

# FIRST WORKSHOP OF EAP LNG NETWORK

February 20<sup>th</sup>, 2019



 TELLURIAN

# 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, regulatory and permitting developments, construction and permitting of pipelines and other facilities, 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 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.

We may not be able to enter into definitive agreements with Vitol on the terms contemplated in the MOU or at all.

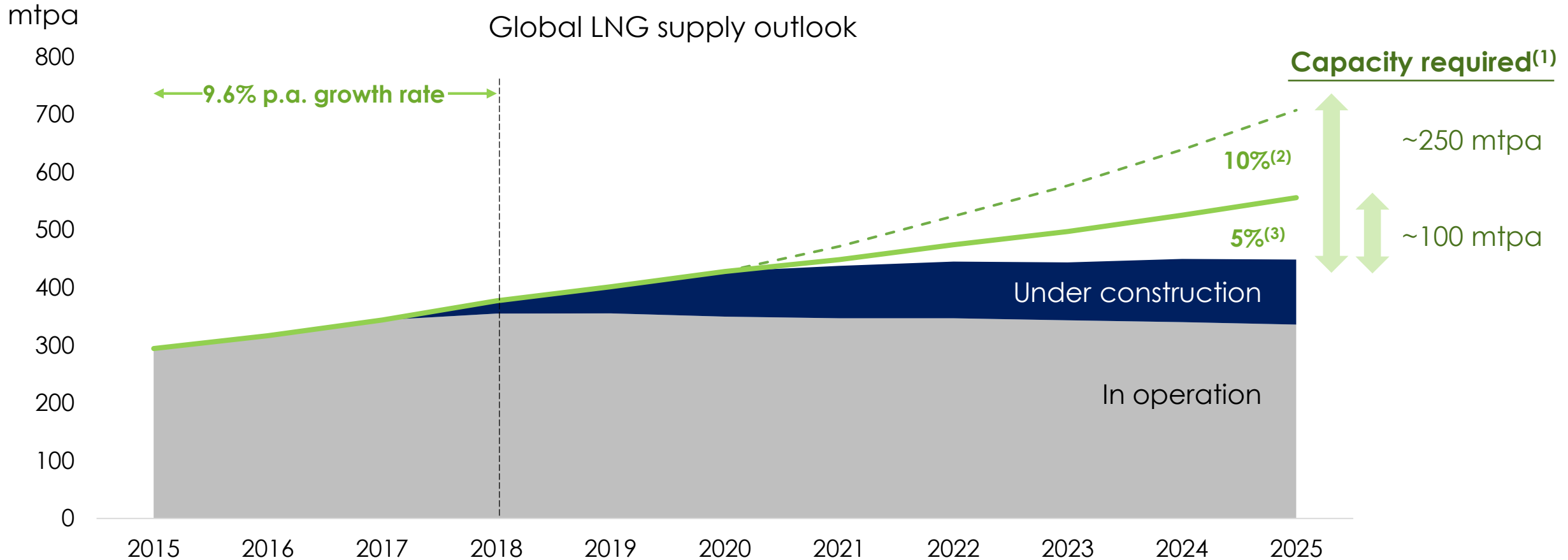
The financial information on slides 4, 6, 7, 9, 19, 20, 22, 23, 29, and 33-35 is meant for illustrative purposes only and does not purport to show estimates of actual future financial performance. The information on those slides assumes the completion of certain acquisition, financing and other transactions. 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.

The forward-looking statements made in or in connection with this presentation speak only as of the date hereof. Although we may from time to time voluntarily update our prior forward-looking statements, we disclaim any commitment to do so except as required by securities laws.

## 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.

# New LNG capacity call: ~100-250 mtpa



Sources: Wood Mackenzie, Tellurian Research.

Notes: (1) Assumes 85% utilization rate.

(2) Assuming sustained 2015-2018 demand growth rate of ~9.6% p.a. post-2020.

(3) Conservative estimate of 4.5% p.a. demand growth rate post-2020.

# U.S. natural gas needs global market access

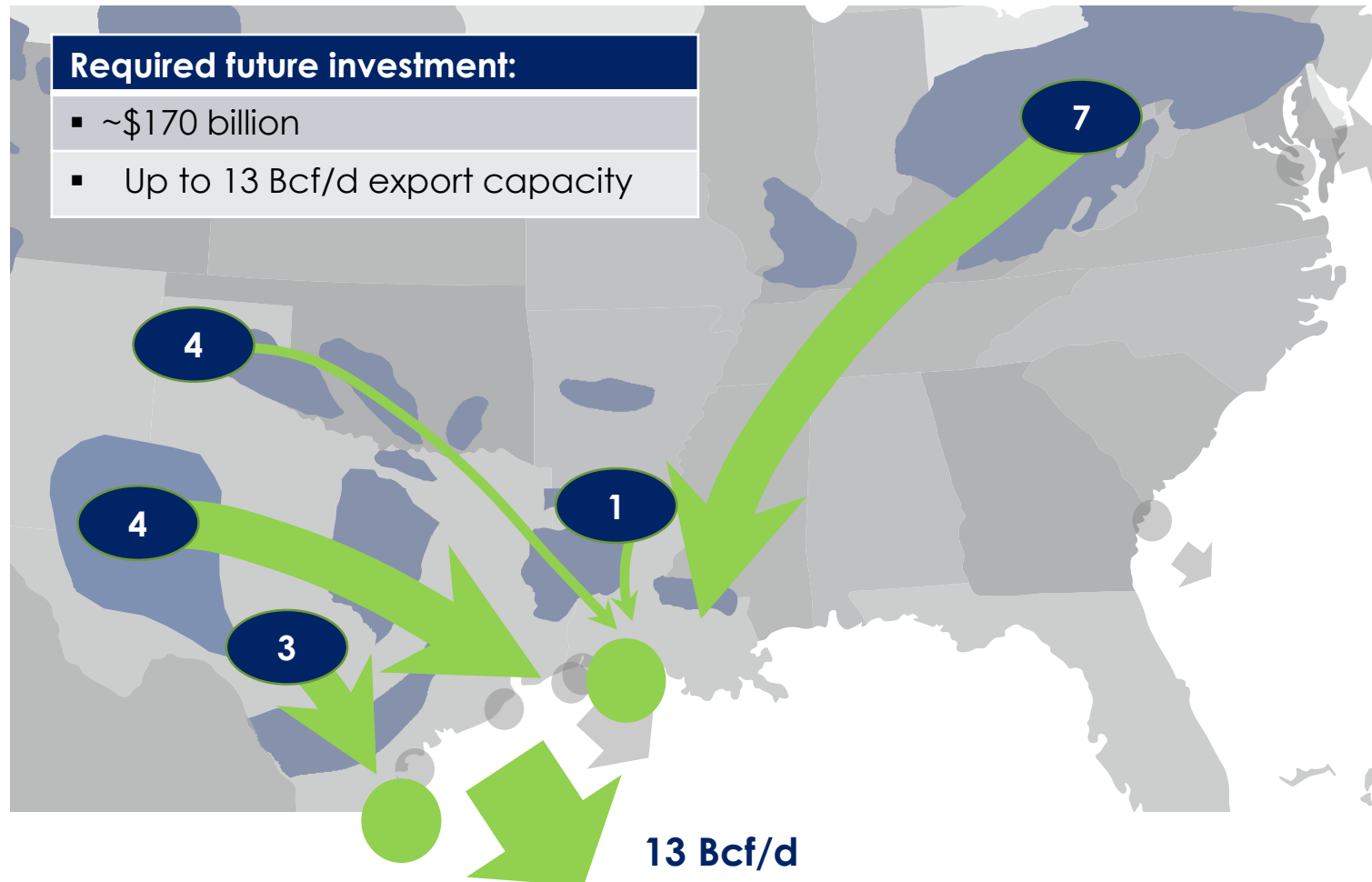
13 Bcf/d of incremental production; associated gas at risk of flaring without infrastructure investment

LNG liquefaction terminal

● Operating/under construction

● Future

➤ Export capacity

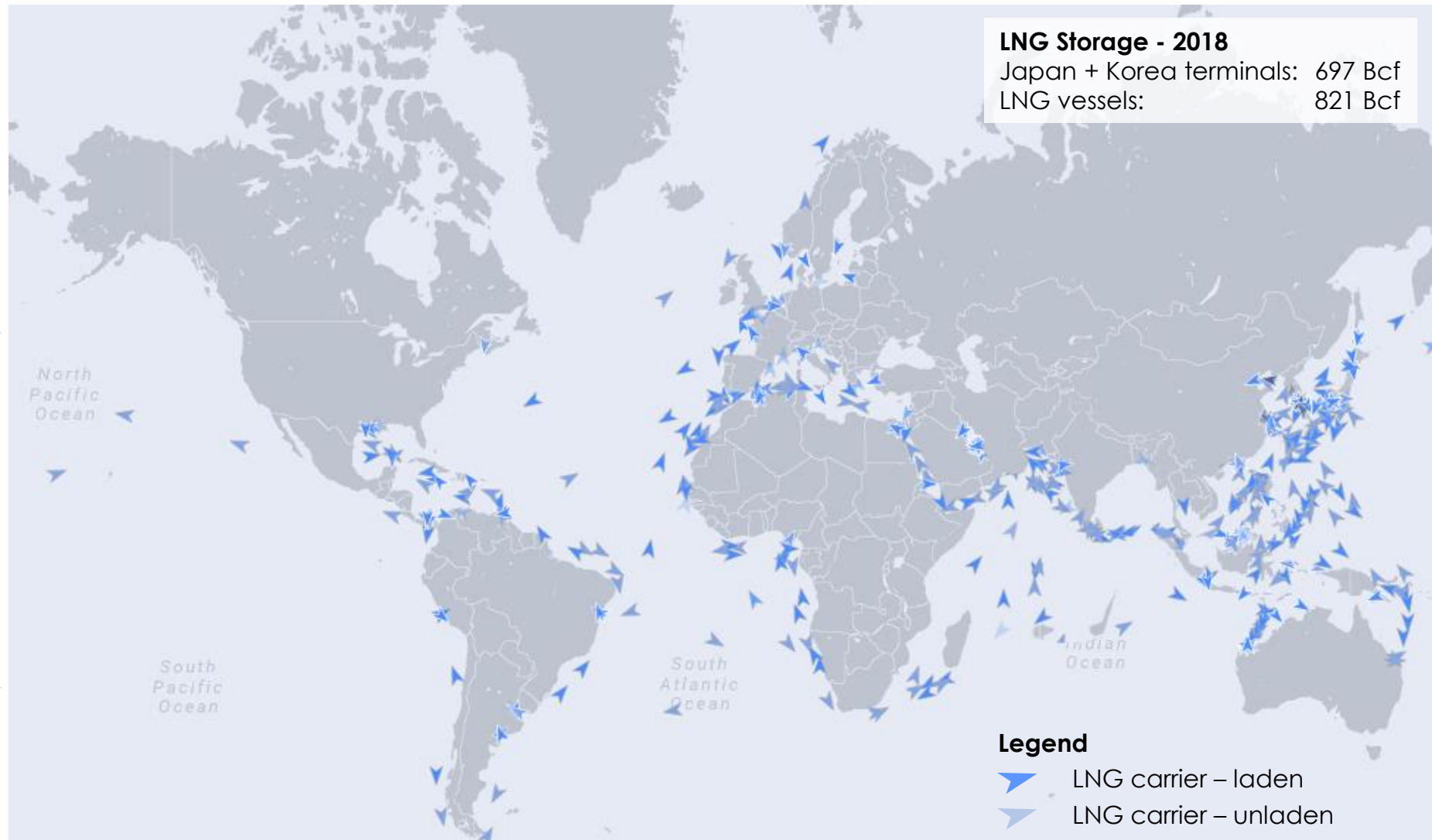
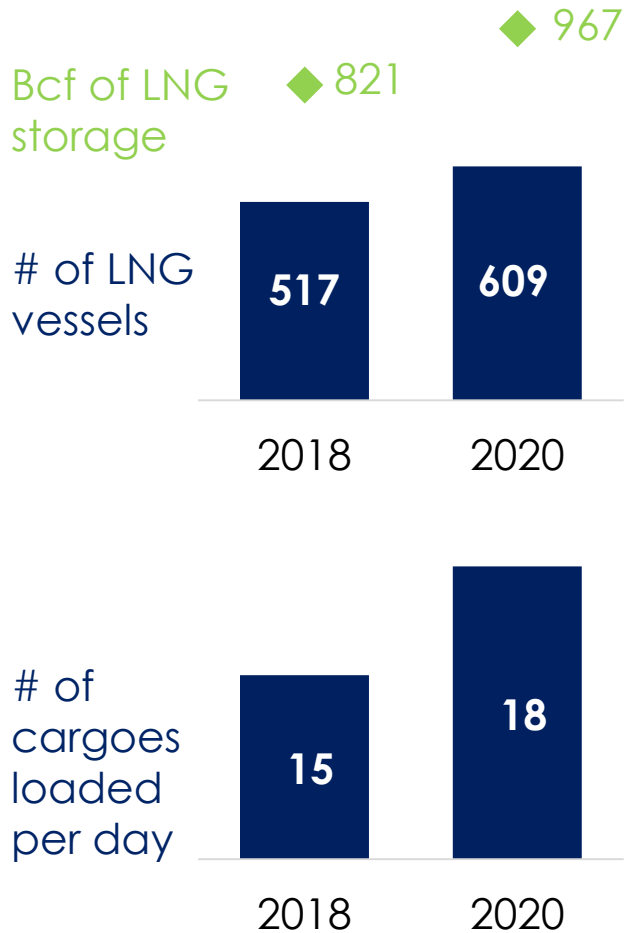


**19** Total estimated 2018-2025 production growth, Bcf/d

- LNG export capacity required:
  - At least 100 mtpa: 13 Bcf/d (19 Bcf/d less ~6 under construction)
  - ~\$100 billion<sup>(1)</sup>
- Pipeline capacity required:
  - Around 19 Bcf/d
  - ~\$70 billion

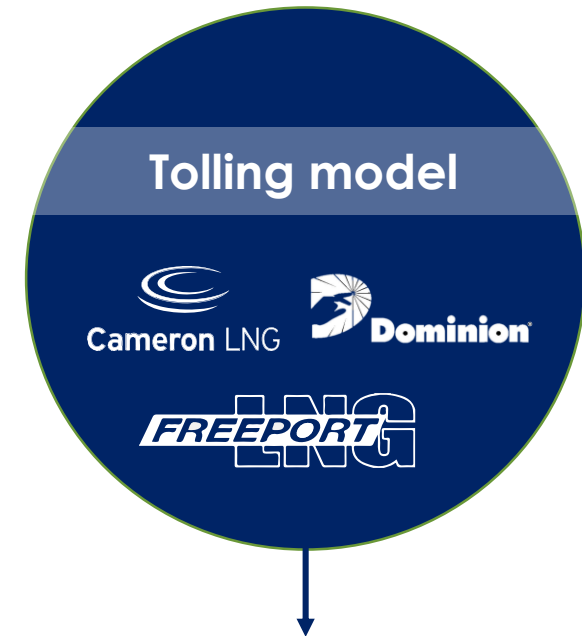
Sources: EIA; ARI; Tellurian analysis.  
Note: (1) \$1,000 per tonne average.

# Global commodity requires low-cost solutions



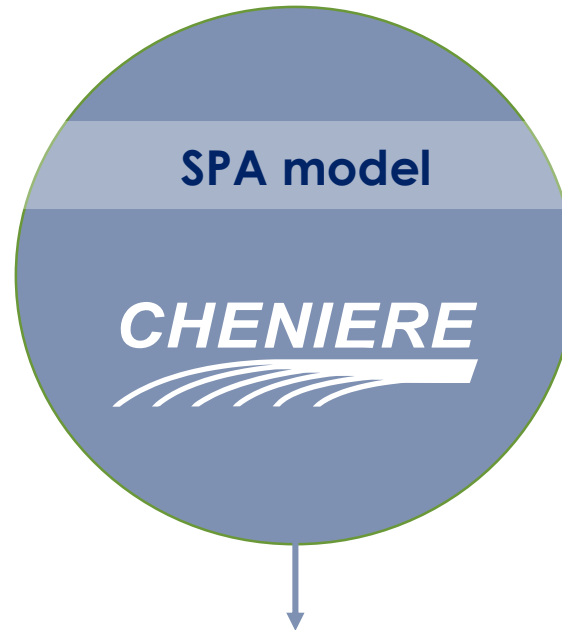
Sources: Kpler, Maran Gas, IHS, Wood Mackenzie.  
 Notes: LNG storage assumes half of fleet is in ballast, 2.9 Bcf capacity per vessel. Average cargo size ~2.9 Bcf, assuming 150,000 m<sup>3</sup> ship. In 2017, approximately a third of all LNG cargoes are estimated to be spot volumes. Based on line of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

# Owning pipeline infrastructure mitigates basis risk



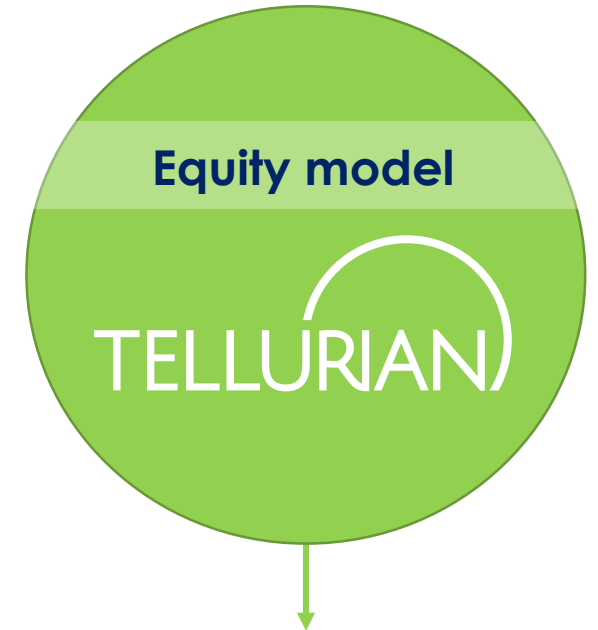
Customer incurs risk

**Competition between customers** for pipeline access leads to **hidden costs** and higher cost of LNG on the water



Developer incurs risk

Developer consolidates pipeline transport, but still **a price taker** for transportation services; developer only has 5% of Henry Hub price to pay for transport

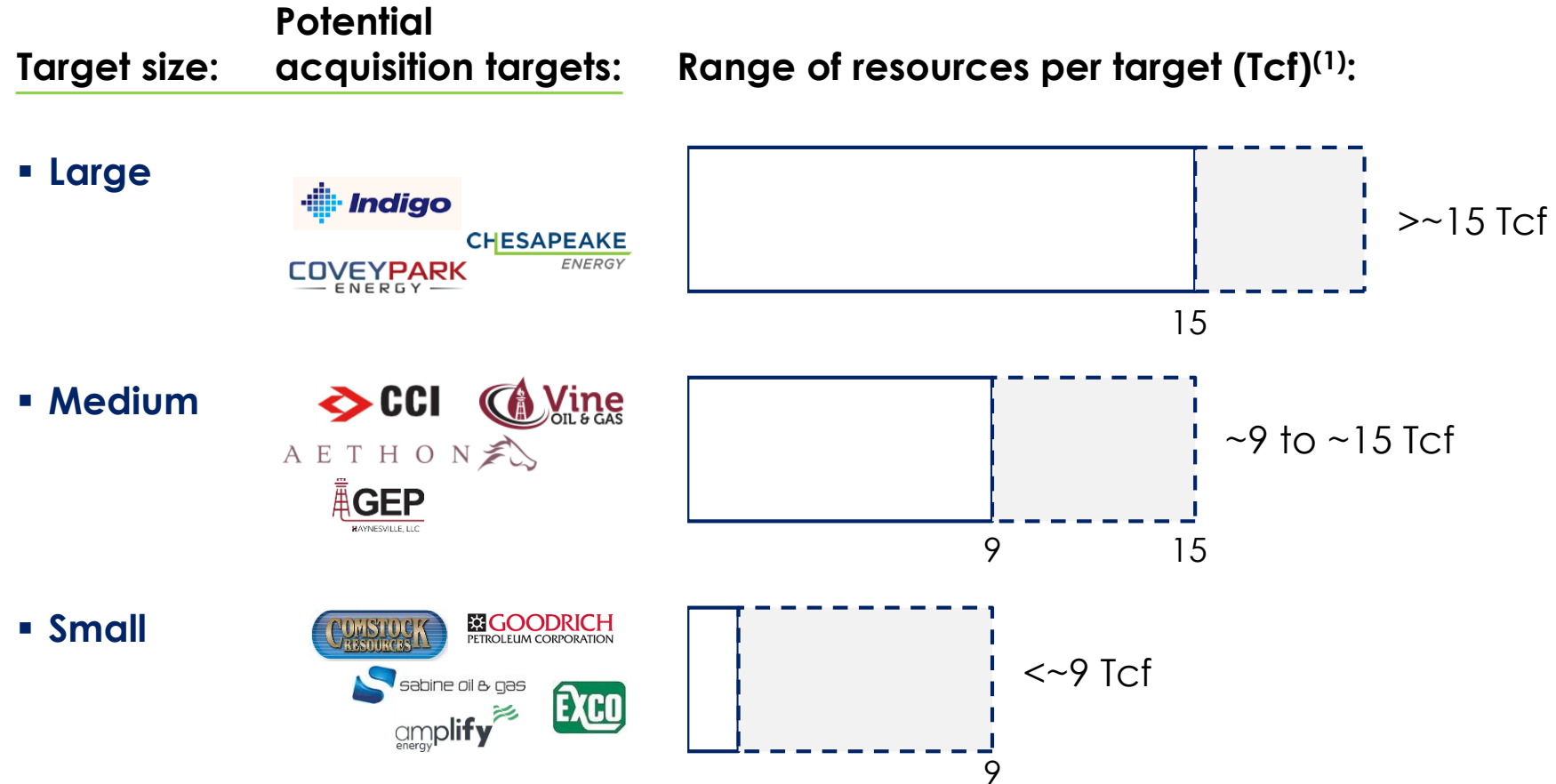
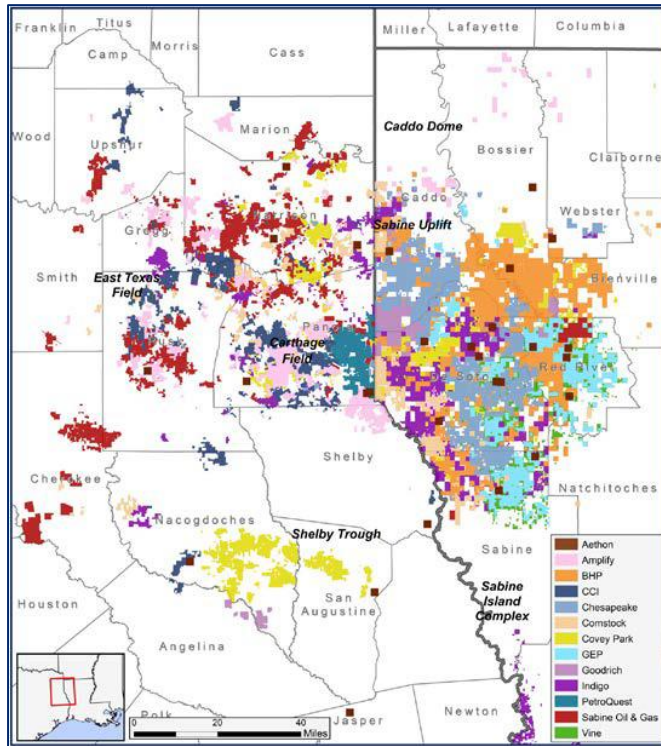


Own the infrastructure

True **cost control** and **transparency** from owning and managing pipeline transportation

# > 100 Tcf available resources in Haynesville

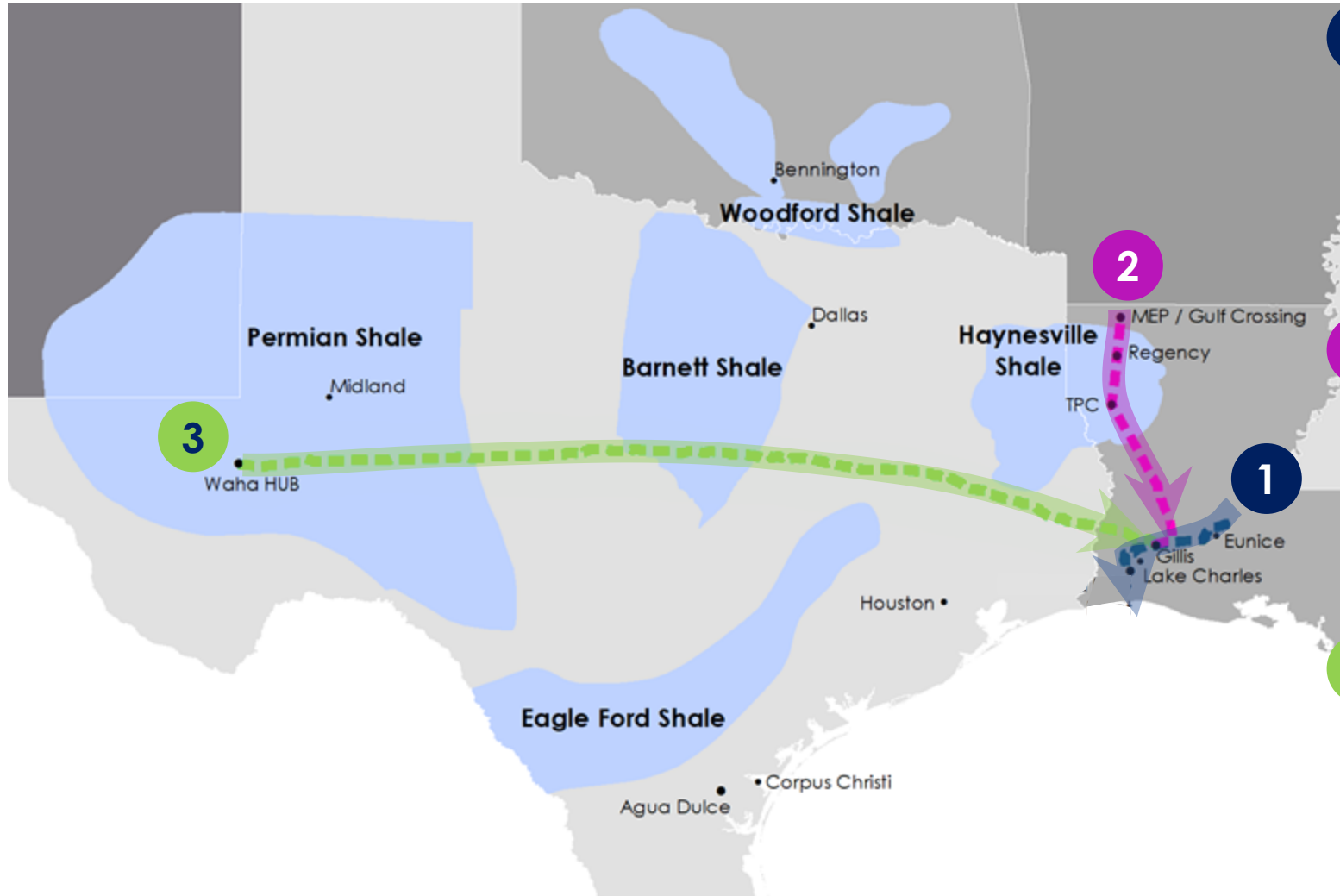
Driftwood Holdings plans to fund and purchase 15 Tcf



Sources: IHS Enerdeq; 1Derrick; investor presentations; Tellurian research.  
 Note: (1) Estimated resources based on acreage.

# Pipeline network

Bringing low-cost gas to Southwest Louisiana



1 Driftwood Pipeline <sup>(1)</sup>	
Capacity (Bcf/d)	4.0
Cost (\$ billions)	\$2.2
Length (miles)	96
Diameter (inches)	48
Compression (HP)	274,000
Status	FERC approval pending

2 Haynesville Global Access Pipeline <sup>(1)</sup>	
Capacity (Bcf/d)	2.0
Cost (\$ billions)	\$1.4
Length (miles)	200
Diameter (inches)	42
Compression (HP)	23,000
Status	Open season completed

3 Permian Global Access Pipeline <sup>(1)</sup>	
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.



# Expecting to eliminate HH price risk

Henry Hub gas price (price index for most U.S LNG projects)  
\$/mmBtu



## Opportunities for further gas supply cost savings:

- Buy Henry Hub gas when prices are lower than \$2.25 (curtail Haynesville drilling)
- Acquire lower priced gas in other supply basins via Tellurian pipeline network

\$2.25/mmBtu equity  
Haynesville gas production  
delivered to the Driftwood  
terminal

# 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>   |

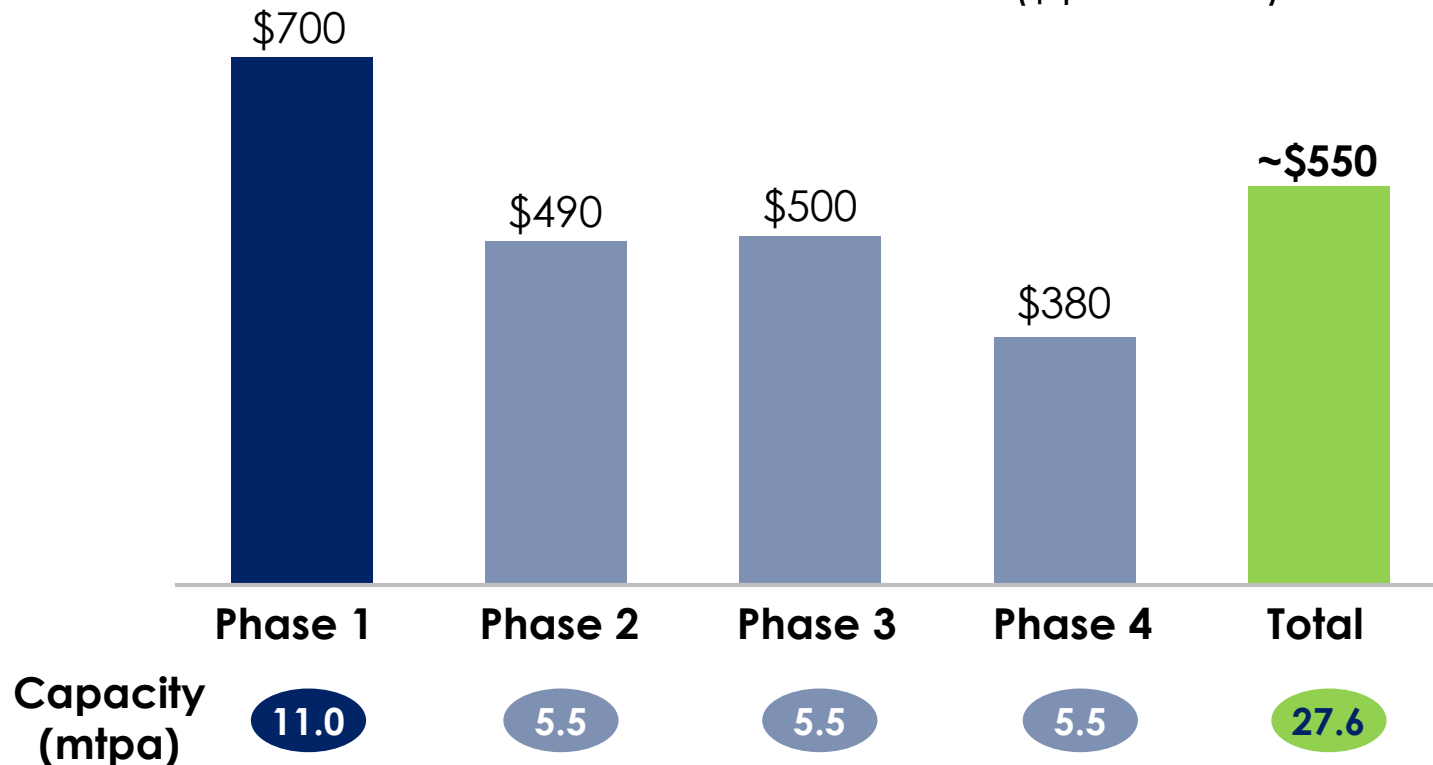


Note: (1) Based on engineering, procurement, and construction agreements executed with Bechtel.

# 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.

Source: Bechtel website.

Note: (1) Includes all trains from Sabine Pass LNG, Corpus Christi LNG, Atlantic LNG, QCLNG, ELNG.

# Integrated to manage three risks



Basin

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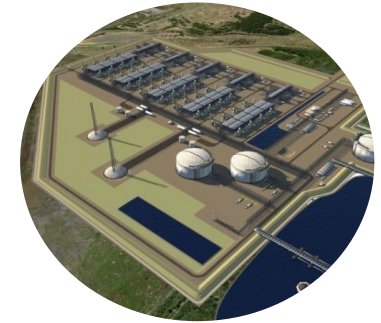
10,800 Haynesville acres  
1.4 Tcf of resource  
Intend to acquire 15 Tcf



Basis

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~\$7 billion of pipeline projects,  
providing access to Haynesville,  
Permian, & Appalachia supply



Construction

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~\$15 billion liquefaction  
project in Louisiana

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

- **Integrated model**

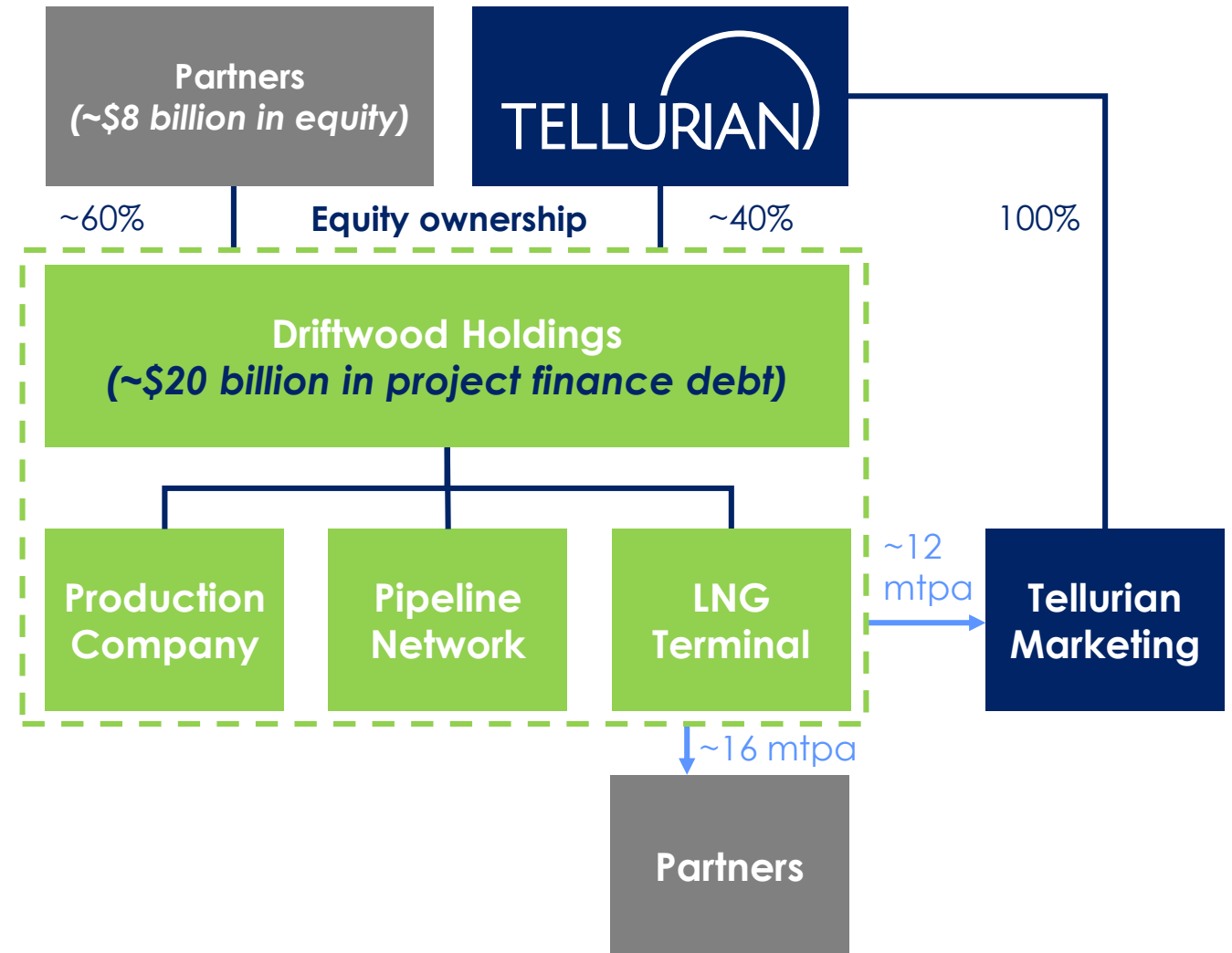
- Production Company, Pipeline Network, LNG Terminal
- Variable and operating costs expected to be \$3.00/mmBtu FOB

- **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.

# 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