Alaska LNG Project Update

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ALASKA GASLINE DEVELOPMENT CORP.

Alaska LNG Project - Overview

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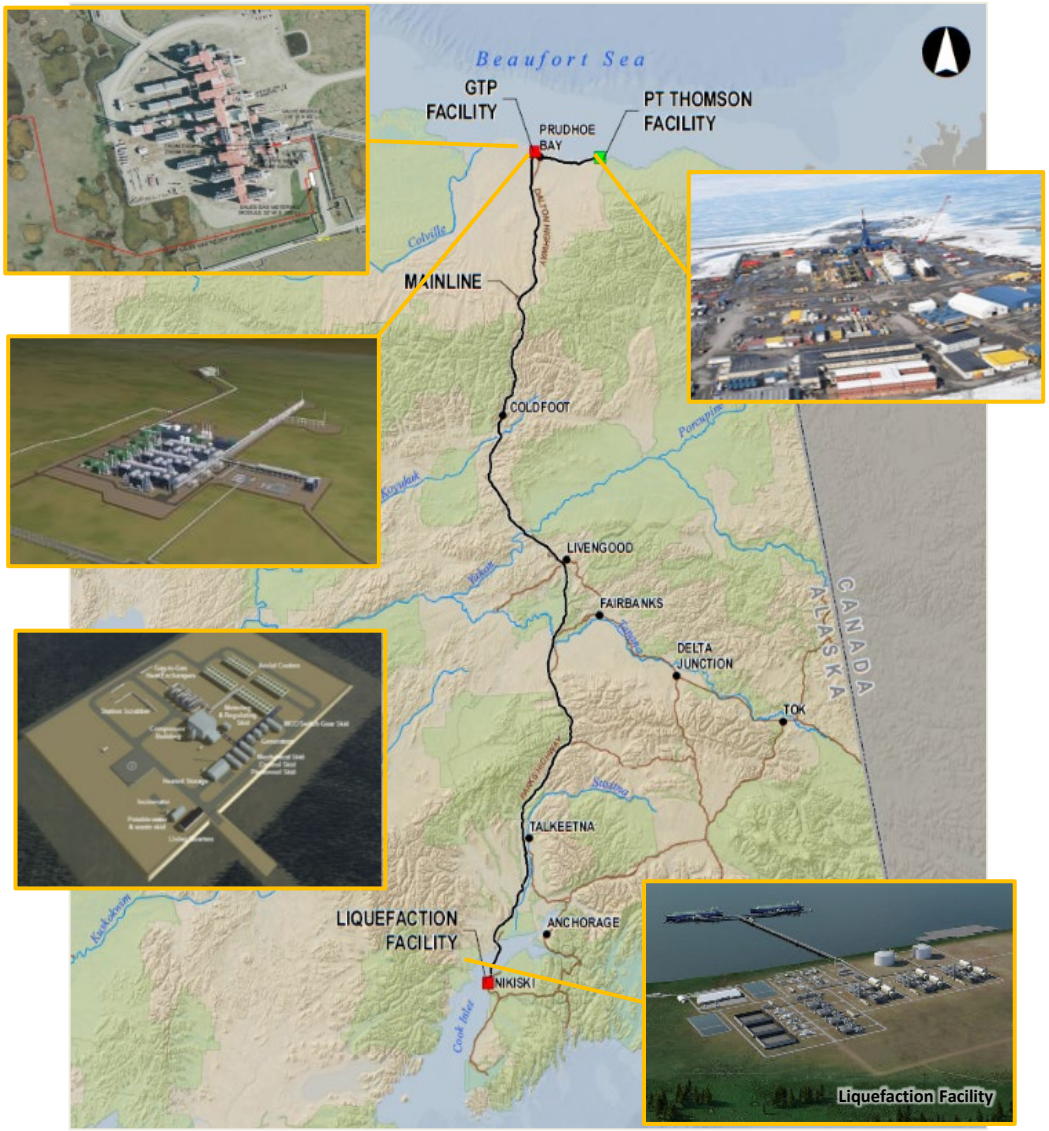

Producing Fields

- ~35 TCF discovered North Slope resource
- Anchored by Prudhoe Bay & 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
- 3 trains (1.3 BSCF/day/train)
- 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
- 8 compressor stations, 1 heater station
- Length: ~806 miles (similar to TAPS)
- Peak Workforce: 3,500 - 5,000 people
- Required Steel: 600k - 1,200k tons
- State off-take: ~3 with initial off-take up to 250 mcf/d

Liquefaction Facility

- 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

Alaska LNG Project - Regulatory Status

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

Covid Economic Impact- Phased Approach

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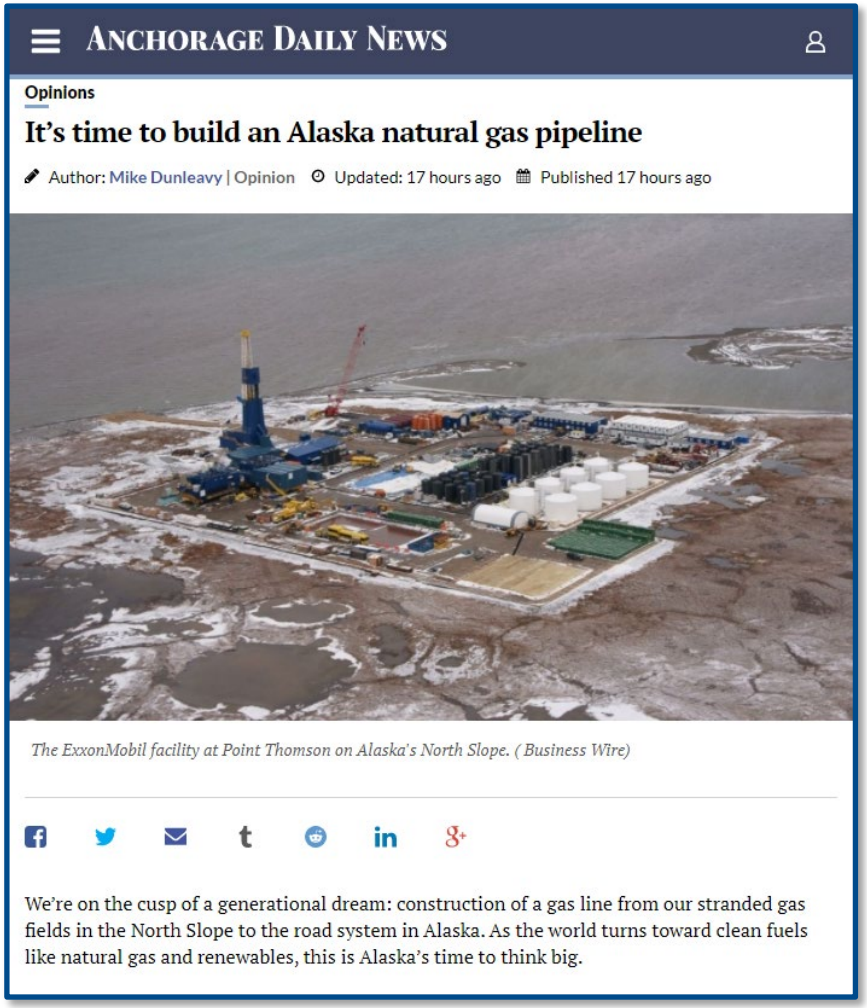
Governor Dunleavey and the AGDC Board supported a phased approach to Alaska LNG

- The phased project would have started with a $5.9 billion pipeline to Fairbanks
- Constructing the pipeline segment to Fairbanks would have provided energy for Alaskans and significantly de-risk Alaska LNG
- The first phase was expected to be predominantly funded by Federal stimulus investments and progress President Biden's low-carbon initiatives

U.S. clean energy infrastructure initiative that will resolve longstanding climate, pollution, and energy problems affecting vulnerable rural populations and strategically located Department of Defense installations



ANCHORAGE DAILY NEWS

Opinions

It's time to build an Alaska natural gas pipeline

Author: Mike Dunleavy | Opinion Updated: 17 hours ago Published 17 hours ago

The ExxonMobil facility at Point Thomson on Alaska's North Slope. (Business Wire)

We're on the cusp of a generational dream: construction of a gas line from our stranded gas fields in the North Slope to the road system in Alaska. As the world turns toward clean fuels like natural gas and renewables, this is Alaska's time to think big.

Federal Opportunities - Update

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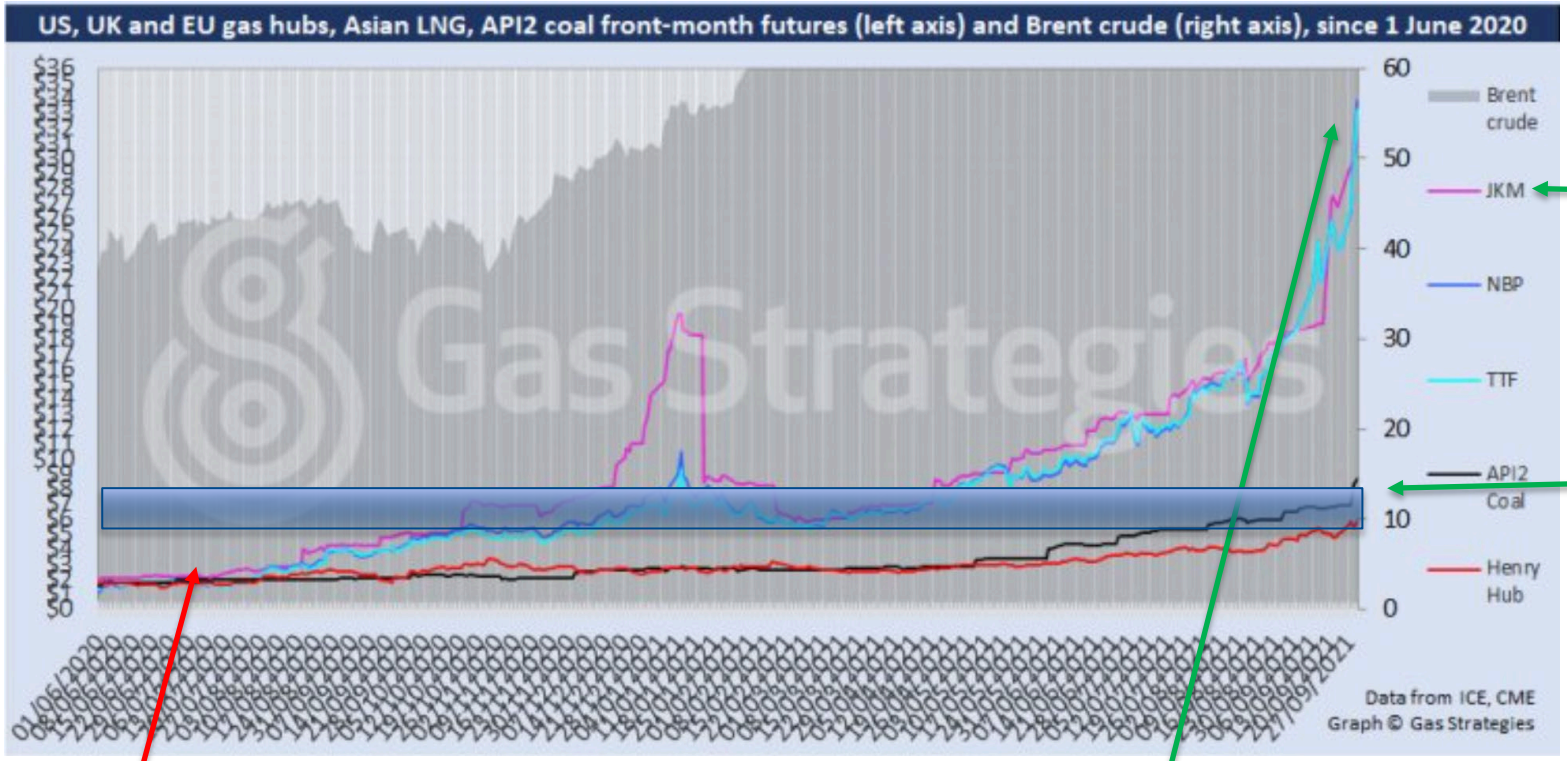
- Infrastructure and Reconciliation Bills
  - No grant funding allocated for Phase One
  - Amendment authorizing Alaska Natural Gas Pipeline Act (2004) Loan Guarantees for Alaska LNG
    - $18B (2004) = $25.6B (2021)
  - Working with Alaska delegation and staff on eligibility language for low carbon energy from Alaska
- National Defense Authorization Act
  - Policy directing Department to look for cleaner burning, lower carbon energy sources for power generation at Arctic military installations

Current LNG Market



Japan, Korea Market (spot price)

Alaska LNG
Target Range

Summer 2020
LNG: $2.00
Henry Hub: $2.00

Now (10/1/2021)
LNG: $31.10
Henry Hub: $5.87

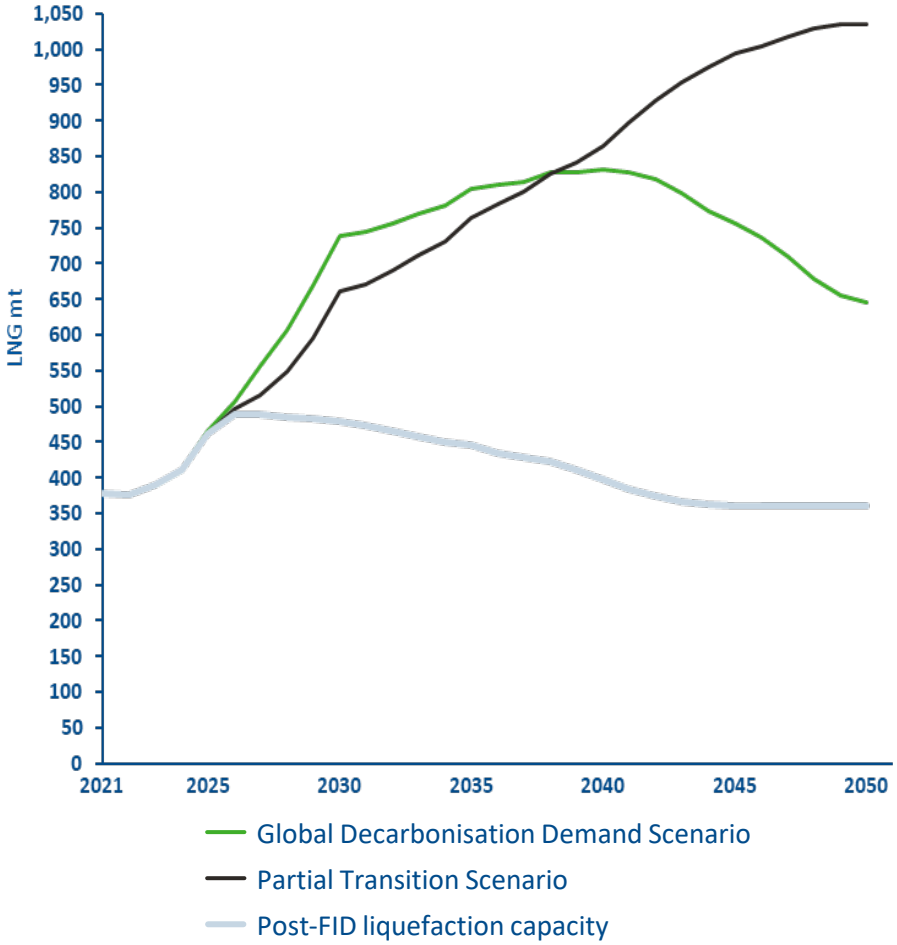
LNG Market – Global Outlook

- 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

Federal Loan Guarantee

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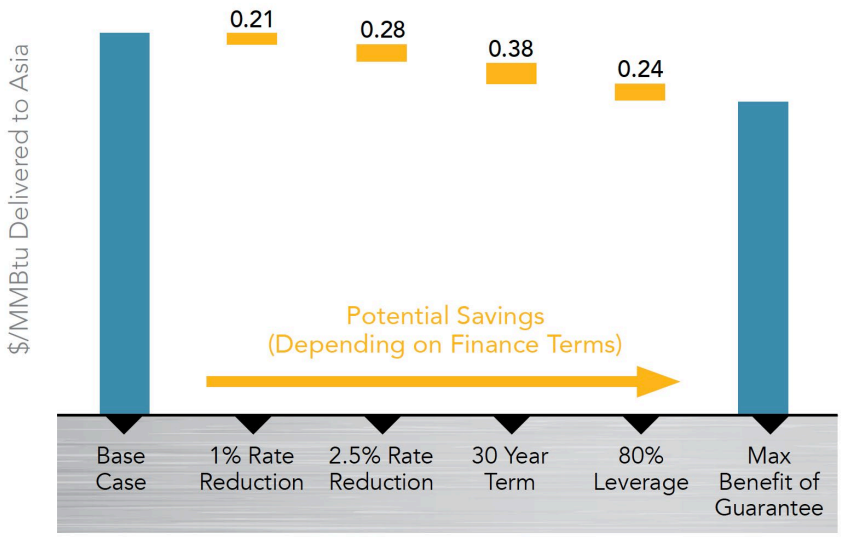
The full faith and credit of the United States will be pledged to pay all of the principal and interest on $25.6 billion of Alaska LNG debt in the event of a default.

- 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



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 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.

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

Alaska LNG GHG Lifecycle Analysis (LCA)

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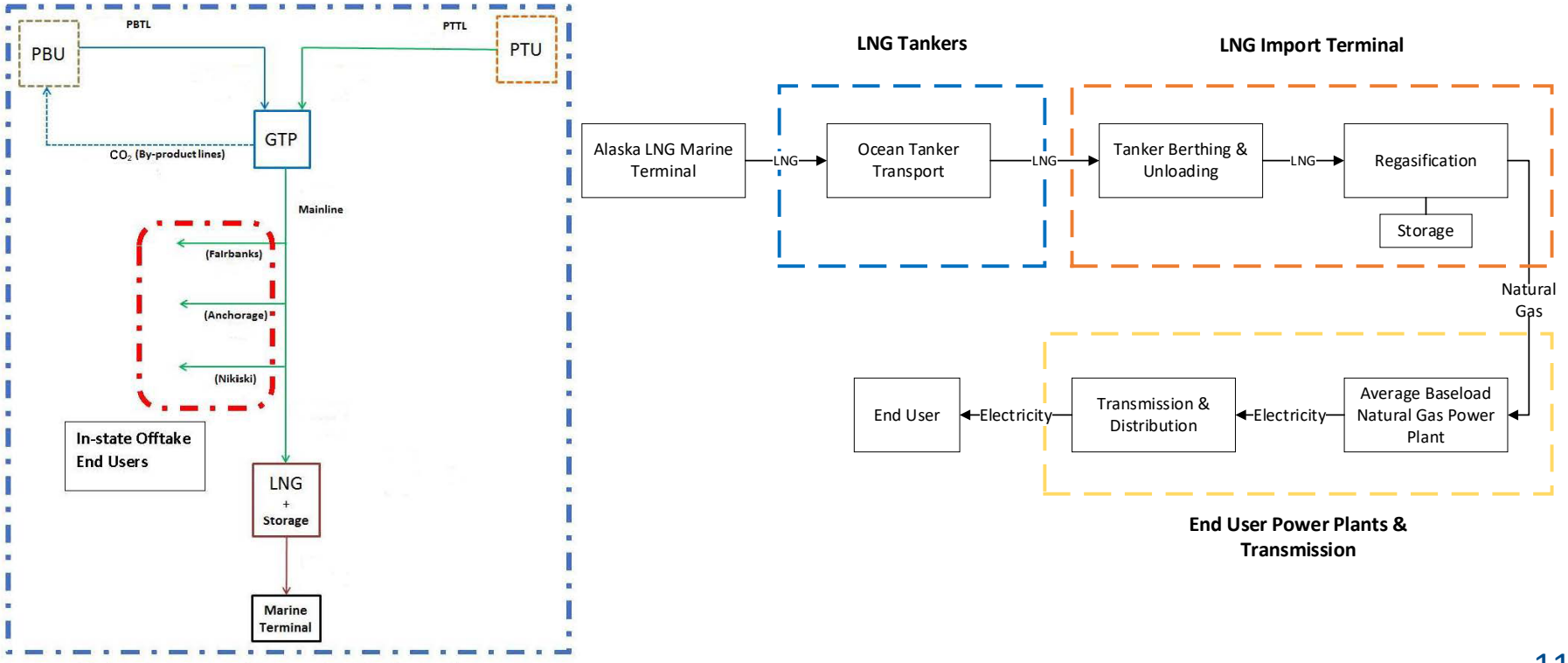
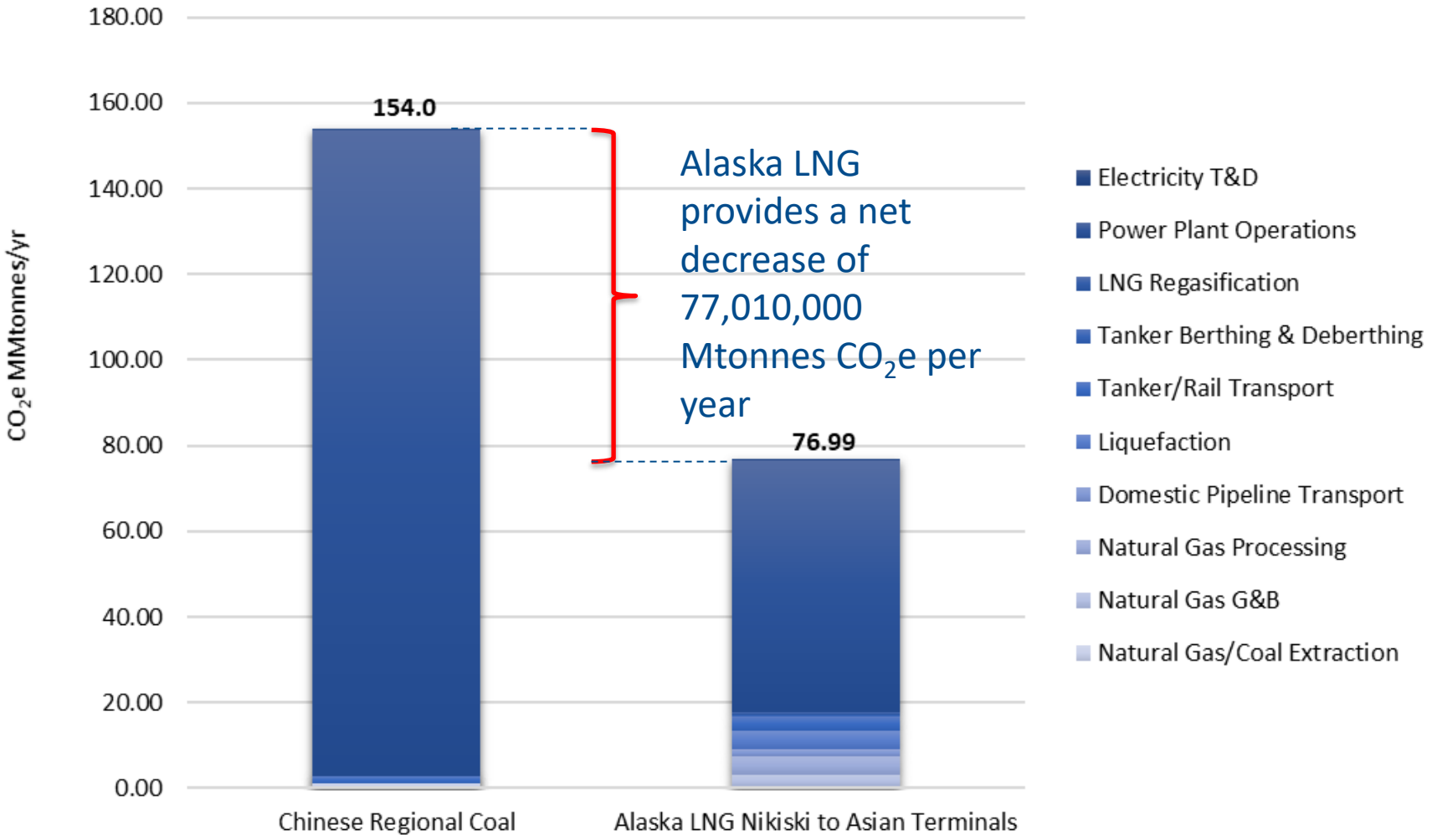
- AGDC contracted with independent third party providers to provide a GHG lifecycle assessment of the Alaska LNG project
- Realistic assessment using publicly available data and NETL methodology

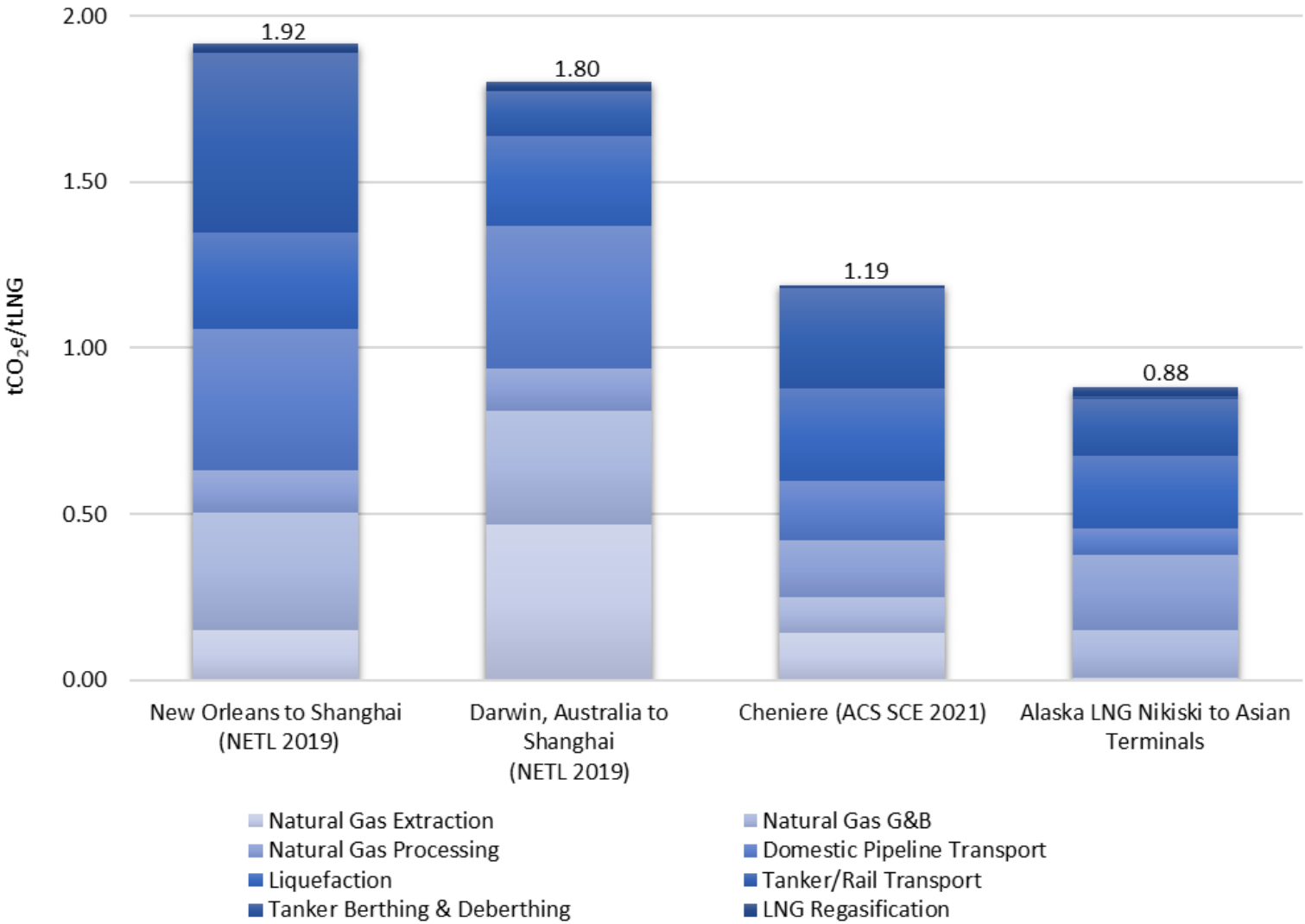
Components of the full lifecycle



Alaska LNG Compared to Asia Coal Emissions



Alaska LNG Compared to Other LNG Sources



Reduction of 77,010,000 MT CO_2e Per Year

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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

Is equivalent to 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

Alaska LNG - Moving Forward

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- Working with world-class private-sector Strategic Parties to provide investment and lead the Alaska LNG export project forward
- Continuing to optimize the 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
- Encouraging Alaskans to rally behind the project that will bring positive impacts to Alaska for generations

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