

# Tellurian Inc.

## Corporate presentation

August 2021





# 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 revenues, production, costs, prices, margins, cash flow, rates of return and payback periods, emissions and other environmental matters, financing transactions, contracts, liquefaction capacity additions, financing discussions, timing for FID, notice to proceed, future demand and supply affecting LNG and general energy markets, future transactions 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, 2020, 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.

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## LNG critical to global decarbonization

Natural gas is a complementary cleaner energy source to support global decarbonization

Source: BP Statistical Review, BP World Energy Outlook, Wood Mackenzie.

Note: (1) Tellurian's integrated approach creates physical hedge for Driftwood's natural gas purchases.

## Global markets structurally short LNG; abundant low-cost U.S. natural gas supply

Global LNG demand has grown 7% annually over last five years, with limited capacity additions on the horizon

## Tellurian's integrated model is the next innovation in U.S. LNG

Tellurian will be the first integrated<sup>(1)</sup> global gas pure-play in the U.S. – based on low-cost resource and infrastructure



The integrated Tellurian model is  
the next innovation in U.S. LNG



TELLURIAN



# Tellurian executive summary

1

## Tellurian has sold all the necessary offtake for Driftwood Phase I (two-plants/11 mtpa)<sup>(1)</sup>

- Definitive, binding agreements with Gunvor, Vitol and Shell for 9.0 mtpa
- The addition of Shell brings the world's largest LNG portfolio and the largest buyer of U.S. LNG into the Driftwood project
- \$12 bn. in development costs has the potential to generate \$5 bn. in operating cash flow/yr. at strip prices

2

## Commencing debt finance process: continuing to position for 1Q22 FID

- Tellurian has started site preparation and begun the debt financing process for Driftwood
- Process underway with several upstream counterparties to expand our footprint in gas production
- Tellurian is debt free and expects to double exit rate gas production revenues from 2020 to 2021

3

## LNG macro: strong demand, low inventories and carbon premium is leading to record LNG prices

- EU carbon prices are up ~110% over the last year; coal + carbon is the new floor for European gas pricing
- JKM 2-year strip is up ~83% over the past year; a clear call on new supply with Asian demand growing 11% YTD
- Global net zero goals are leading to targeted coal phaseouts, supporting long-term gas demand

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## ESG is a core attribute of the Tellurian offering

- Upstream production allows tracking and certification of GHG emissions along the value chain
- Tellurian's upstream operations use "green completions" to eliminate flaring and minimize methane leakage
- RSG: Tellurian is examining several initiatives that would certify produced natural gas as "responsibly sourced"

Sources: Kpler, ICE via Marketview.

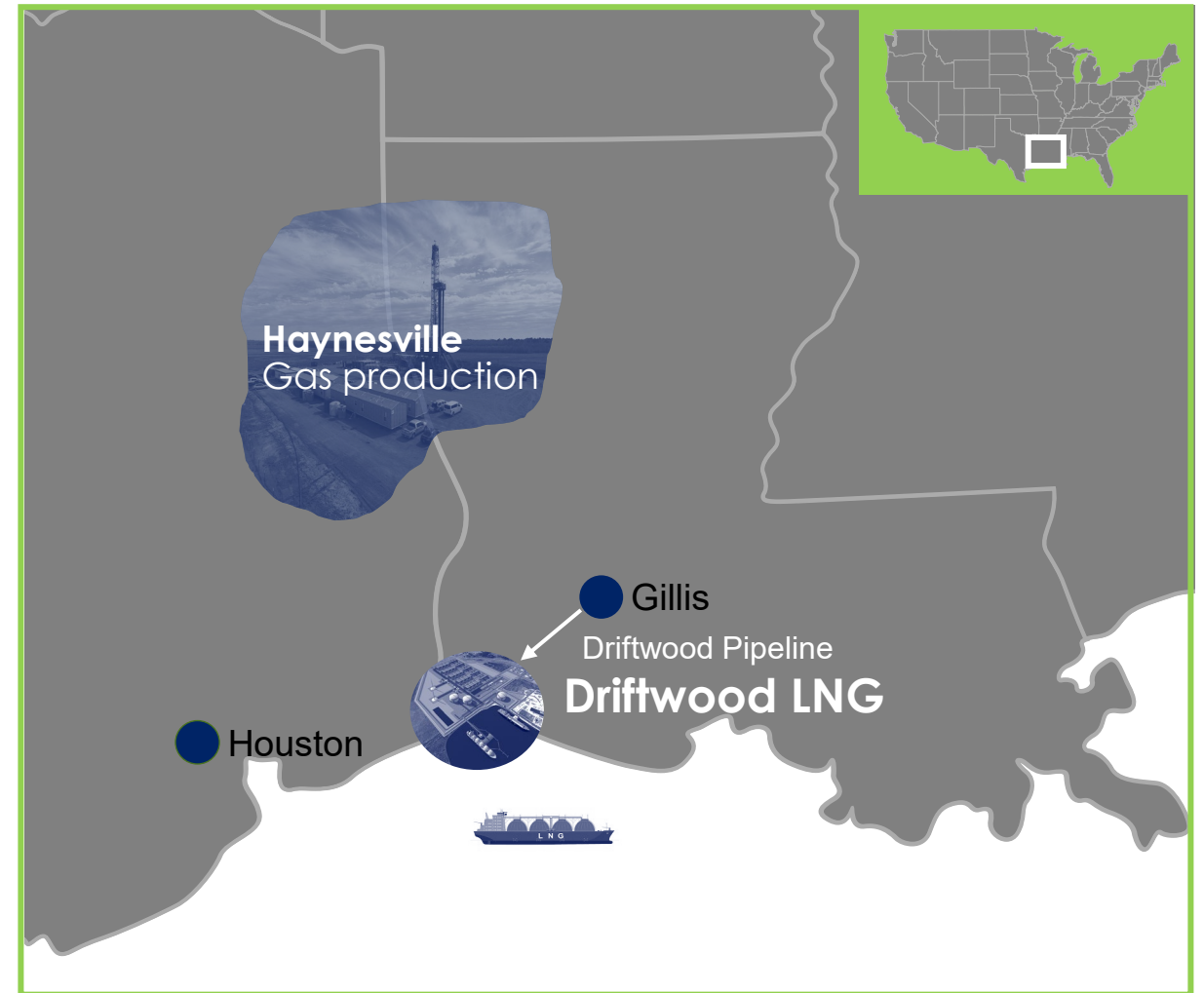
Notes: (1) Gunvor Singapore Pte Ltd., Vitol Inc. and Shell NA LNG LLC.

(2) Estimated revenue from the agreements is based on the JKM price (as quoted by S&P Platts) and the TTF price (as quoted on www.theice.com) as of June 30, 2021 for the full term of the agreements; actual prices will vary.



# Tellurian: fully integrated, pure-play LNG

- **Low-cost, integrated business model:** upstream gas production in Haynesville<sup>(1)</sup>, Driftwood pipeline and LNG terminal in SW Louisiana
- **Pure-play, global gas producer:** monetizing U.S. domestic gas production into premium global gas markets, integration provides cost certainty of supply
- **Bechtel EPC execution:** best in-class LNG execution; lump sum turnkey with ~30% of project engineering complete
- **All critical permits secured:** all FERC and DOE permits secured for Driftwood LNG terminal and pipeline
- **Proven management track record:** Tellurian team has originated and executed ~75% of U.S. LNG capacity development and ~18% of global LNG capacity development across four continents
- **Critical role in energy transition:** significant ESG benefits and end-to-end emissions control from owning upstream

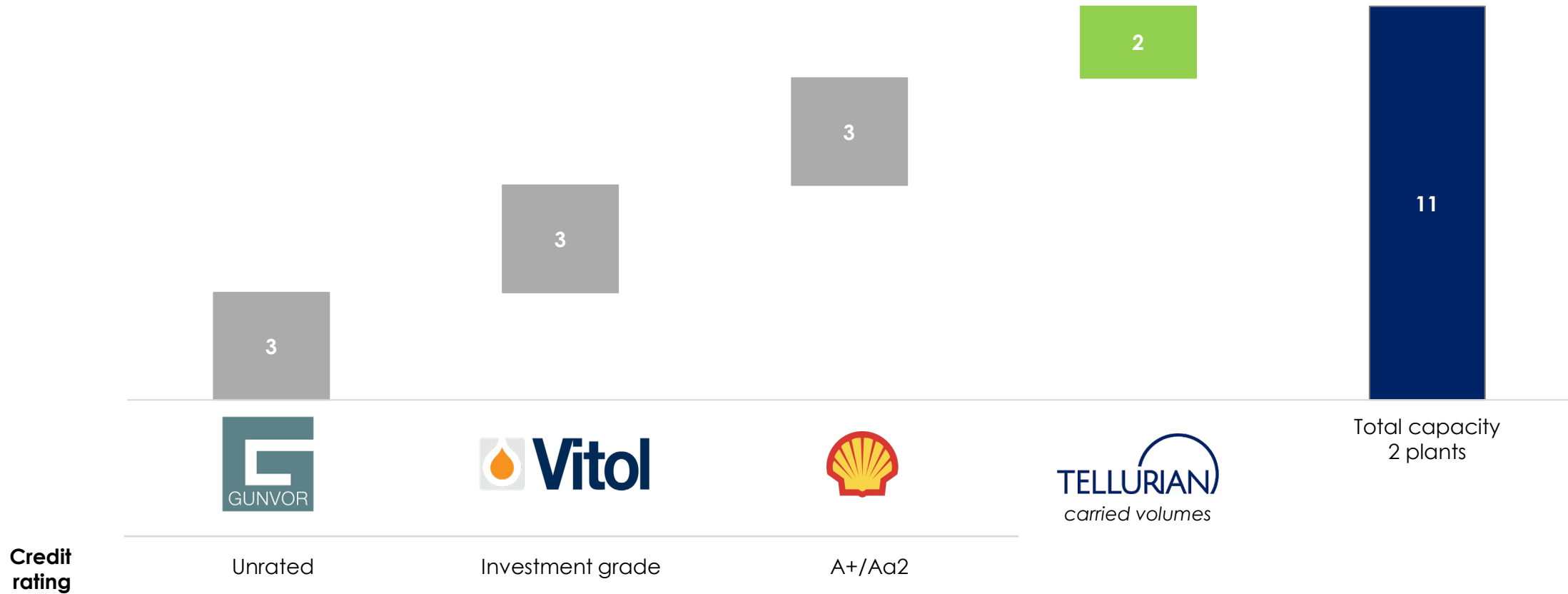


Note: (1) Acts as a physical hedge for Driftwood's natural gas purchases.



# Phase I Driftwood LNG: sold out

mtpa





# Preparing Driftwood LNG site for construction

## Recent Driftwood LNG development activities

- Exercised long-term lease option with Port of Lake Charles in June 2021
  - 20-year term lease agreement with extension options of up to 50 years
- Mobilized early construction activities in July 2021
  - Commenced owner's projects required in advance of providing Bechtel "Notice to Proceed ("NTP") in early 2022
  - Projects include pipeline relocation, highway & road widening, electrical infrastructure removal and drilling of water wells

## Site visit with key Driftwood LNG partners



### Community



### Project





# Driftwood LNG Phase I (2-plant, ~11 mtpa)



Note: Artist rendering of full 5-plant Driftwood LNG development

**Total capacity**

~11 mtpa LNG

**Feedgas requirement**

~550 bcf/year

## 2-plant development costs (\$ bn)

■ Driftwood LNG terminal \$7.8

**EPC cost/tonne (\$/tonne) \$709**

■ Owner's cost<sup>(1)</sup> 1.4

■ Driftwood pipeline<sup>(2)</sup> 0.8

**Capital cost/tonne (\$/tonne) \$909**

■ Financing, interest and other<sup>(3)</sup> 1.9

**Total development costs \$11.9**

Notes:

(1) Owner's cost for Driftwood LNG terminal construction.

(2) Includes first phase of Driftwood pipeline system.

(3) Other includes pre-FID development costs and G&A during construction.

# Illustrative Phase I cash flows at JKM strip

	<b>Market gas</b>		<b>Upstream production</b>	
<b>Phase I development cost</b>		<b>\$12 billion</b>		<b>\$12 billion</b>
<b>LNG sales price<sup>(1)</sup> (JKM less transportation, \$/mmBtu)</b>		<b>\$12</b>		<b>\$12</b>
<b>Gas sourcing (\$/mmBtu)</b>	-	<b>\$4</b>	-	<b>\$2</b>
<b>Liquefaction and transport (\$/mmBtu)</b>	-	<b>\$1</b>	-	<b>\$1</b>
<b>Margin (\$/mmBtu)</b>	=	<b>\$7</b>	=	<b>\$9</b>
<b>Annual capacity</b>	x	<b>~550 bcf</b>	x	<b>~550 bcf</b>
<b>Illustrative annual cash flow from operations</b>	=	<b>\$4 billion</b>	=	<b>\$5 billion</b>
<b>Unlevered IRR<sup>(2)</sup></b>		<b>34%</b>		<b>42%</b>
<b>Payback</b>		<b>3.0 yrs.</b>		<b>2.4 yrs.</b>

**Future phases to be funded by retained cash flow**

Source: Bloomberg

Note: (1) 12-month JKM strip price of \$13.28 as of 7/30/21 less \$1.75 for transportation.  
 (2) Cash on cash returns before debt service and federal income tax; inclusive of phase I development cost including financing costs.



# Upstream and banks to fund Phase I

## Illustrative funding structure

### Steps to NTP

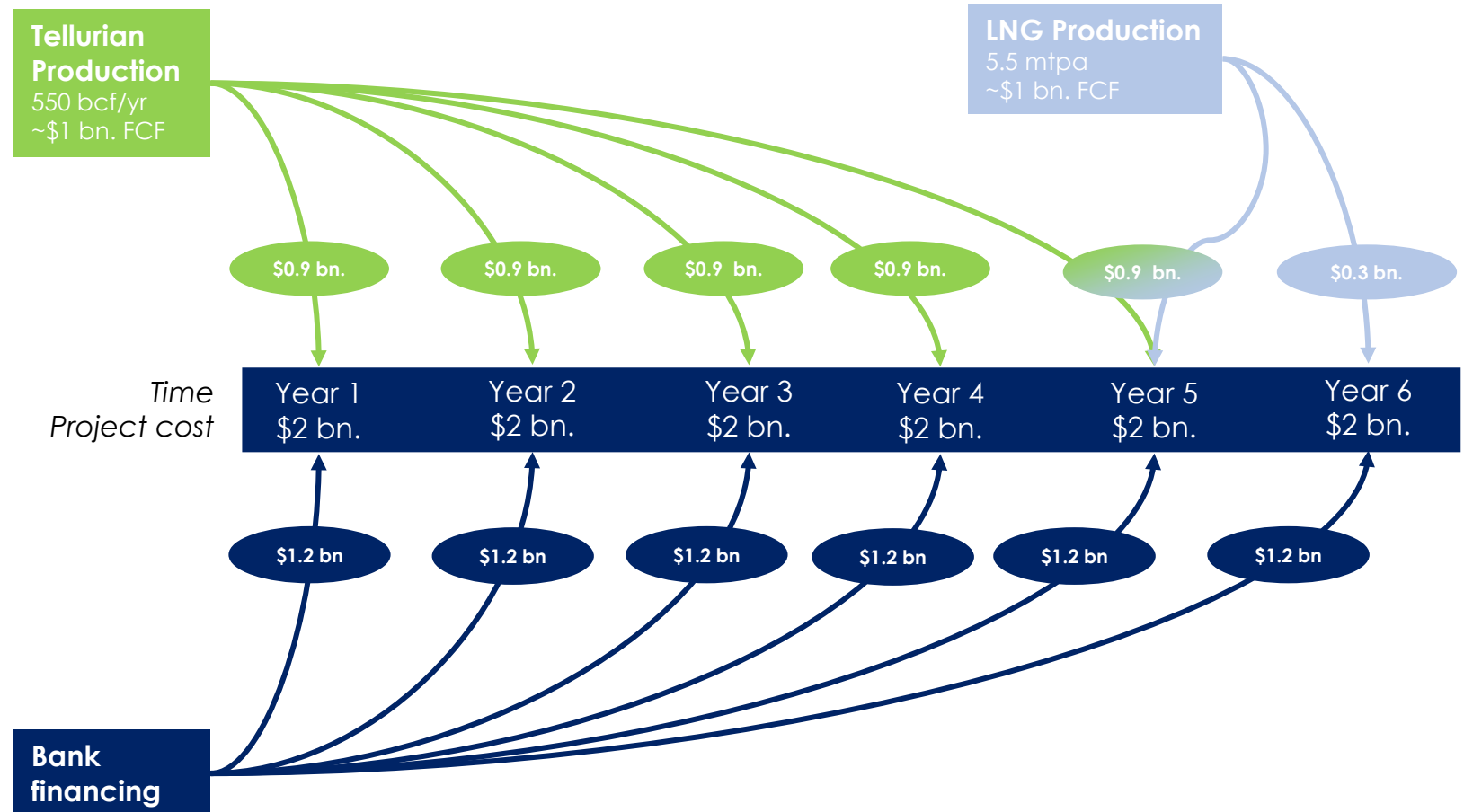
- Acquire upstream resources

Estimated total 5-10 tcf of resource funded by mix of cash, debt and equity

- Complete bank financing

Expected leverage levels of 60-70% and 8-10 international banks in the syndicate

### Phase 1 Sources and Uses



# Haynesville Basin: primed for consolidation

Driftwood LNG Phase I feedgas requires ~2% of total resource and ~13% of current production from Haynesville

## Basin overview

- World-class resource base, with estimated ~304 TCF of natural gas resource in place
- Resurgence in activity and productivity since 2017
  - Production increased from ~6 bcf/d in 2017 to ~12 bcf/d currently
  - Top 10 Haynesville operators produce ~7.6 bcf/d in gross operated production
- 47 active drilling rigs
- Decades of running room for development at current robust activity pace
  - Consolidation can improve well economics through cost deflation

## Haynesville operators<sup>(1)</sup>

### Public / Public Entities



### Private

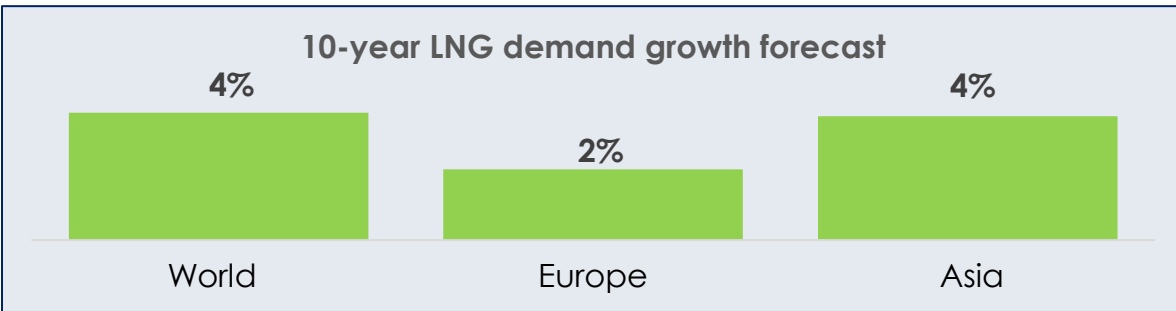
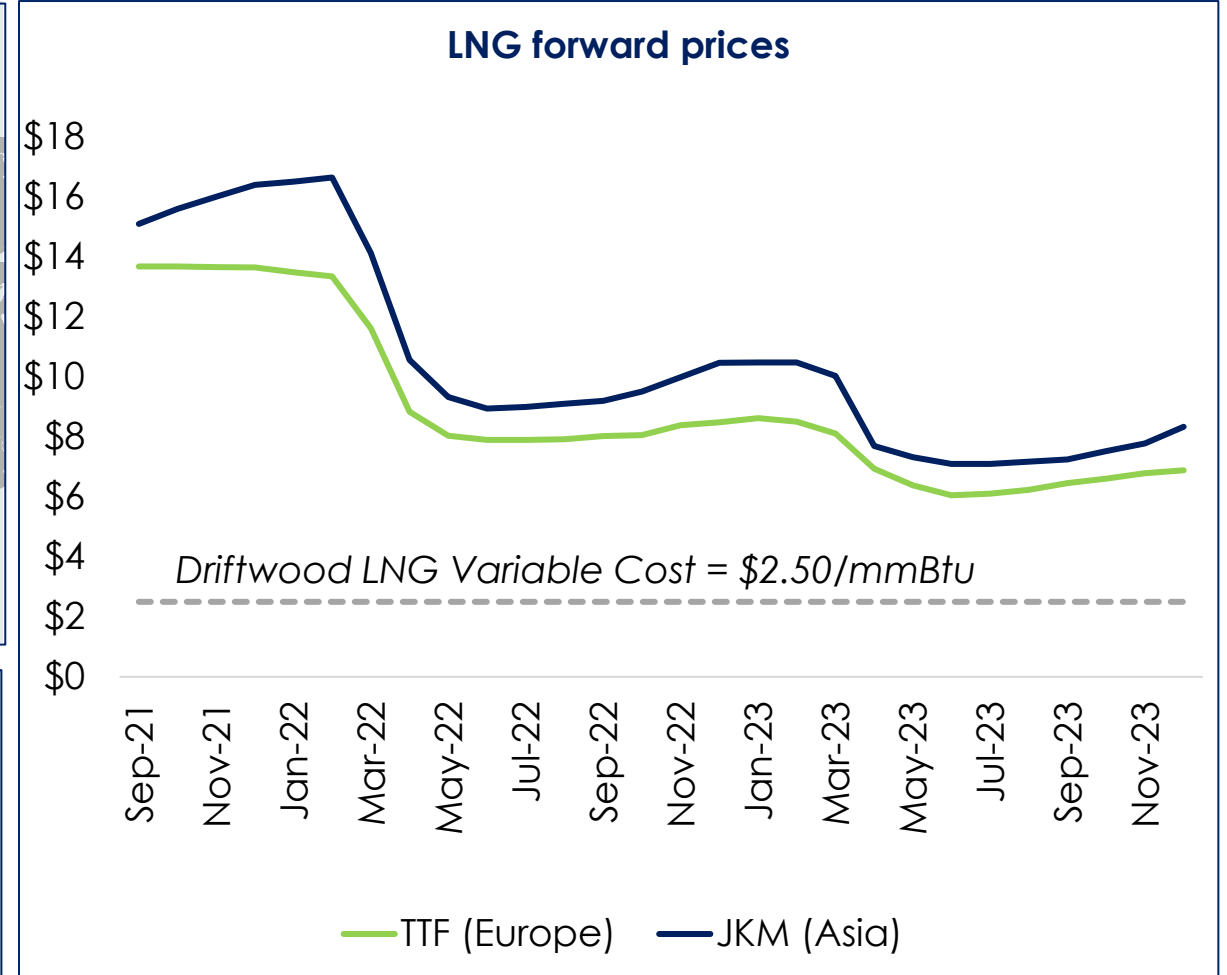
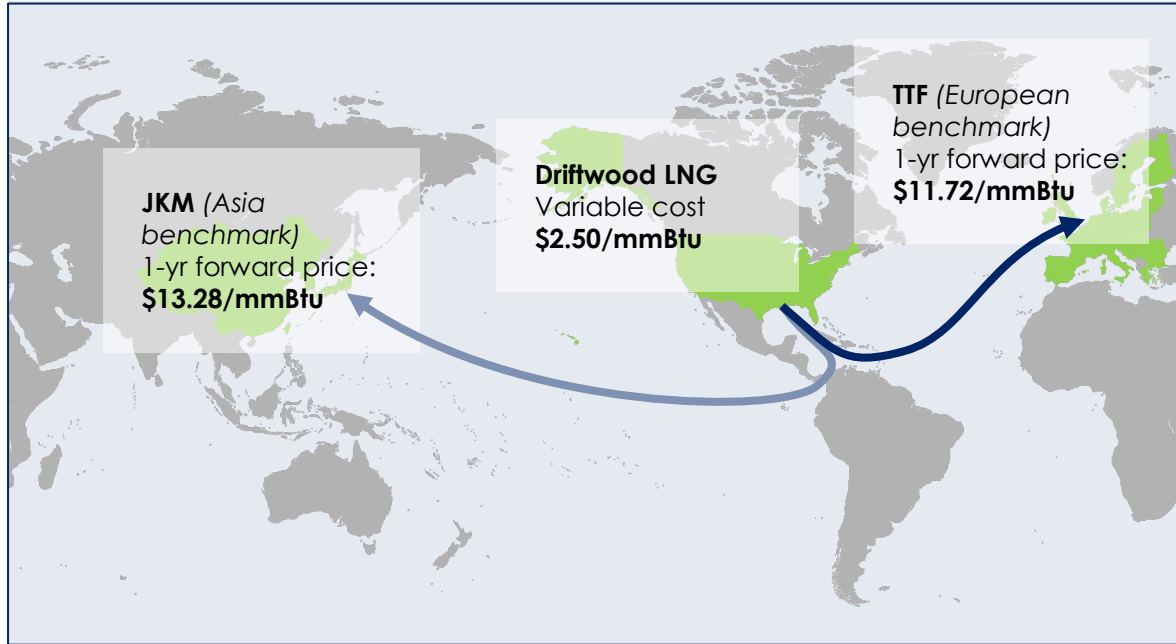


Source: Baker Hughes North America Rig Count 8/6/21, Enverus, public disclosure.  
Note: (1) Includes operator subsidiaries within public companies (XTO/ExxonMobil, Bpx Energy/BP, Rockcliff Energy/Osaka Gas).



# Low-cost U.S. supply provides global gas arbitrage

Access to premium global gas market generates up to \$9/mmBtu margin at current forward prices



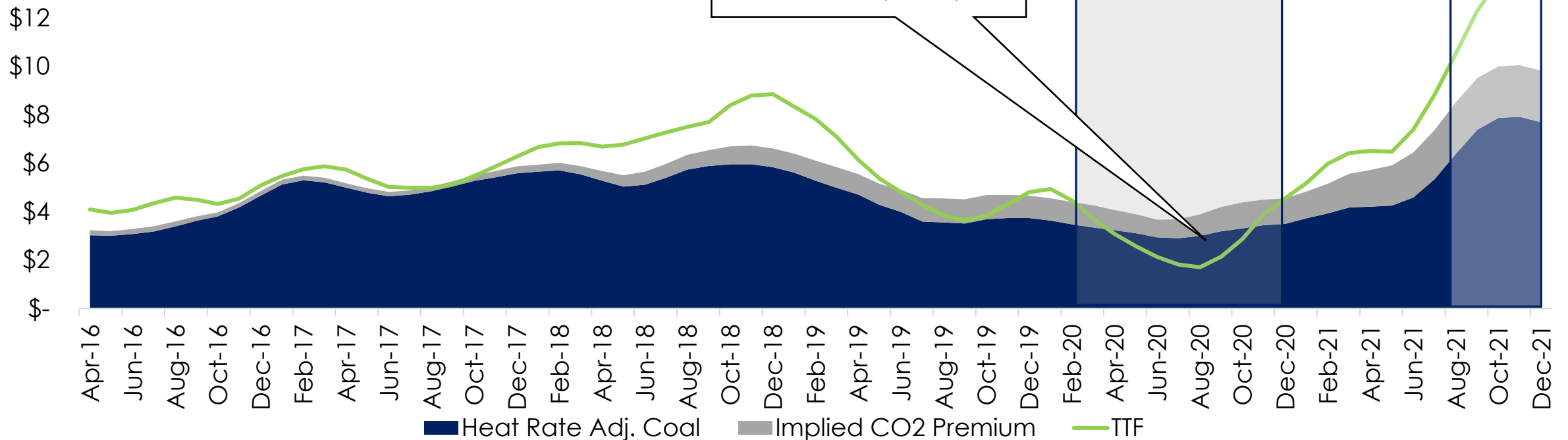
Source: Wood Mackenzie and ICE data via Marketview.

# Carbon prices supporting EU gas prices

Higher carbon prices support higher natural gas demand in the power sector, lifting TTF prices in Europe

## TTF vs. ARA Coal + CO2 Premium (\$/mmBtu) (3-month moving average)

ARA coal CIF at \$119/tonne (\$/mmBtu)	\$7.02
CO2 price at \$67/tonne (\$/mmBtu)	\$2.27
<b>TTF floor price (\$/mmBtu)</b>	<b>\$9.29</b>

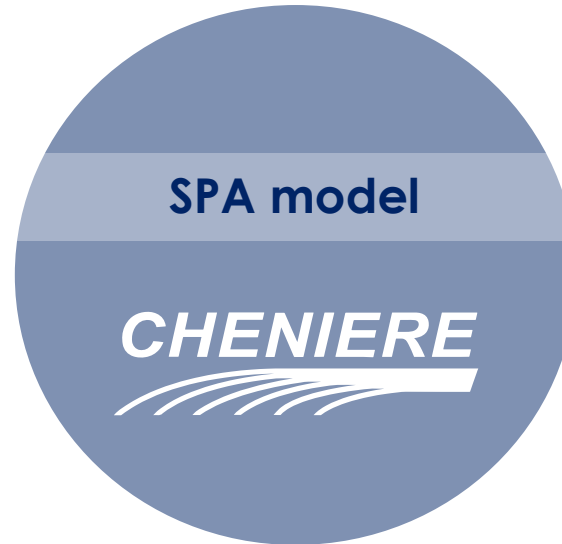
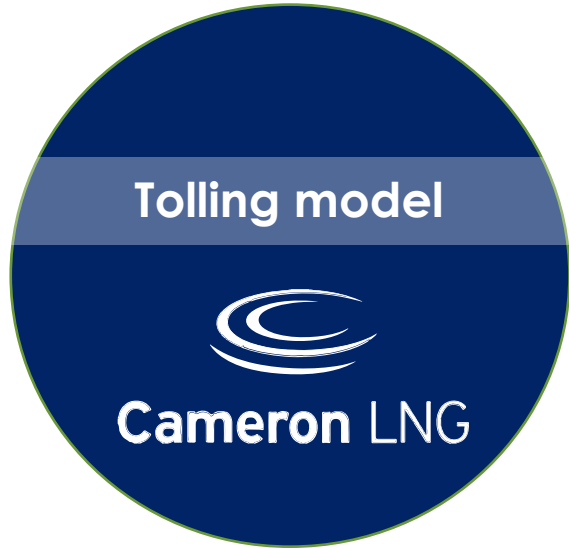


Source: ICE data via Marketview.





# Tellurian management: U.S. LNG pioneers

Tellurian management team responsible for developing ~75% of current U.S. LNG capacity



Pricing innovators	<b>Tellurian management</b>	Tellurian management	<b>Tellurian management</b>
Pricing structure	Fixed fee	Henry Hub plus fixed fee	TTF & JKM netback
Key differentiator	Off-taker procures gas	Pass-through gas pricing	Cost & emissions control across the value chain

# FID expected in 1Q22

	Project milestones	Status
	EPC & Regulatory	Fully wrapped, lump-sum turnkey contract; all major permits secured
	SPAs	9 mtpa secured for Phase I, no additional SPAs required for Phase I
<b>In progress</b>	Upstream	Process underway to acquire 5-10 tcf of resource.
	Financing	Discussions with bank group in progress
	FID	"Notice to Proceed" to Bechtel expected 1Q22



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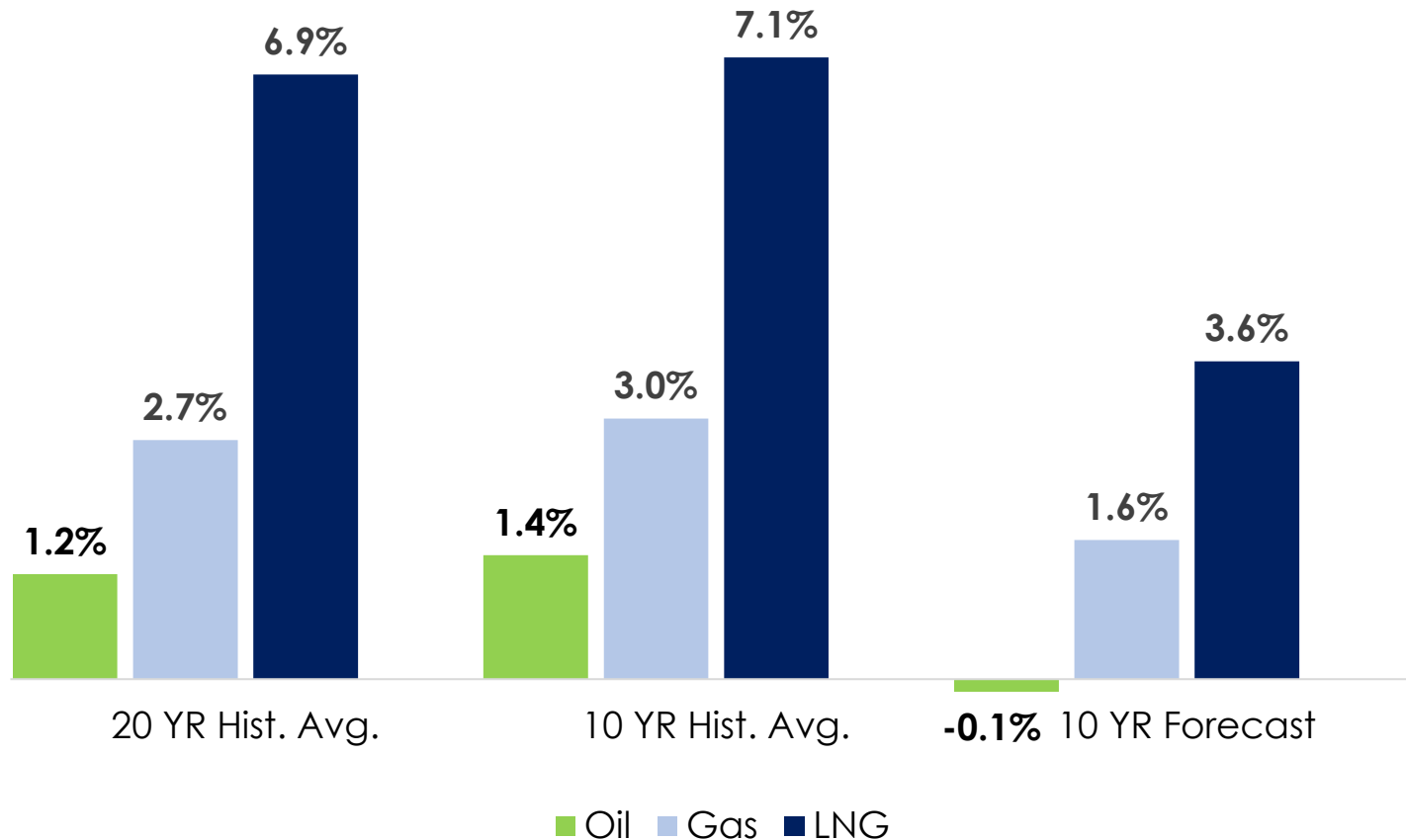
Low-cost U.S. natural gas  
critical in supplying global  
LNG demand growth









# Gas and LNG fastest growing fuels

## Annual increase in oil, gas and LNG consumption



- Gas demand is growing at 2x the rate of crude demand growth
- LNG demand is growing at 5x the rate of crude demand growth
- Headwinds to oil are tailwinds to natural gas – higher EV penetration increases the call on firm power supply
- Gas as a transport fuel favored in SE Asia for environmental and economic reasons

# Structural factors driving LNG demand

Region		YTD growth	Comments
China		<b>+24%</b>	Improved gas infrastructure penetration increases demand. Increased industrial demand from economic recovery & heating demand from consumers.
India		<b>(6.7)%</b>	Government policy to support natural gas to tackle pollution issues and energy poverty; vision for 15% of total primary energy consumption to come from natural gas by 2030, up from just 6.5% now.
Europe		<b>(20)%</b>	Increased reliance on imported gas due to domestic declines. Higher carbon prices and climate action urgency boost demand.
SE Asia		<b>14%</b>	Fastest growing region for power demand at 5.4% in 2021. Limited private-sector financing for new coal projects makes LNG attractive as a baseload fuel.

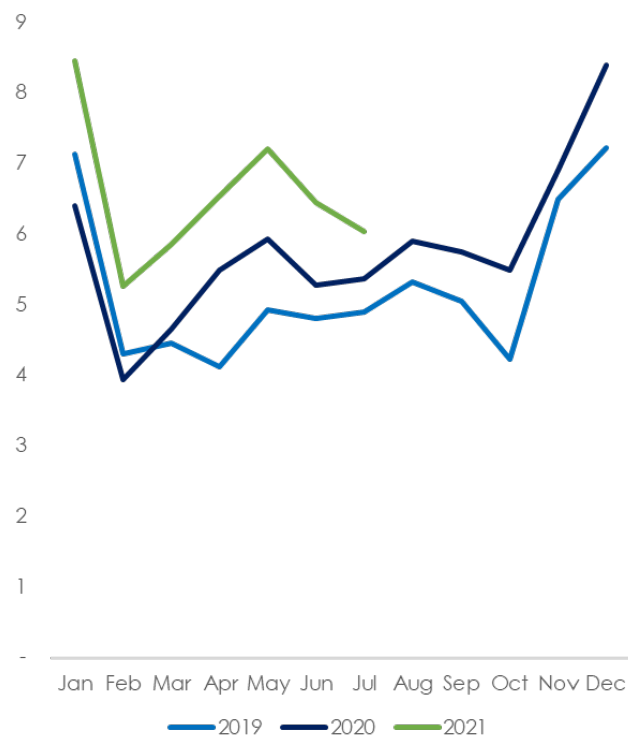
Source: Platts and ICE via MarketView, SIA, IEA Electricity Market Report 2020, Kpler.

# Asian LNG demand up 11% this year

China/JKT (Japan-Korea-Taiwan) LNG imports up 24%/9%, respectively, through July and Indian imports fell due to higher spot prices

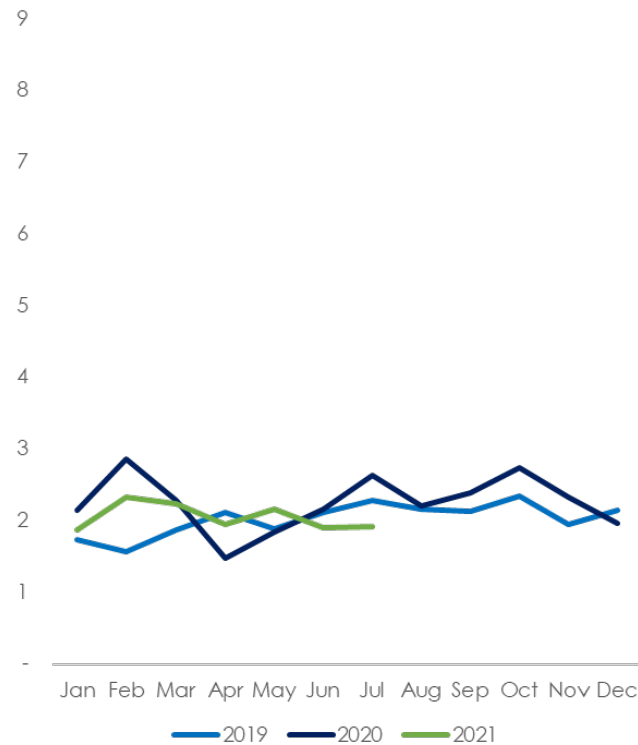
## Chinese LNG imports

million tonnes/month



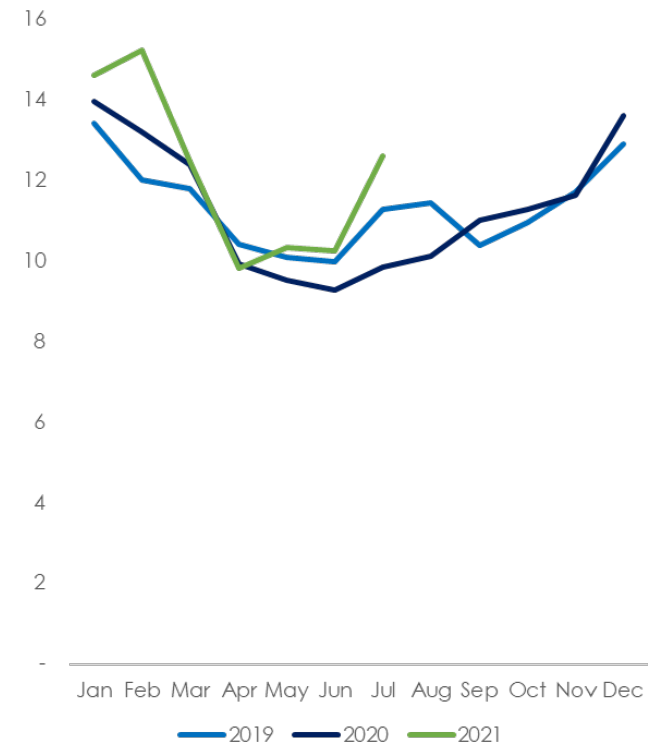
## Indian LNG imports

million tonnes/month



## JKT LNG imports

million tonnes/month



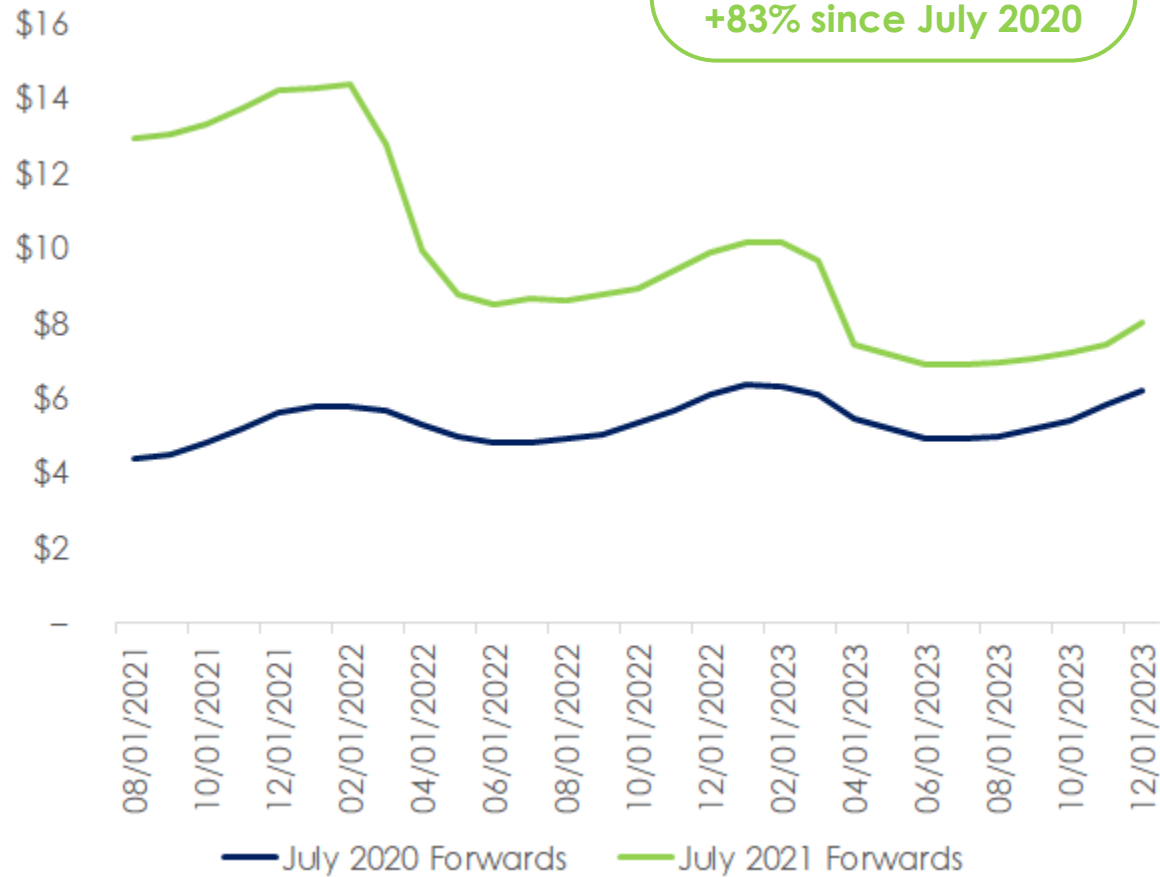


# Forward natural gas prices rise globally

## Asian LNG – JKM forward curve

\$/mmBtu

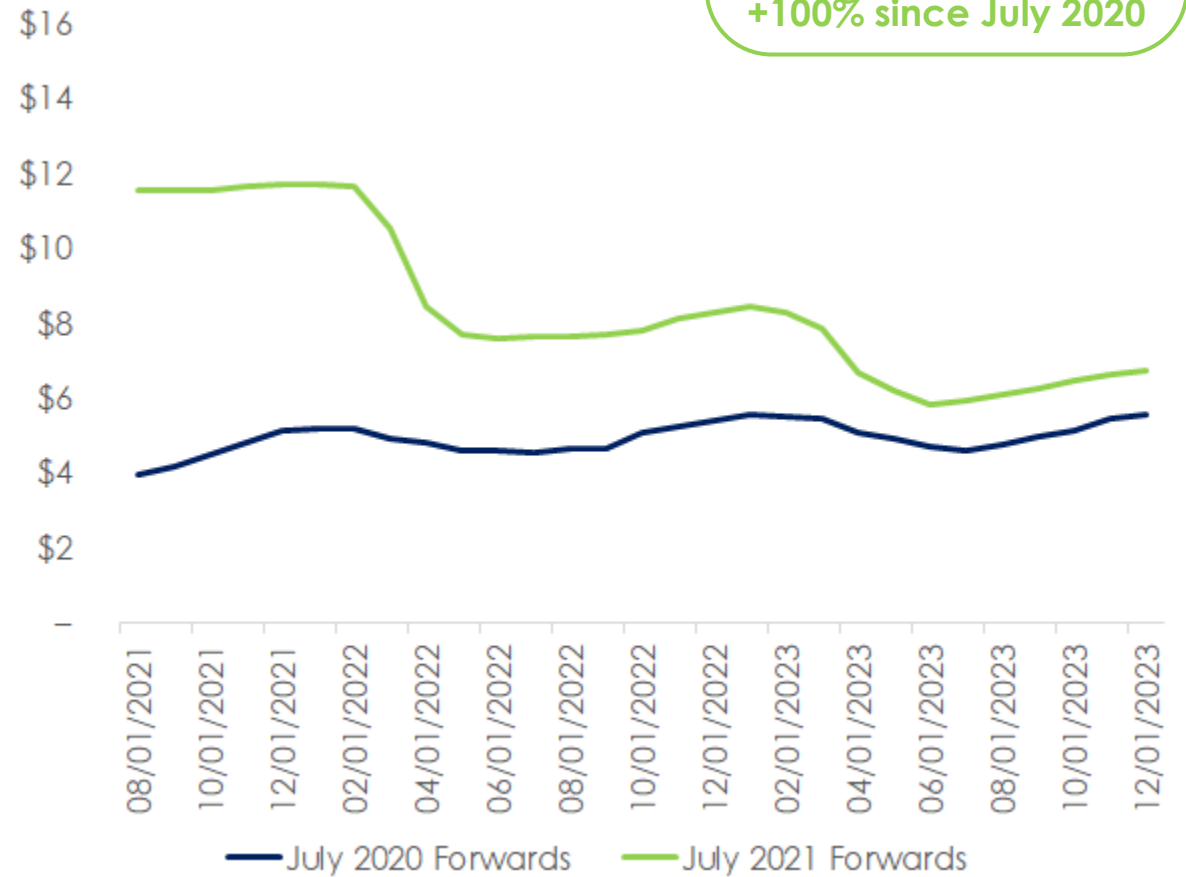
2-year forward price  
+83% since July 2020



## European natural gas – TTF forward curve

\$/mmBtu

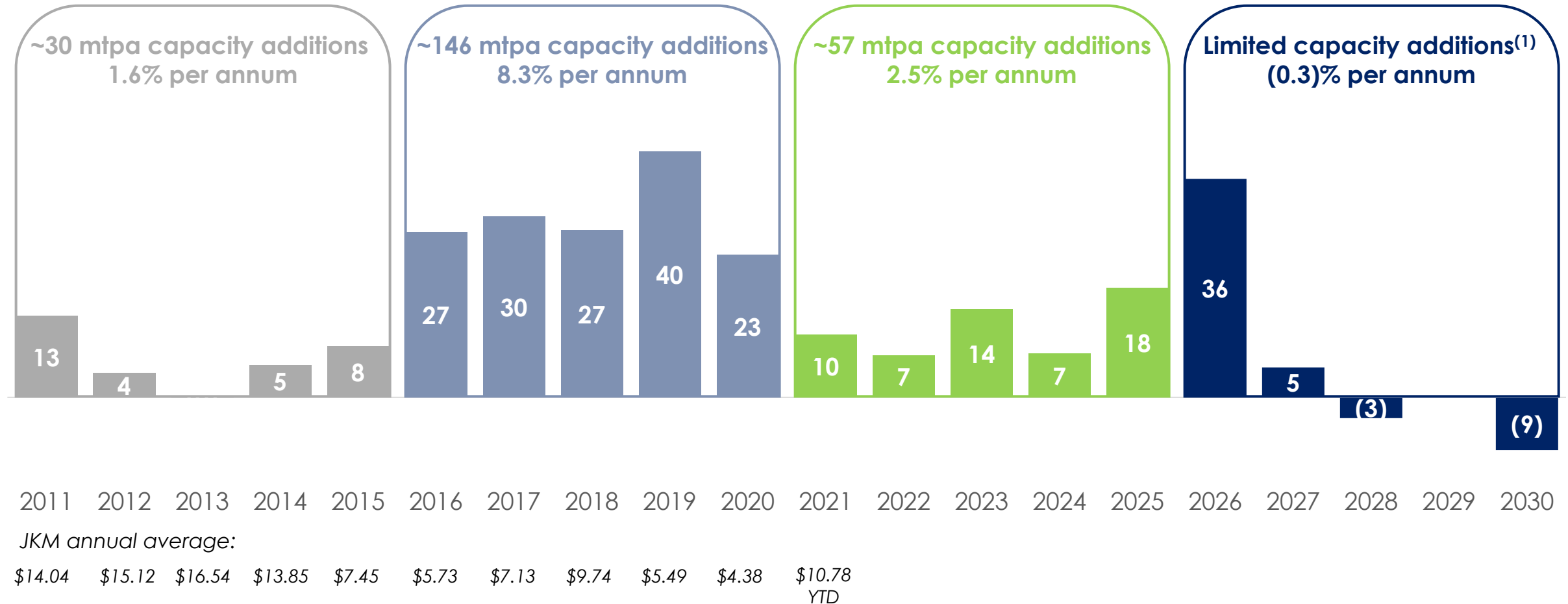
2-year forward price  
+100% since July 2020



Source: NYMEX and ICE via MarketView.

# Lack of LNG investment = widening price

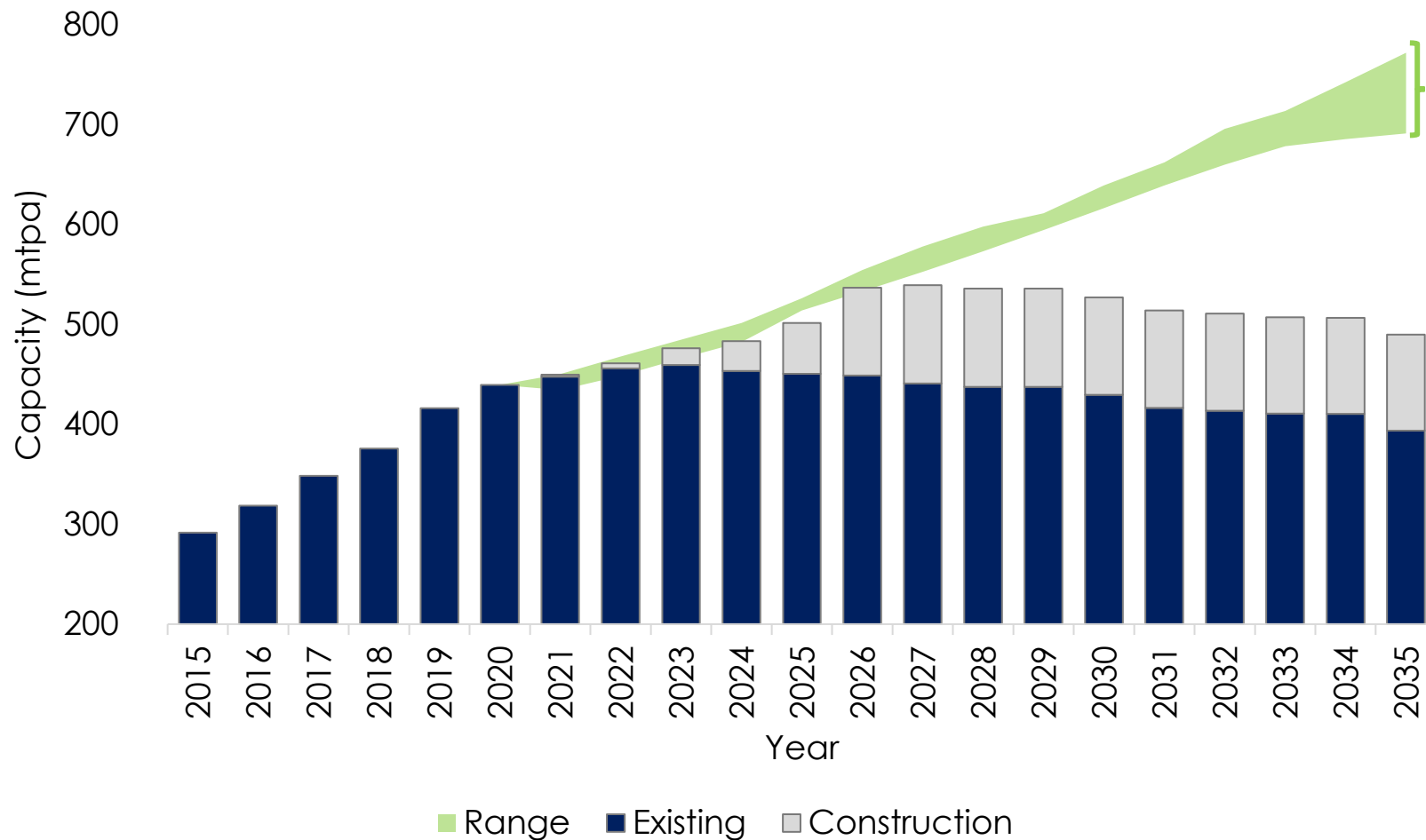
## Global liquefaction capacity additions (mtpa)



Source: Wood Mackenzie, Tellurian analysis.  
 Note: (1) Capacity additions for projects that have reached FID only.

# New LNG capacity required

Capacity required under various demand scenarios



Range of third-party demand scenarios	
<b>Growth rate<sup>(1)</sup></b>	<b>Capacity required by 2035<sup>(2)</sup></b>
<b>High: 4.1% p.a.</b>	280 mtpa
<b>Low: 3.3% p.a.</b>	200 mtpa

Source: IHS, Wood Mackenzie, BP World Energy Outlook Rapid Transition Scenario.

Notes: (1) Growth rate from base year 2020.

(2) Assumes growth rate since 2020 and 85.5% utilization rate of new capacity (based on average utilization from 2015-2019).

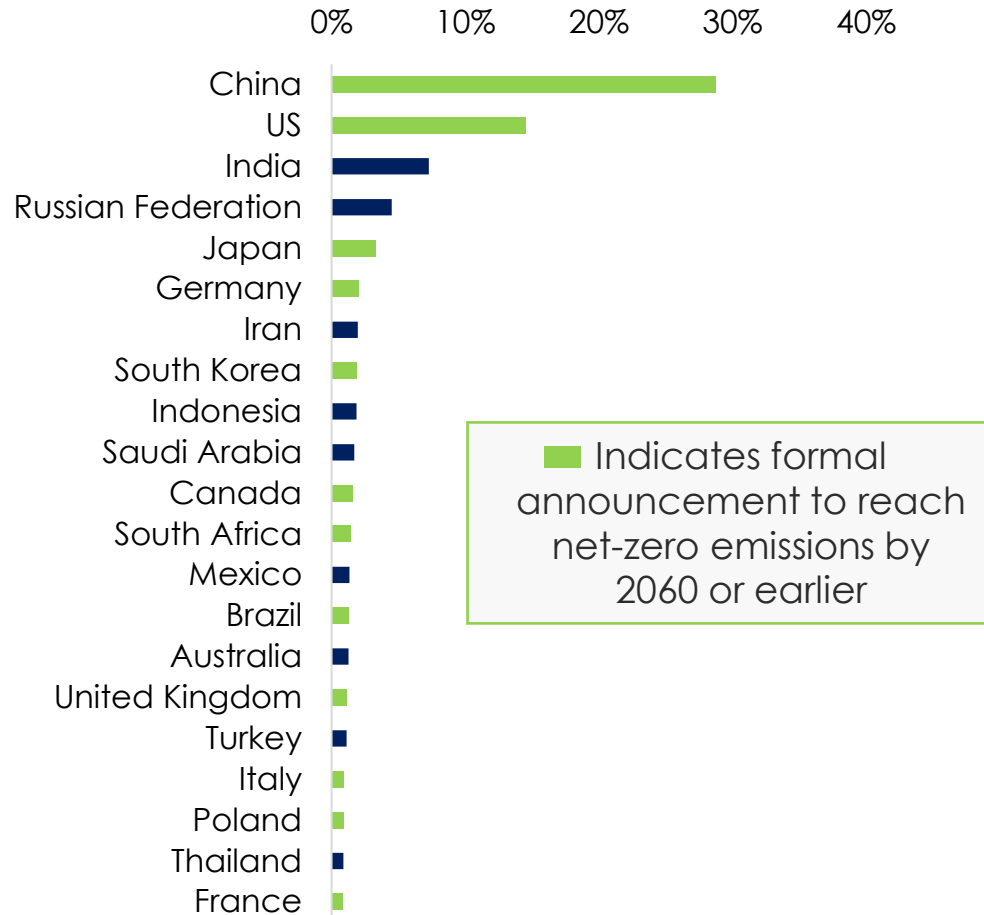


# LNG critical to global decarbonization



# Net zero targets favor natural gas

Share of global carbon emissions (%)



## ~80% of global LNG demand represented below:

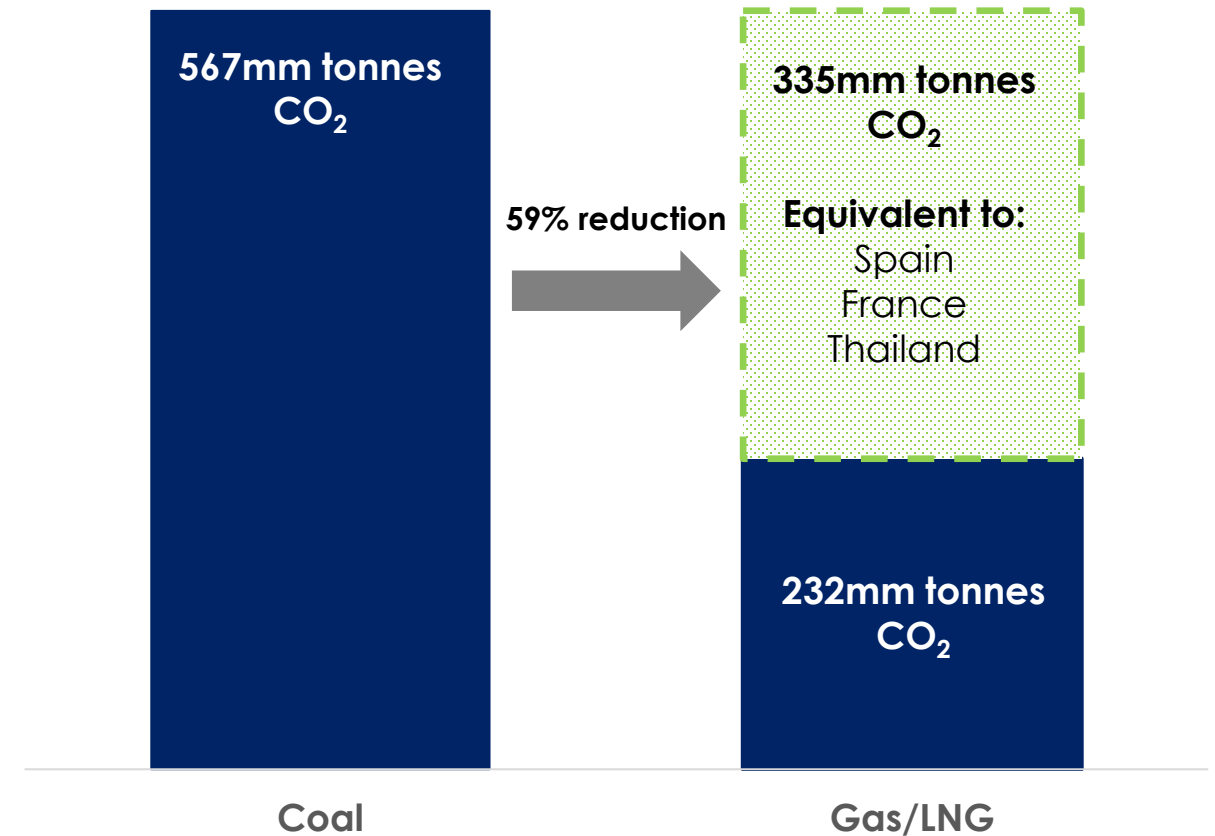
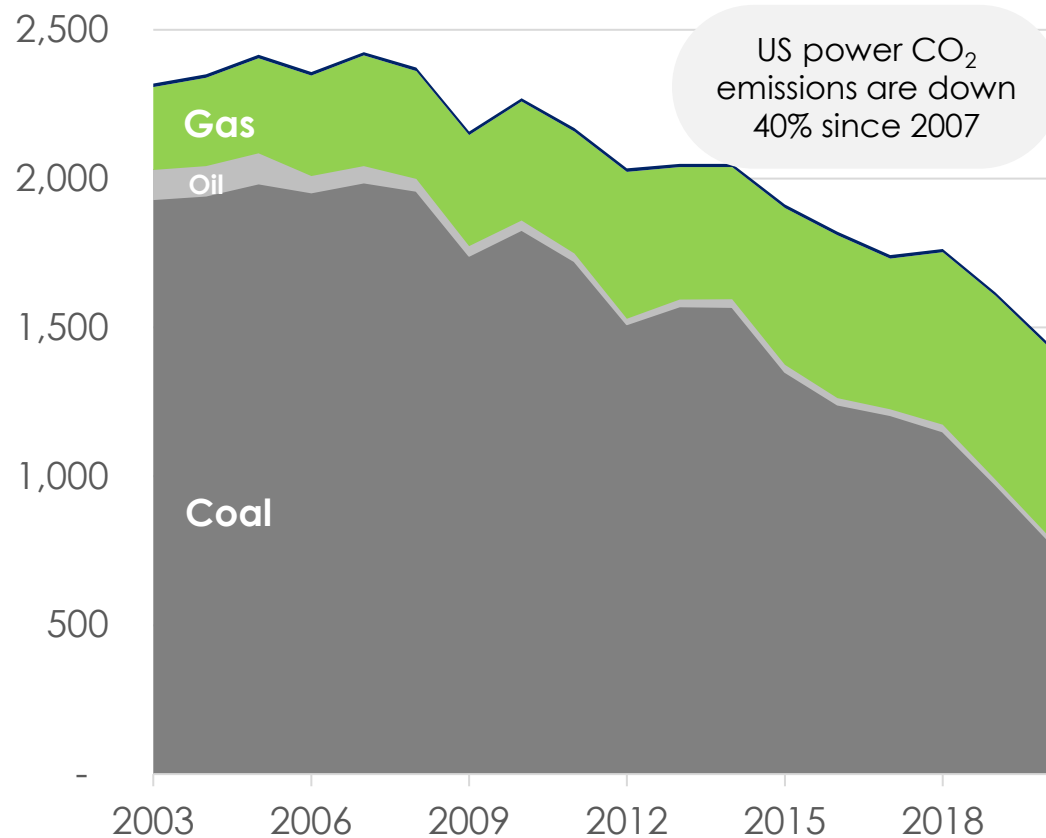


- Pledged net-zero by 2060, with peak emissions prior to 2030
- Pledged net-zero by 2050 with targeted coal phase out during the 2030s
- Pledged net-zero by 2050 with targeted coal phase out during the 2030s
- Pledged net-zero by 2050 with goal of reducing emissions to at least 55% of 1990 levels by 2030
- Pledged net-zero by 2050 with goal of reducing emissions by 68% of 1990 levels by 2030

# Carbon reduction: the U.S. template works

US power industry has avoided 800mtpa of CO<sub>2</sub> in US

US LNG exports avoid 335mtpa of CO<sub>2</sub> globally



Source: EIA Monthly Energy Review, March 2021.



# Carbon reduction is exportable

US LNG displaces significant CO<sub>2</sub> versus coal power equivalent



LNG train  
(5 mtpa)

- 26 mmt CO<sub>2</sub> emissions avoided
- Equivalent to Norway, Switzerland total CO<sub>2</sub> emissions<sup>(1)</sup>



LNG plant  
(27mtpa)

- 142 mmt CO<sub>2</sub> emissions avoided
- Equivalent to New York state, Michigan total CO<sub>2</sub> emissions<sup>(2)</sup>



US LNG industry  
(85mtpa)

- 567 mmt CO<sub>2</sub> emissions avoided
- Equivalent to Canada, Indonesia total CO<sub>2</sub> emissions

Source: Tellurian analysis.  
Note: (1) BP Statistical Review in World Energy 2020.  
(2) EIA State CO<sub>2</sub> Emissions report 2020.

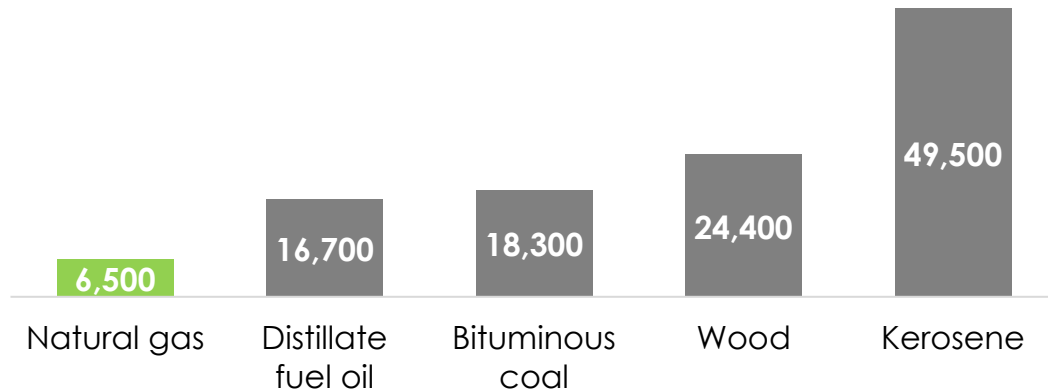
# Air quality improvements with LNG imports

Natural gas produces 64% less air particulate matter than does coal and 73% less than does wood biomass

- Improving air quality is a vital initiative for industrializing nations
  - 2.9 mm premature deaths in China and India attributable to air pollution<sup>(1)</sup>
  - China's decision to cut fossil fuel emissions since 2015 has saved 1.5 mm lives<sup>(2)</sup>
- Gasifying the energy mix is the fastest way to reduce particulate matter emissions
- LNG exports help nations meet UN Sustainable Development Goals 3, 7, 11, and 13<sup>(3)</sup>

## Particulate matter emissions by fuel type<sup>(4)</sup>

lbs/bcf equivalent

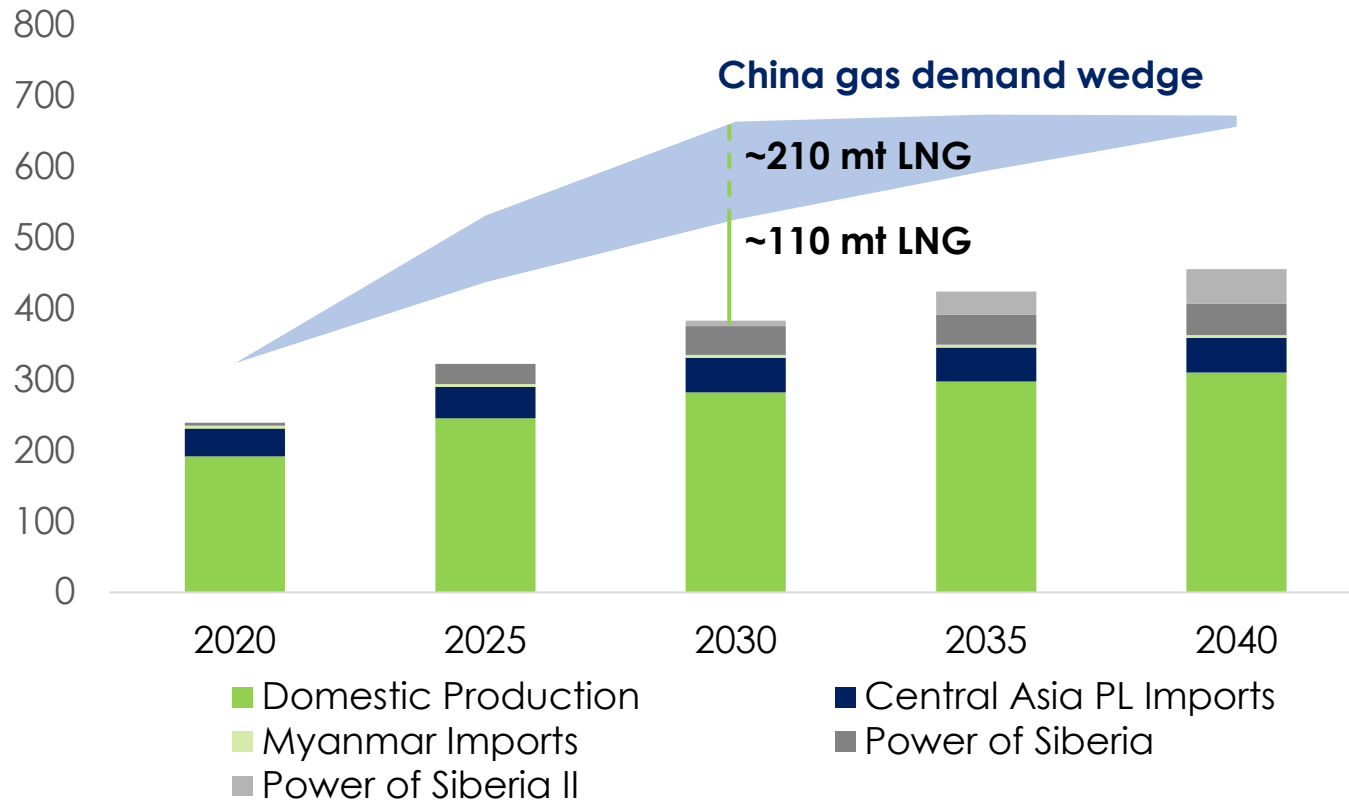


Source: (1) The Lancet, Volume 4, Issue 9, September 2020.  
(2) Harvard University School of Engineering & Applied Science, February 2021.  
(3) World Health Organization (WHO).  
(4) "Estimating Particulate Matter Emissions for eGRID" July 2020.

# China decarbonization requires natural gas

Even with 2 major Russian pipelines and growing domestic output, LNG imports could reach over 200 mtpa

## China's natural gas supply vs. demand (Bcm)



- Targeting net-zero emissions by 2060
- Pledged to reach peak emissions prior to 2030
- Natural gas is required to reduce emissions while accommodating growing energy consumption
- Demand upside aligns with government target of 15% for gas' share in energy mix

# Integration delivers climate advantages

## Upstream



- ✓ Use “green completion” technology to eliminate flaring and minimize methane leakage
- ✓ Perform LDAR surveys utilizing optical gas imaging to allow identification and repair of leaks

## Driftwood pipeline



- ✓ Use the latest equipment, technology and monitoring systems that have been engineered with emission reductions
- ✓ Joined INGAA, a leader in the effort to modernize gas delivery infrastructure with a goal of reducing emissions

## Driftwood LNG



- ✓ Designed and will be operated to be a near-zero hydrocarbon or methane emission facility
- ✓ Emphasis on welded pipes and minimization of flanged connections
- ✓ Heavily instrumented to detect hydrocarbon leaks

Tellurian’s integrated strategy enables the company to **measure** and **control** emissions across the value chain, thereby **reducing** CO<sub>2</sub>e emissions below U.S. national averages



# Appendix: Driftwood LNG details

# Driftwood LNG's ideal site for exports



Access to pipeline infrastructure



Access to power and water



Support from local communities



Site size over 1,000 acres



Insulation from surge, wind and local populations



Berth over 45' depth with access to high seas



✓ Fully permitted

✓ 30% engineering complete

✓ EPC contract signed

✓ Shovel ready project



# Unmatched LNG development experience

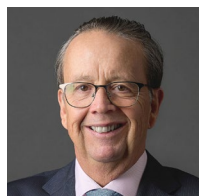
Tellurian's management team has >80 years of combined LNG development experience globally



## Charif Souki

Executive Chairman of the Board

- Co-founder of Tellurian
- Founded Cheniere in 1996, Chairman and CEO until 2015



## Martin Houston

Vice Chairman

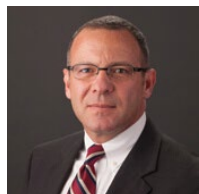
- Co-founder of Tellurian
- 32 years at BG Group, retired as COO in 2014



## Octávio Simões

President & CEO

- Joined Tellurian in 2019 after 20 years at Sempra
- President & CEO of Sempra LNG & Midstream



## Keith Teague

EVP & COO

- CEO of Driftwood Holdings
- EVP – Asset Group at Cheniere



79 mtpa

Tellurian management responsible for ~18% of the LNG in production today

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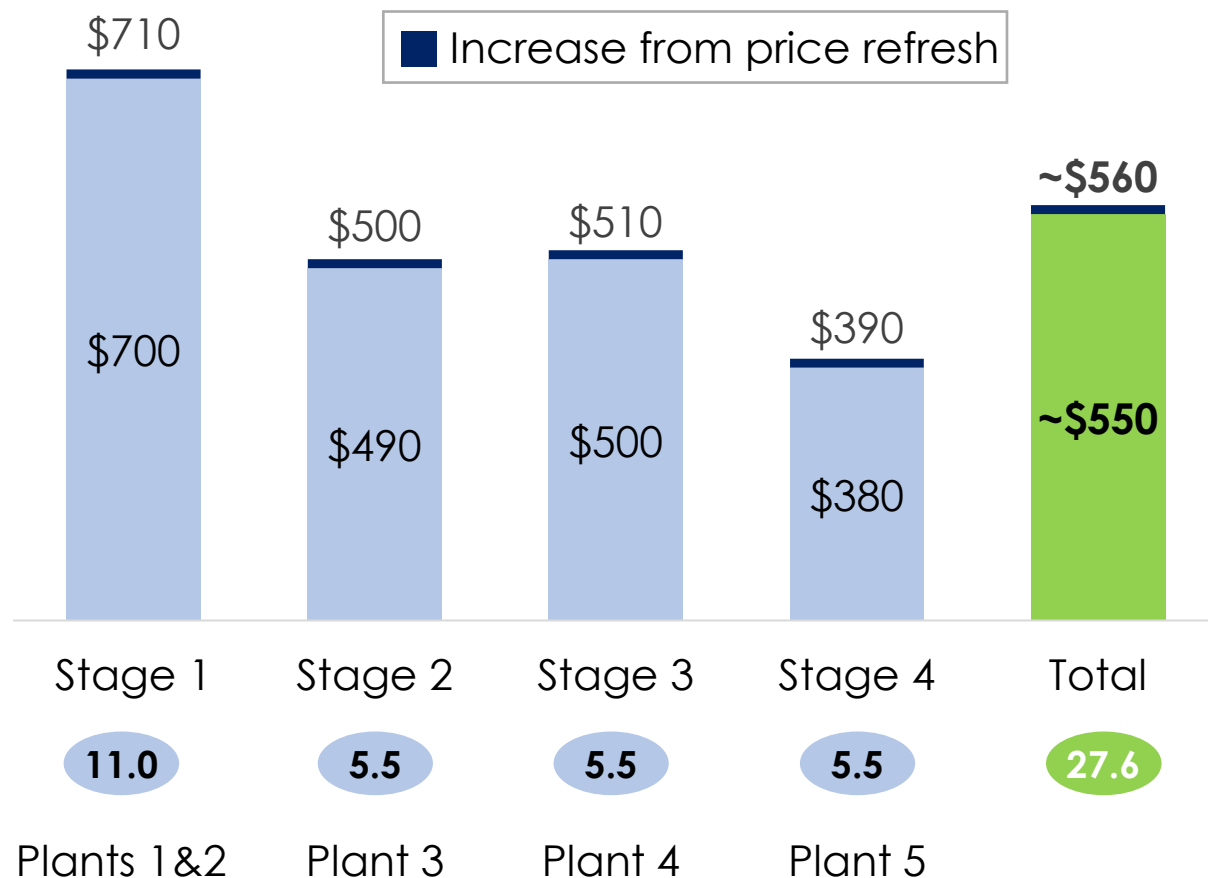
35 years

Tellurian management has delivered cost-leading LNG projects for >35 years

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# Bechtel LSTK secures project execution

## Driftwood EPC contract costs (\$ per tonne)



- Leading LNG EPC contractor
  - 44 LNG trains delivered to 18 customers in 9 countries
  - ~30% of global LNG liquefaction capacity (>125 mtpa)
- Tellurian and Bechtel relationship
  - 16 trains<sup>(1)</sup> delivered with Tellurian's executive team
  - Invested \$50 million in Tellurian Inc.
- Price refresh in April 2019 resulted in ~2% increase after ~24 months

Source: Tellurian-Bechtel agreements; Bechtel website.  
 Note: (1) Includes all trains from Sabine Pass LNG, Corpus Christi LNG, Atlantic LNG, QCLNG and ELNG.



# Tellurian Phase I unlevered return scenarios

	JKM index price (\$/mmBtu)			
	\$8.00	\$10.00	\$12.00	\$14.00
<b>Gas production &amp; liquefaction opex</b> (\$/mmBtu)	\$(3.00)	\$(3.00)	\$(3.00)	\$(3.00)
<b>Margin</b> (\$/mmBtu)	\$3.25	\$5.25	\$7.25	\$9.25
<b>Annual cash flow<sup>(1)</sup></b> (\$ millions)	\$1,859	\$3,003	\$4,147	\$5,291
<b>Unlevered IRR<sup>(2)</sup></b>	<b>16%</b>	<b>25%</b>	<b>35%</b>	<b>44%</b>
<b>Payback<sup>(3)</sup></b> (years)	6	4	3	2

Notes: (1) Includes \$1.75 mmBtu cost of shipping.  
(2) Annual cash flow equals the margin multiplied by 52 mmBtu per tonne for 11 mtpa.  
(3) Cash on cash returns before debt service and federal income tax; inclusive of phase I development cost including financing costs.  
(4) Payback period based on full production.