

# Have Gas; Will Travel

The Present and Future of LNG

Society of Petroleum Evaluation Engineers

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# Cautionary statements

## Forward-looking statements

The information in this presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are forward-looking statements. The words “anticipate,” “assume,” “believe,” “budget,” “estimate,” “expect,” “forecast,” “initial,” “intend,” “may,” “model,” “plan,” “potential,” “project,” “should,” “will,” “would,” and similar expressions are intended to identify forward-looking statements. The forward-looking statements in this presentation relate to, among other things, future contracts and contract terms, margins, returns and payback periods, future cash flows and production, delivery of LNG, future costs, prices, financial results, liquidity and financing, future demand and supply affecting LNG and general energy markets and other aspects of our business and our prospects and those of other industry participants.

Our forward-looking statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments, and other factors that we believe are appropriate under the circumstances. These statements are subject to numerous known and unknown risks and uncertainties which may cause actual results to be materially different from any future results or performance expressed or implied by the forward-looking statements. These risks and uncertainties include those described in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and of our Quarterly Report on Form 10Q for the quarter ended September 30, 2018, and our other filings with the Securities and Exchange Commission, which are incorporated by reference in this presentation. Many of the forward-looking statements in this presentation relate to events or developments anticipated to occur numerous years in the future, which increases the likelihood that actual results will differ materially from those indicated in such forward-looking statements.

Plans for the Permian Global Access Pipeline and Haynesville Global Access Pipeline projects discussed herein are in the early stages of development and numerous aspects of the projects, such as detailed engineering and permitting, have not commenced. Accordingly, the nature, timing, scope and benefits of those projects may vary significantly from our current plans due to a wide variety of factors, including future changes to the proposals. Although the Driftwood pipeline project is significantly more advanced in terms of engineering, permitting and other factors, its construction, budget and timing are also subject to significant risks and uncertainties.

Projected future cash flows as set forth herein may differ from cash flows determined in accordance with GAAP.

The financial information on slides 8 and 19-23 is meant for illustrative purposes only and does not purport to show estimates of actual future financial performance. The information on those slides assumes the completion of certain acquisition, financing and other transactions. Such transactions may not be completed on the assumed terms or at all. Actual commodity prices may vary materially from the commodity prices assumed for the purposes of the illustrative financial performance information.

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## Reserves and resources

Estimates of non-proved reserves and resources are based on more limited information, and are subject to significantly greater risk of not being produced, than are estimates of proved reserves.

# Introduction

LNG market

Tellurian assets

Upstream overview

Business model

Conclusion

# Introducing Tellurian

- Strategy: Build a low-cost, global natural gas company
  - Upstream reserves and production
  - Pipeline infrastructure
  - LNG liquefaction
  - Global LNG marketing
- Differentiators
  - Integrated business model
  - Management team
  - Bechtel EPC contract
- Today's presentation . . . LNG market, Tellurian assets, and business model

# Introducing Tellurian

April

Management, friends and family **invest \$60 million** in Tellurian

February

**Merge** with Magellan Petroleum, gaining access to public markets

December

Raise approximately **\$100 million in public equity**

Feb/March

Announce **open seasons** for Haynesville Global Access Pipeline and Permian Global Access Pipeline

June

Raise approximately **\$115 million in public equity**

2016

2017

2018



December

GE **invests \$25 million** in Tellurian



January

TOTAL **invests \$207 million** in Tellurian



June

**Bechtel, Chart Industries and GE** complete the front-end engineering and design (FEED) study for Driftwood LNG

November

**Acquire Haynesville acreage**, production and ~1.4 Tcf  
Execute **LSTK EPC contract** with Bechtel for ~\$15 billion



March

Bechtel **invests \$50 million** in Tellurian

September

Driftwood LNG receives **Draft Environmental Impact Statement (DEIS)** from FERC

December

Announced **MOU for 1.5 mtpa for 15 years** with **Vitol**, based on Platts JKM

Introduction

**LNG market**

Tellurian assets

Upstream overview

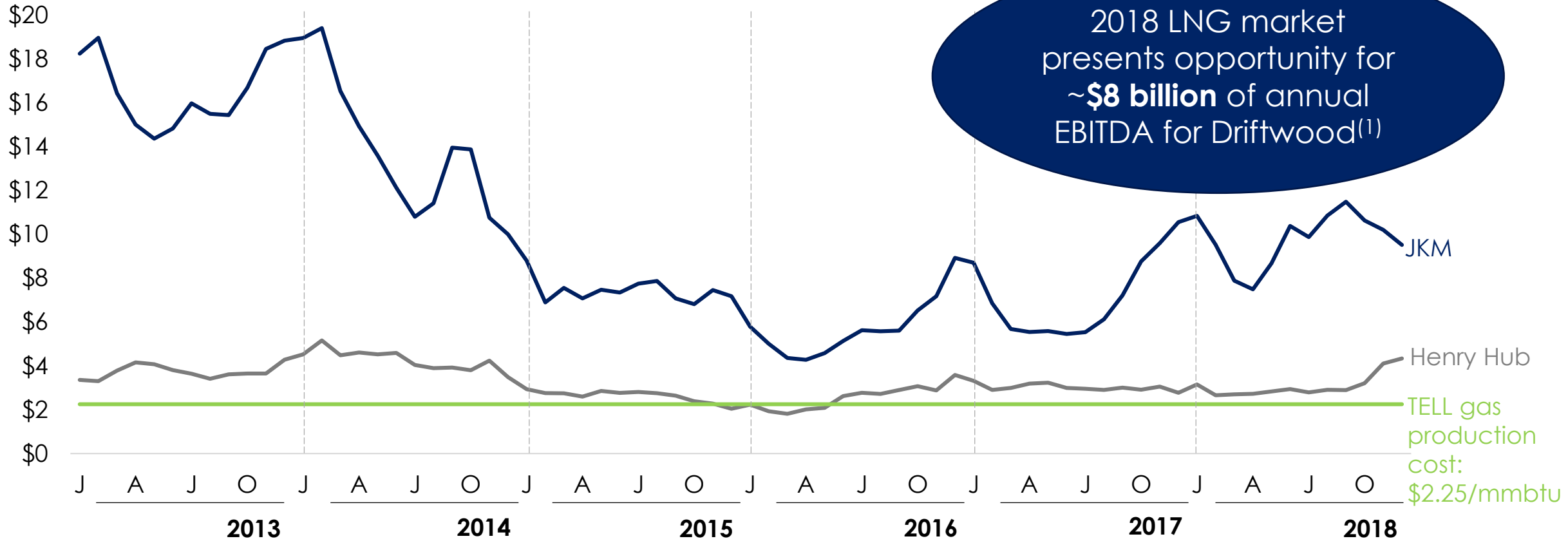
Business model

Conclusion

$$1 + 1 + 1 = 4$$

# 2018 LNG hub price ~\$10/mmBtu = JKM

\$/mmBtu



Annual avg. JKM (\$/mmBtu)

\$16.58

\$13.88

\$7.45

\$5.72

\$7.14

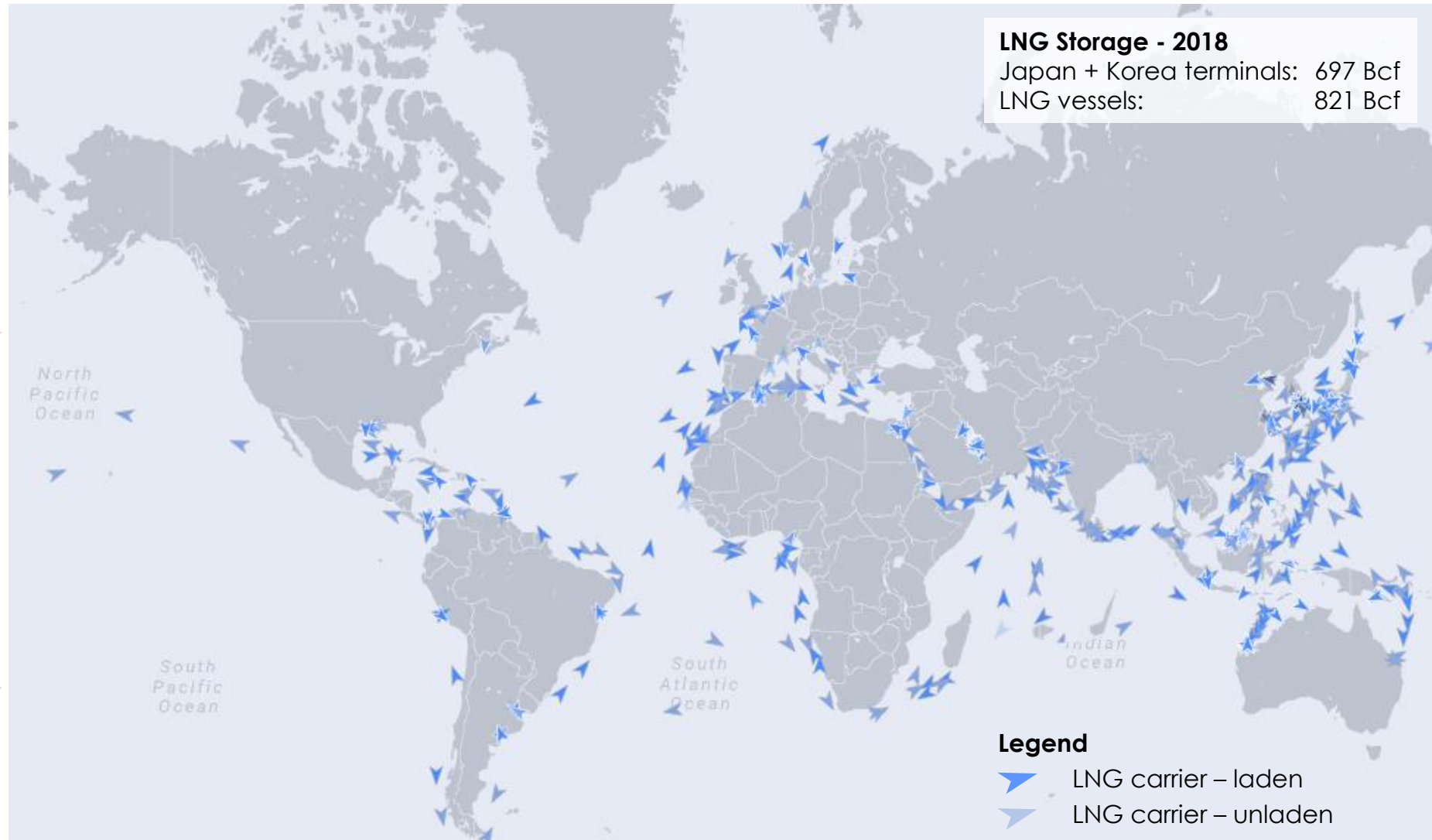
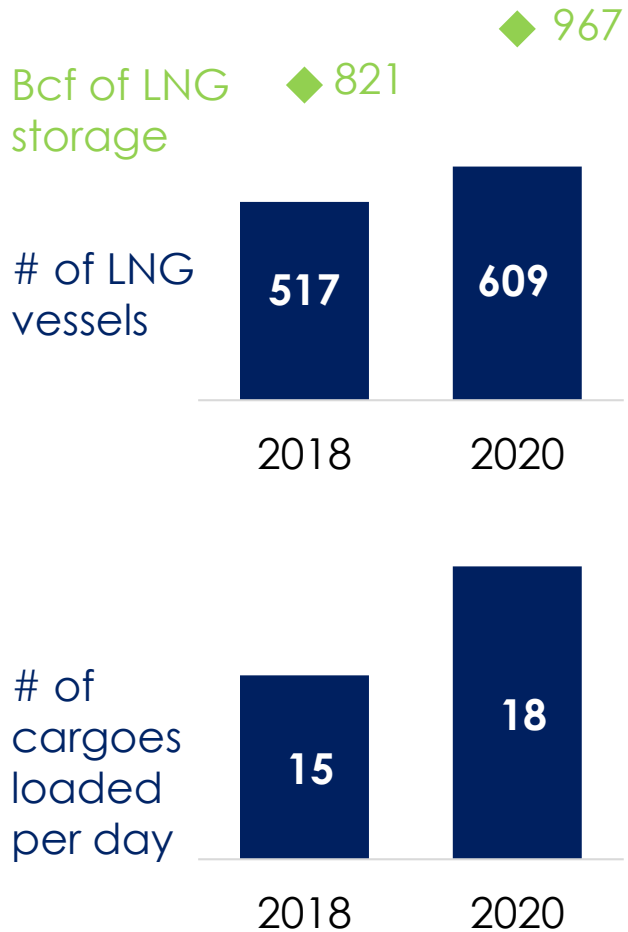
\$9.76

Sources: Platts, Tellurian research.

Note: (1) Based on full development of Driftwood LNG terminal, assuming JKM price of \$10/mmBtu, a shipping rate of \$1.50/mmBtu and a delivered FOB cost of \$3.00/mmBtu.



# Global commodity requires low-cost solutions



Sources: Kpler, Maran Gas, IHS, Wood Mackenzie.  
 Notes: LNG storage assumes half of fleet is in ballast, 2.9 Bcf capacity per vessel. Average cargo size ~2.9 Bcf, assuming 150,000 m<sup>3</sup> ship. In 2017, approximately a third of all LNG cargoes are estimated to be spot volumes. Based on line of sight supply through 2020.

Introduction

LNG market

**Tellurian assets**

Upstream overview

Business model

Conclusion

# Driftwood LNG terminal

## Driftwood LNG terminal

- |                 |  |
|-----------------|--|
| <b>Land</b>     | <ul style="list-style-type: none"><li>▪ ~1,000 acres near Lake Charles, LA</li></ul>   |
| <b>Capacity</b> | <ul style="list-style-type: none"><li>▪ ~27.6 mtpa</li></ul>   |
| <b>Trains</b>   | <ul style="list-style-type: none"><li>▪ Up to 20 trains of ~1.38 mtpa each</li><li>▪ Chart heat exchangers</li><li>▪ GE LM6000 PF+ compressors</li></ul> |
| <b>Storage</b>  | <ul style="list-style-type: none"><li>▪ 3 storage tanks</li><li>▪ 235,000 m<sup>3</sup> each</li></ul>   |
| <b>Marine</b>   | <ul style="list-style-type: none"><li>▪ 3 marine berths</li></ul>  |
| <b>EPC Cost</b> | <ul style="list-style-type: none"><li>▪ ~\$550 per tonne</li><li>▪ ~\$15.2 billion<sup>(1)</sup></li></ul>   |

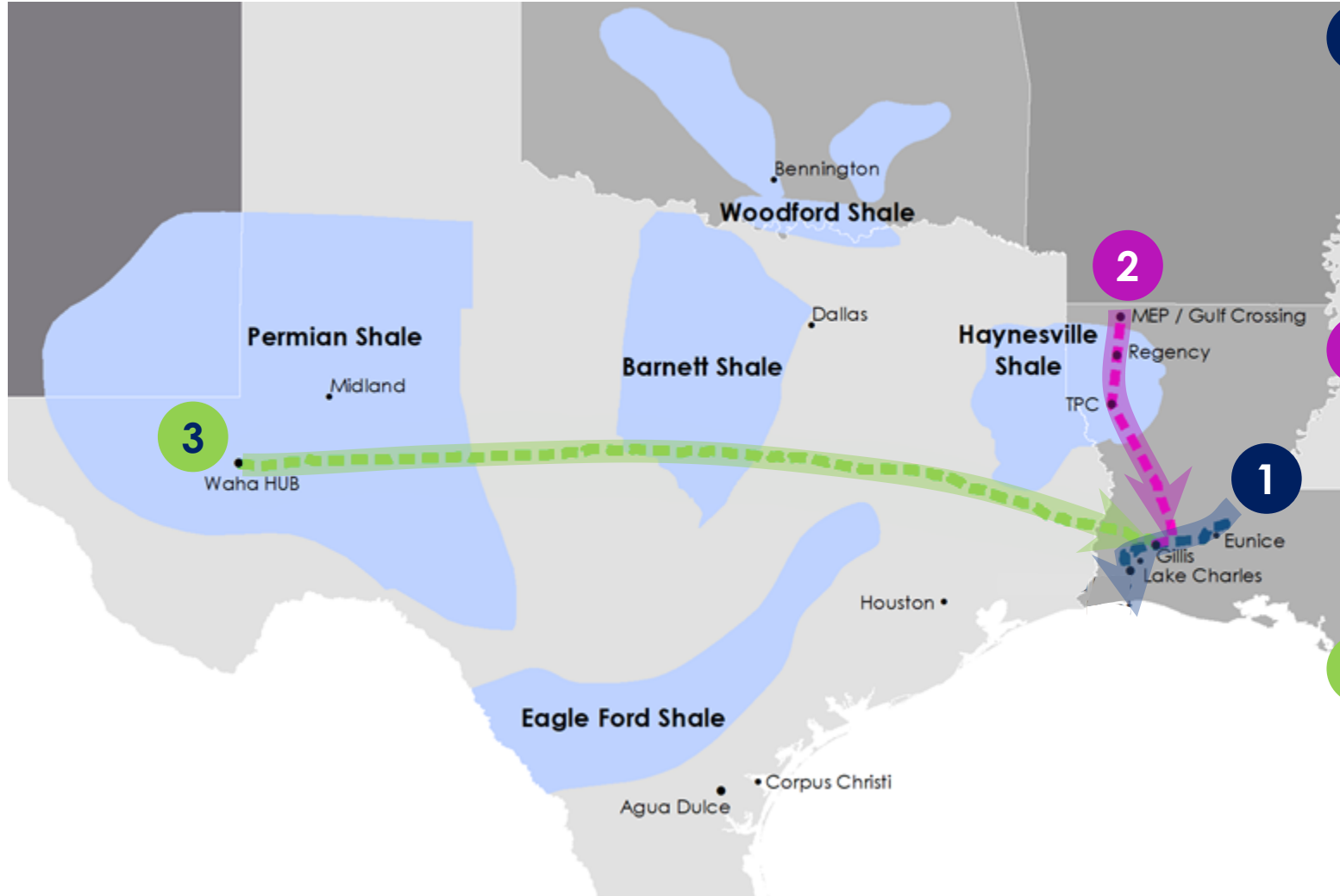


Artist rendition

Note: (1) Based on engineering, procurement, and construction agreements executed with Bechtel.

# Pipeline network

Bringing low-cost gas to Southwest Louisiana



<b>1</b>	<b>Driftwood Pipeline<sup>(1)</sup></b>	
▪	Capacity (Bcf/d)	4.0
▪	Cost (\$ billions)	\$2.2
▪	Length (miles)	96
▪	Diameter (inches)	48
▪	Compression (HP)	274,000
▪	Status	FERC approval pending
<b>2</b>	<b>Haynesville Global Access Pipeline<sup>(1)</sup></b>	
▪	Capacity (Bcf/d)	2.0
▪	Cost (\$ billions)	\$1.4
▪	Length (miles)	200
▪	Diameter (inches)	42
▪	Compression (HP)	23,000
▪	Status	Open season completed
<b>3</b>	<b>Permian Global Access Pipeline<sup>(1)</sup></b>	
▪	Capacity (Bcf/d)	2.0
▪	Cost (\$ billions)	\$3.7
▪	Length (miles)	625
▪	Diameter (inches)	42
▪	Compression (HP)	258,000
▪	Status	Open season completed

Note: (1) Included in Driftwood Holdings at full development; commercial and regulatory processes in progress and financial structuring under review.

Introduction

LNG market

Tellurian assets

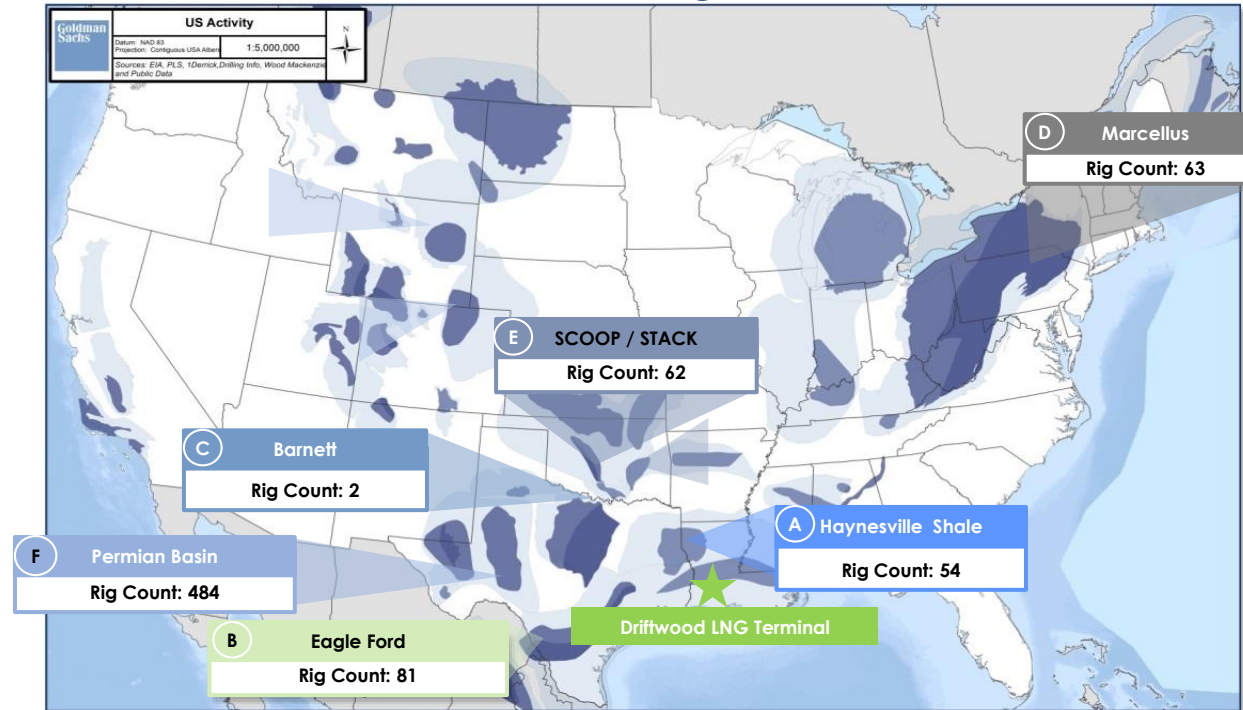
**Upstream overview**

Business model

Conclusion

# Natural gas sourcing

## Haynesville shale well-positioned to source natural gas for Driftwood LNG Terminal



Basin	Gas focused	Wellhead economics	Transportation costs	Cost of entry	Actionable targets	Play attractiveness
<b>A Haynesville</b>	✓	✓	✓+	✓	✓+	●
<b>B Dry Gas Eagle Ford</b>	✓	✓	✓	✓+	✓	●
<b>C Barnett</b>	✓-	✓-	✓	✓	✓	●
<b>D Marcellus</b>	✓	✓+	✓-	✓-	✓	●
<b>E SCOOP / STACK</b>	✓-	✓	✓	✓-	✓	●
<b>F Permian</b>	✓-	✓+	✓-	✓-	✓	●

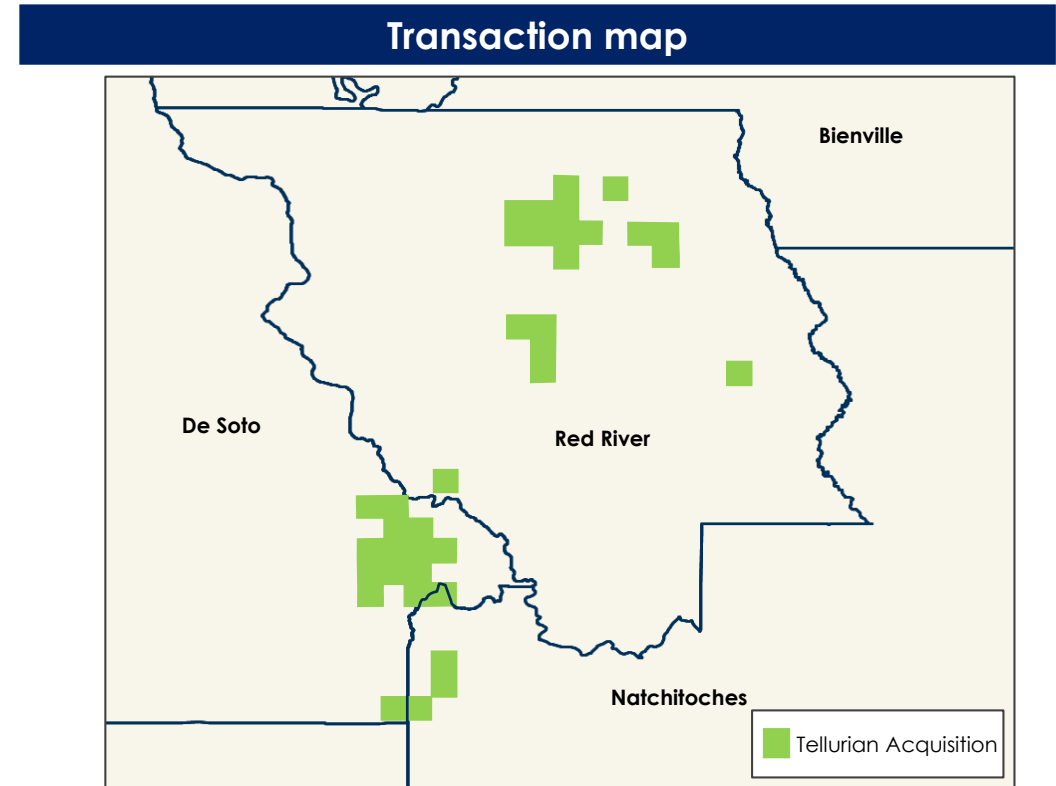
Sources: Basin map from Goldman Sachs and rig count from Baker Hughes Rotary Rig Count report, as of January 25, 2019.

# Reserve and rate mandate

- Acquire and develop **long-life, low-cost natural gas resources**
  - Production of ~**1.5 Bcf/d** starting in 2023
  - Total resource of ~15 Tcf
  - Scalable position
  - Low geological risk, low reserve risk, low capital risk
  - Operations
  - Low cost (operating, gathering, transportation)
  - Flexible development HBP
- **Haynesville**: close, prolific, cheap
- Target is to deliver gas for **\$2.25/mmBtu**

# Rockcliff acquisition

- Tellurian acquired 9,200 net acres from Rockcliff Energy in November 2017
- Primarily located in De Soto and Red River parishes
- Existing midstream assets provide ability to cost effectively gather and deliver to market
- 100% gas
- Total net resource ~10% of total resource required for Phase 1



Key asset statistics	
Net acres	9,200
Held by production (HBP)	100%
Percent operated	92%
Net production (MMcf/d)	4
Operated producing wells	19
Identified development locations	Up to 138
Total net resource (Tcf)	1.3



# Current activities

## Drilling Program

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- Goldman Sachs funded \$60 million term loan in September 2018 to support operated and non-operated drilling activity
- 4 operated wells
- 12 non-operated wells
- Goals:
  1. Validate capital and type curve
  2. Demonstrate ability to execute
  3. Make money

## M&A

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- We are talking to everyone

Introduction

LNG market

Tellurian assets

Upstream overview

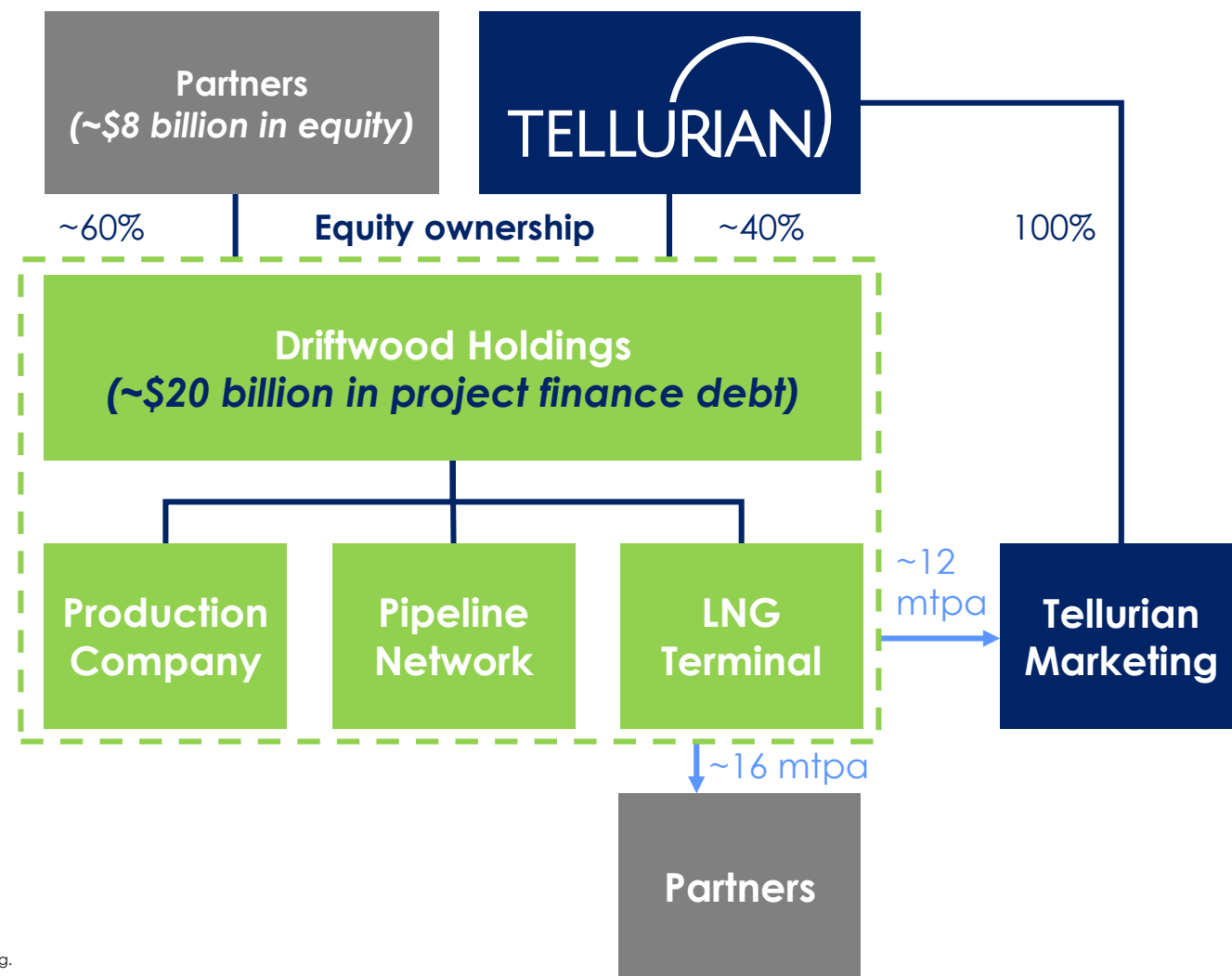
**Business model**

Conclusion

# Tellurian structure

Tellurian projects annual ~\$8 cash flow/sh<sup>(1)</sup>

- **Integrated model**
  - Production Company, Pipeline Network, LNG Terminal
  - Variable and operating costs expected to be \$3.00/mmBtu FOB
- **Financing**
  - ~\$8 billion in Partners' capital through investment of \$500 per tonne of LNG
  - ~\$20 billion in project finance debt equates to \$1.50/mmBtu with projected interest and amortization
- **Tellurian**
  - Tellurian will retain ~12 mtpa and ~40% of the assets
  - Estimated \$2 billion annual cash flow to Tellurian<sup>(2)</sup>



Notes: (1) Annual cash flow per share based on anticipated \$2 billion annual cash flow to Tellurian and ~247 million shares outstanding.  
 (2) See slide 23 for estimated annual Tellurian cash flow at various assumed U.S. Gulf Coast netback prices and margin levels.

# Driftwood Holdings' financing

	Full Development	
<ul style="list-style-type: none"> <li>▪ <b>Capacity (mtpa)</b></li> <li>▪ <b>Capital investment (\$ billions)</b> <ul style="list-style-type: none"> <li>– Liquefaction terminal<sup>(1)</sup></li> <li>– Owners' cost &amp; contingency<sup>(2)</sup></li> <li>– Driftwood pipeline<sup>(3)</sup></li> <li>– HGAP</li> <li>– PGAP</li> <li>– Upstream</li> <li>– Fees<sup>(4)</sup></li> <li>– Interest during construction</li> </ul> </li> <li>▪ <b>Total capital</b> <ul style="list-style-type: none"> <li>– Total capital (\$ per tonne)</li> </ul> </li> </ul>	<b>27.6</b>	
	\$ 15.2	
	\$ 1.9	
	\$ 2.2	
	\$ 1.4	
	\$ 3.7	
	\$ 2.2	
	\$ 0.9	
	<u>\$ 7.5</u>	
	<b>\$ 35.0</b>	
	\$ 1,270	
<ul style="list-style-type: none"> <li>– Debt financing<sup>(5)</sup></li> <li>– Pre-COD cash flows<sup>(6)</sup></li> <li>▪ <b>Net partners' capital</b></li> </ul>	\$ (20.0)	
	<u>\$ (7.0)</u>	
	<b>\$ 8.0</b>	
<ul style="list-style-type: none"> <li>▪ <b>Transaction price (\$ per tonne)</b></li> <li>▪ <b>Capacity split</b> <ul style="list-style-type: none"> <li>– Partner</li> <li>– <b>Tellurian</b></li> </ul> </li> </ul>	<b>\$500</b>	
	<u><b>mtpa</b></u>	<u><b>%</b></u>
	16.0	58%
	<b>11.6</b>	<b>42%</b>

Notes: (1) Based on engineering, procurement, and construction agreements executed with Bechtel.

(2) Approximately half of owners' costs represent contingency; the remaining amounts consist of cost estimates related to staffing prior to commissioning, estimated impact of inflation and foreign exchange rates, spare parts and other estimated costs.

(3) Represents estimated costs of development of Driftwood pipeline in phases.

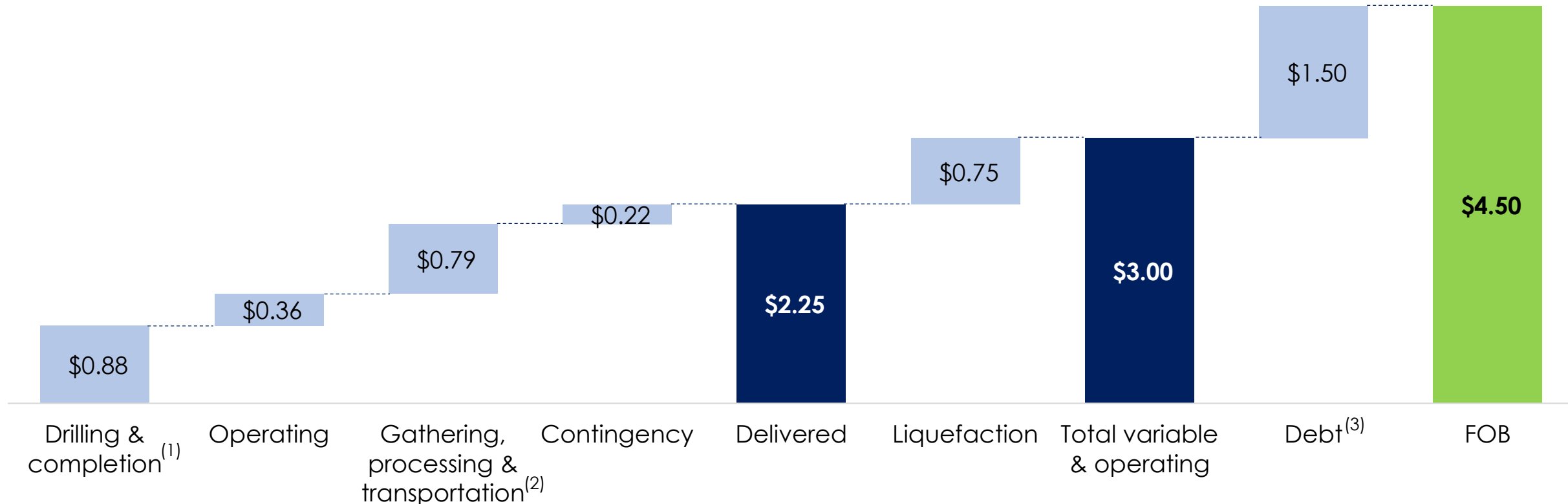
(4) Preliminary estimate of certain costs associated with potential management fee to be paid by Driftwood Holdings to Tellurian and certain transaction costs.

(5) Project finance debt to be borrowed by Driftwood Holdings.

(6) Cash flows prior to commercial operations date of Plant 5.

# Driftwood Holdings' operating costs

\$/mmBtu



Sources: Wood Mackenzie, Tellurian Research.

Notes: (1) Drilling and completion based on well cost of \$10.2 million, 15.5 Bcf EUR, and 75.00% net revenue interest ("NRI") (8/8ths).

(2) Gathering processing and transportation includes transportation cost to Driftwood pipeline or to market.

(3) Based on debt service cost of principal and interest related to ~\$20.0 billion of project finance debt.

# Returns to Driftwood Holdings' partners

	U.S. Gulf Coast netback price (\$/mmBtu)			
	\$6.00	\$8.00	\$10.00	\$15.00
▪ <b>Driftwood LNG, FOB U.S. Gulf Coast</b> (\$/mmBtu)	\$(4.50)	\$(4.50)	\$(4.50)	\$(4.50)
▪ <b>Margin</b> (\$/mmBtu)	1.50	3.50	5.50	10.50
▪ <b>Annual partner cash flow<sup>(1)</sup></b> (\$ millions per tonne)	80	180	290	550
▪ <b>Cash on cash return<sup>(2)</sup></b>	16%	36%	57%	109%
▪ <b>Payback<sup>(3)</sup></b> (years)	6	3	2	1

Notes: (1) Annual partner cash flow equals the margin multiplied by 52 mmBtu per tonne.

(2) Based on 1 mtpa of capacity in Driftwood Holdings; all estimates before federal income tax; does not reflect potential impact of management fees paid to Tellurian.

(3) Payback period based on full production.

# Value to Tellurian Inc.

USGC netback (\$/mmBtu)	Margin <sup>(1)</sup> (\$/mmBtu)	2 Plants		5 Plants	
		Annual cash flows <sup>(2)</sup> (\$ millions)	Cash flow per share <sup>(3)</sup> (\$/share)	Annual cash flows <sup>(2)</sup> (\$/millions)	Cash flow per share <sup>(3)</sup> (\$/share)
\$ 6.00	\$ 1.50	\$ 235	\$ 0.95	\$ 905	\$ 3.66
\$ 8.00	\$ 3.50	\$ 545	\$ 2.21	\$2,110	\$ 8.55
\$10.00	\$ 5.50	\$ 860	\$ 3.47	\$3,320	\$13.43
\$15.00	\$10.50	\$1,640	\$ 6.63	\$6,335	\$25.64

Notes: (1) \$4.50/mmBtu cost of LNG FOB Gulf Coast.

(2) Annual cash flow equals the margin multiplied by 52 mmBtu per tonne; does not reflect potential impact of management fees paid to Tellurian nor G&A.

(3) Represents the fully diluted cash flow per share based on total outstanding shares of 241 million in common stock and 6 million shares of preferred stock as converted.

Introduction

LNG market

Tellurian assets

Upstream overview

Business model

**Conclusion**



# Conclusion

- Tellurian's business model is designed to provide investors with access to the U.S. integrated value chain capable of providing **low-cost, flexible LNG globally**
- The **Haynesville** is an ideal source of low-cost gas with consistent drilling results and proximity to Gulf Coast petrochemical users and LNG export capacity
- The U.S. is best positioned to meet global LNG supply needs with access to abundant **low-cost gas** and a track record of building **low-cost liquefaction**

# Final Investment Decision expected 1H 2019

## Milestone

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- Fully-wrapped EPC contract
- Draft FERC EIS
- Final FERC EIS
- Final FERC Order
- Final Investment Decision
- Notice to Proceed to Bechtel
- First LNG

## Target date

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- ✓ • November 2017
- ✓ • September 2018
- ✓ • January 2019
- 1H 2019
- 1H 2019
- 1H 2019
- 2023