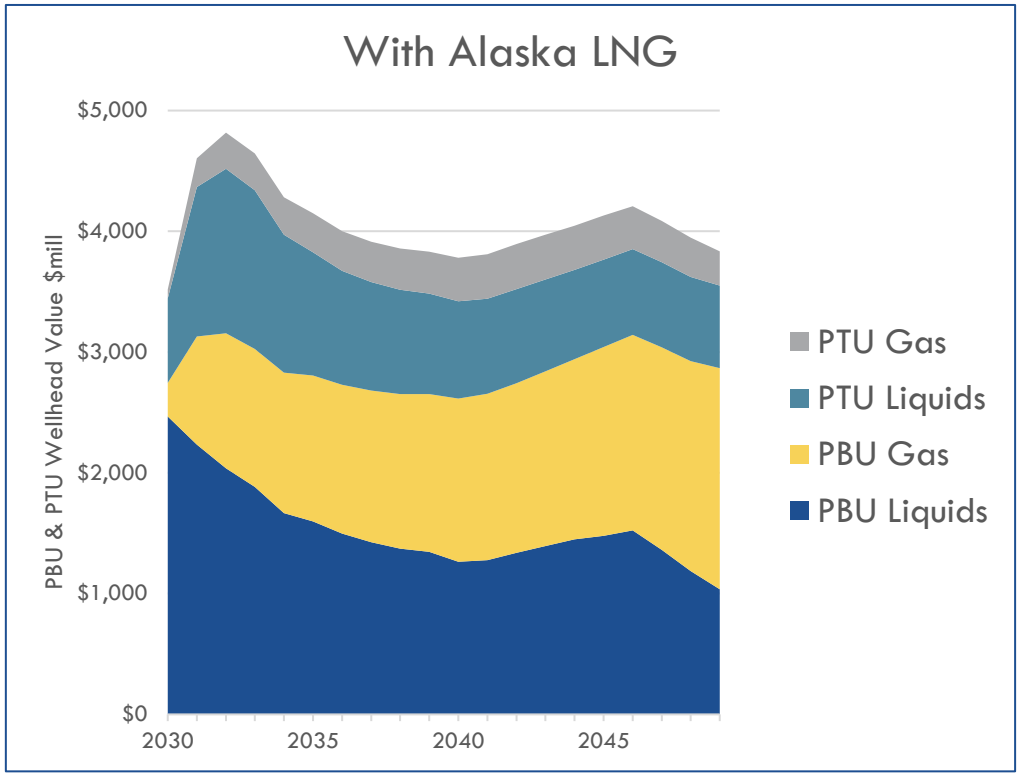
Global LNG Supply/Demand Balance Forecast, 2021-2050*



Source: Gas Strategies

Alaska LNG Impact on Alaska Production





- Prudhoe Gas will be sold instead of reinjected
- Selling Point Thomson gas unlocks condensate production

Key Assumptions:
- Peak 60k b/d at PTU
- No PBU liquids impact
- $70 Oil
- $1.00 Gas

Alignment of Strategic Parties

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- Advancing the structure and leadership of the project with Strategic Parties 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 and an LNG development track record have approached AGDC

Greenhouse Gas Study

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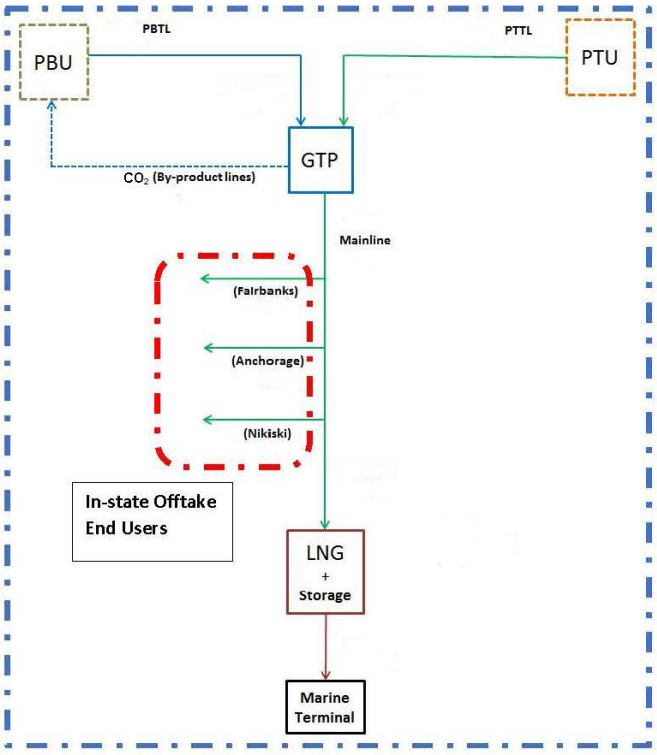
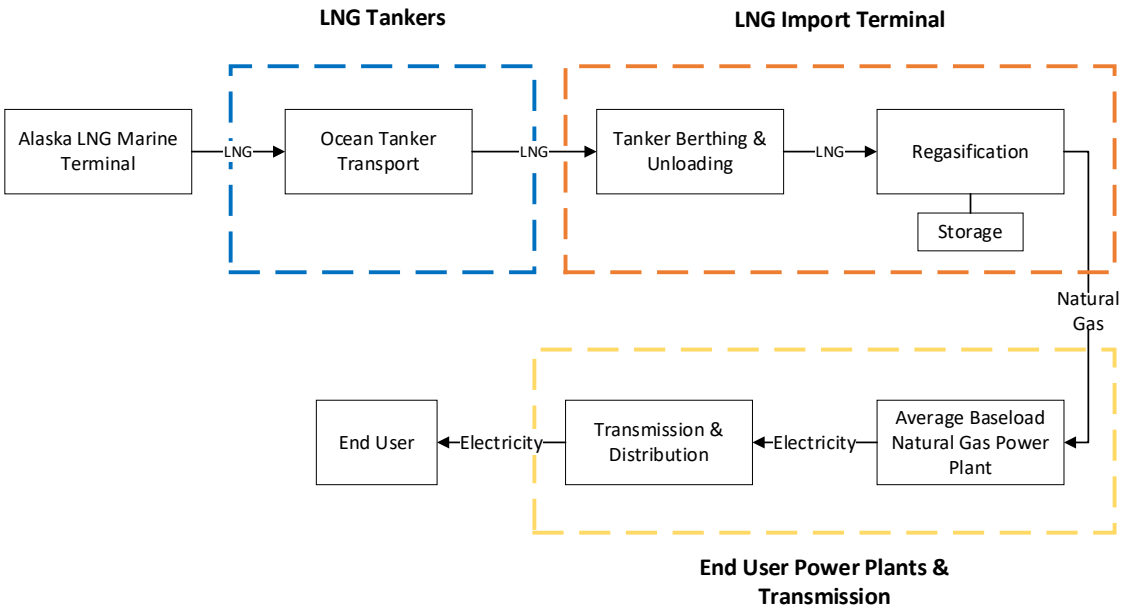
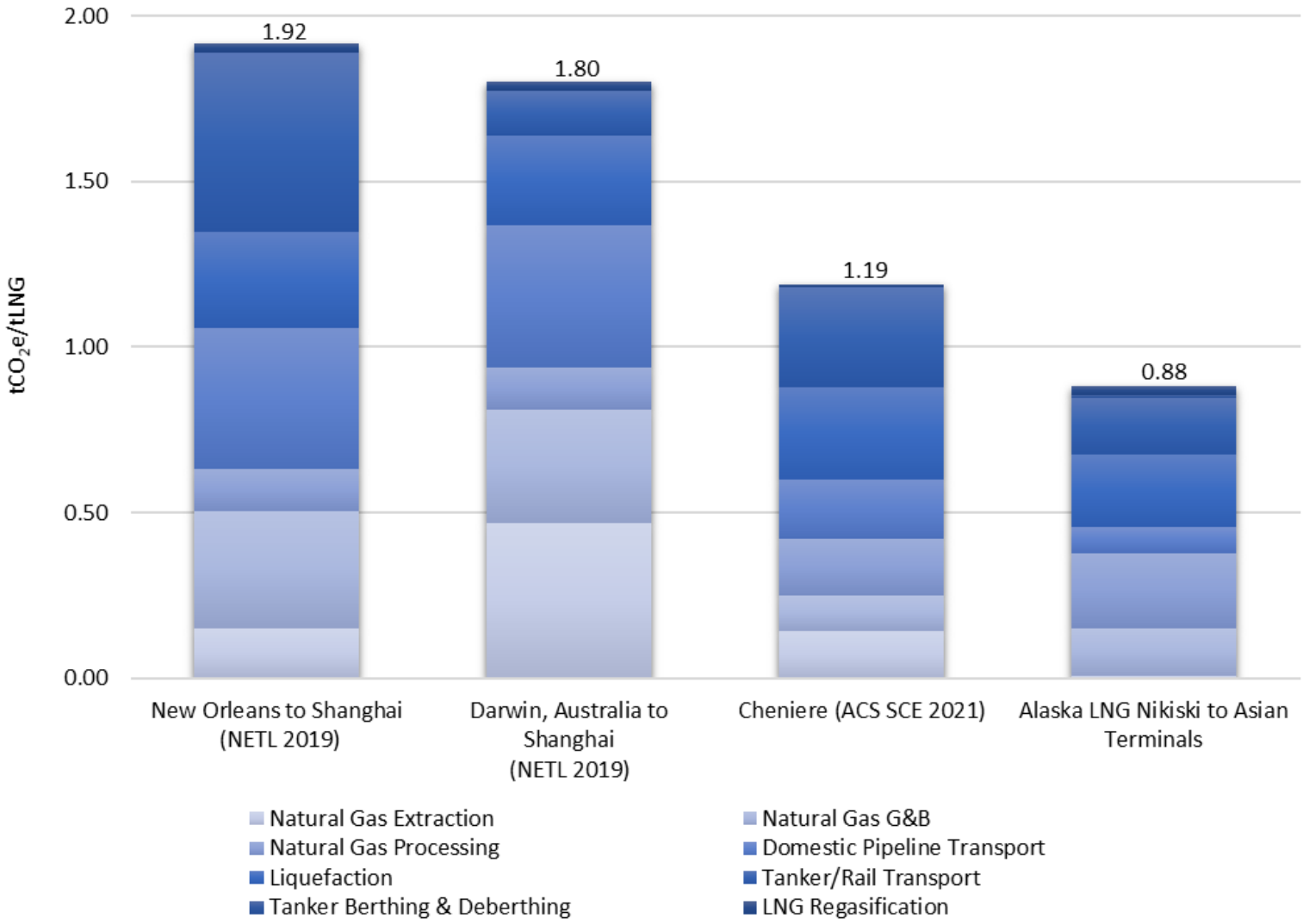
- AGDC contracted with independent third-party providers to provide a GHG lifecycle assessment of the Alaska LNG project
- Realistic assessment using publicly available data and Department of Energy methodology

Components of the full lifecycle





Alaska LNG Compared to Other LNG



Alaska LNG Compared to Asia Coal

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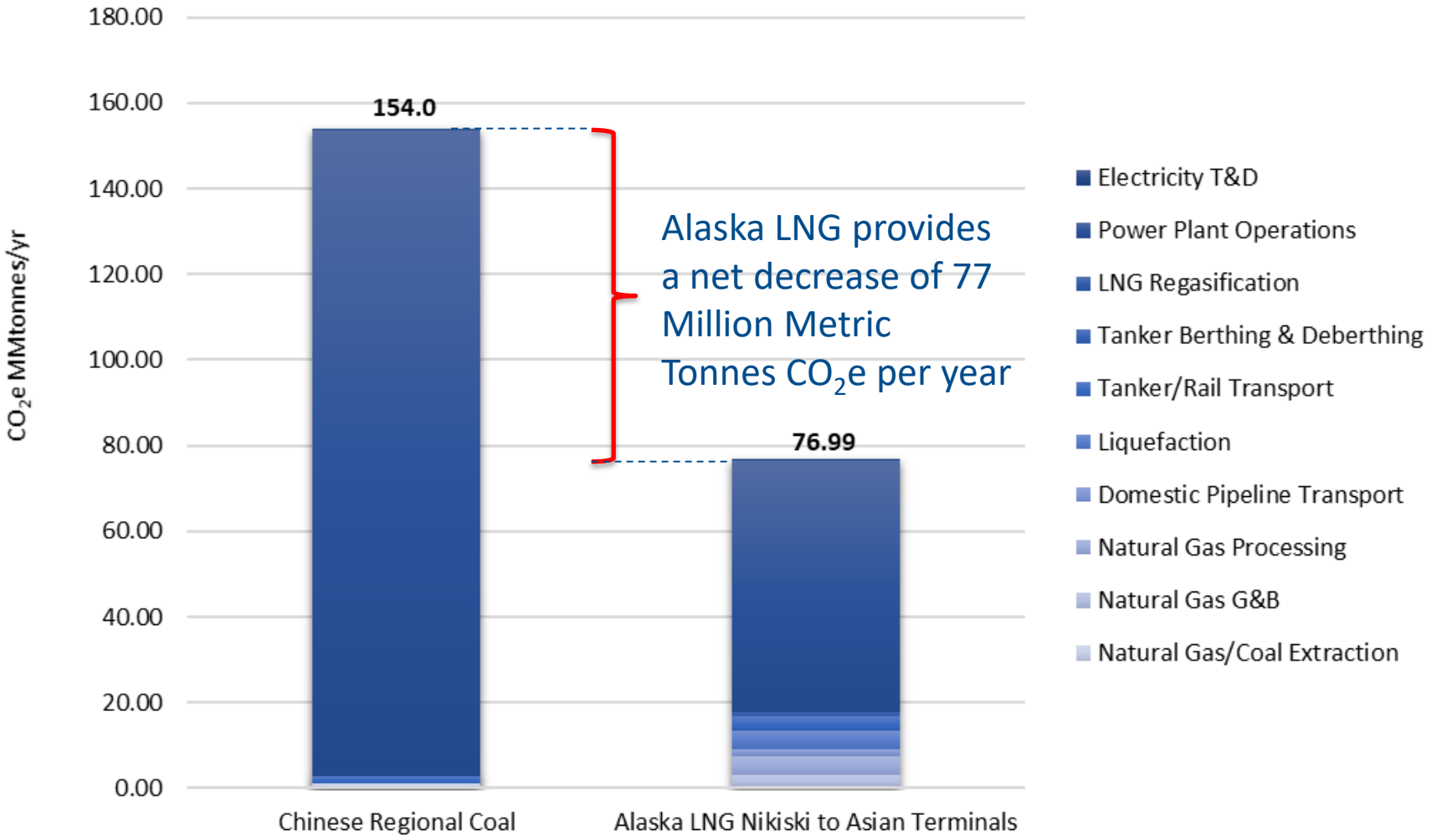

Alaska LNG's Positive GHG Impact

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Reducing global greenhouse gas emissions by more than 77 million metric tonnes per year is equivalent to….

Eliminating emissions from:

- 16.8 million passenger vehicles driven for a year
- Powering 9.3 million homes for a year
- 19 coal-fired power plants
- Burning 8.7 billion gallons of gasoline

Carbon sequestered by:

- 1.3 billion tree seedlings grown for 10 years
- 94 million acres of U.S. forests in a year

Greenhouse Gas Equivalencies Calculator | Energy and the Environment | US EPA

Moving Forward

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- Working with world-class private-sector Strategic Parties to provide investment and lead the Alaska LNG project forward
- Continuing to optimize project economics through Federal and state support
- Providing public data to demonstrate to stakeholders that Alaska LNG is the least carbon intensive export project in North America and will significantly reduce global carbon emissions
- Following through on commitments
- Encouraging Alaskans to rally behind the project that will bring positive impacts to Alaska for generations

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Alaska Will Need to Address Two Hurdles

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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 the 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 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.