

ALASKA AND CHINA SIGN HISTORIC JOINT DEVELOPMENT AGREEMENT

Historic agreement reached on Alaska LNG

In the most significant step forward for Alaska LNG, the Alaska Gasline Development Corporation (AGDC) and the State of Alaska announced a Joint Development Agreement with China Petrochemical Corporation (Sinopec), CIC Capital Corporation (CIC Capital), and Bank of China.

The agreement was inked in Beijing, China on November 9, in the presence of U.S. President Donald Trump and China President Xi Jinping.

The agreement spells out how the entities will work cooperatively toward LNG financing, marketing, and investment in the Alaska LNG system.

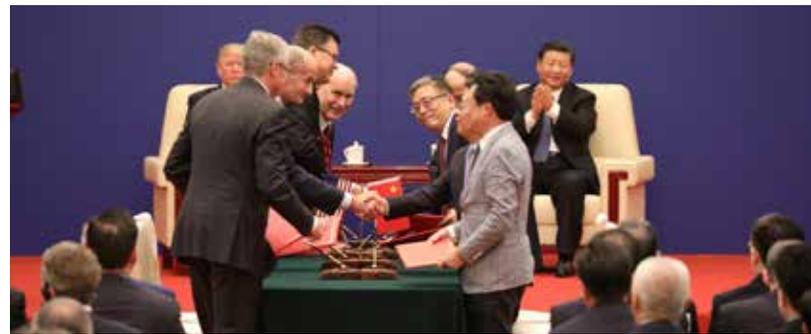
“Today’s agreement brings the potential customer, lender, equity investor, and developer together with a common objective of crafting mutually beneficial agreements leading to the construction of Alaska LNG,” said Keith Meyer, president, AGDC.

All parties expressed their commitment to the project and the prospect for production and export of Alaska LNG to China. “Sinopec is interested in the possibility of LNG purchase on a stable basis from Alaska LNG,” said Sinopec.

CIC Capital, an experienced investor in the energy and infrastructure sectors, said they have “long been interested in investing in American LNG infrastructure.”

Likewise, the Bank of China, which is the most internationalized financial institution in China, is “willing to facilitate the China-U.S. energy cooperation and provide financial solutions for this transaction by taking advantage of vast experience and expertise in international infrastructure project financing,” said Bank of China officials.

continued on page 3



- ✦ **SIGN UP** for announcements at agdc.us.
- ✦ **INVITE** AGDC to share information with your company or organization.
- ✦ **SHARE INFORMATION** with your network.
- ✦ **FOLLOW US** on Facebook for regular updates.

Letter From the President

AGDC's aggressive pursuit of commercial contracts throughout 2017 was rewarded over the past two months as significant agreements were signed with large LNG buyers and financial institutions in China, Vietnam, and Japan.

This year, for the first time ever, we have been marketing Alaska LNG directly to potential buyers across the Asia-Pacific region. With the November 9, 2017, signing of the Joint Development Agreement (JDA) between AGDC, Sinopec, CIC Capital, and Bank of China, large LNG buyers in China, Korea, Japan, and others around the globe are quickly becoming aware of Alaska's unique ability to deliver energy stability at competitive prices and with reliability and shipping advantages.

In addition to the JDA, Memorandums of Understanding (Korea Gas Corporation and PetroVietnam Gas), and public Letter of Intent (Tokyo Gas Co., Ltd.), we have signed seven confidential Letters of Intent with other large LNG buyers across the Asia-Pacific region.

Concurrently, we have been moving forward with project financing, in-state gas issues, and advancing Alaska LNG through the regulatory process.

On the regulatory front, we have asked federal officials to publish a schedule for Alaska LNG's Environmental Impact Statement process immediately.

As part of our ongoing communications efforts to keep Alaska's lawmakers and citizens apprised of the current status of Alaska LNG's commercial and regulatory progress, we have been issuing regular project updates through legislative reports, briefings, press conferences, and news releases.

Additionally, we published a 12-page newspaper insert, which is available on our website agdc.us. The insert explains the details of the Sinopec JDA in order to keep the public informed on our progress to bring Alaska's vast, proven, natural gas resources to market.

We are ending the year on a high note, and though we still have a lot of work to do, I am energized by AGDC's 2017 accomplishments. We are entering 2018 at full-speed ahead and will carry our momentum into the coming year in pursuit of definitive agreements and regulatory approval for Alaska LNG.



Keith

MOU with PetroVietnam Gas signed

AGDC's consistent commercial efforts resulted in an agreement being reached in November with PetroVietnam Gas (PVGAS). The Memorandum of Understanding spells out the principles under which AGDC will collaborate with PVGAS to provide LNG supply and to evaluate the possibility of resource investment in Alaska.

Signed in Hanoi, Vietnam on November 12, 2017, by executives of AGDC and PVGAS, the event was witnessed by U.S. President Donald Trump and Vietnam President Tran Dai Quang.

A state-owned subsidiary of PetroVietnam, PVGAS is developing LNG receiving and regasification terminals in Vietnam, in order to supply natural gas to newly built power plants as well as proposed power facilities.

Alaska's proximity to the region, along with the known, stranded gas reserves in the state, are a positive feature for countries seeking clean, reliable and stably priced sources of LNG.

"The agreement with PVGAS fits very well with AGDC's broader marketing program and recently announced deal with Sinopec, which leaves a portion of the Alaska LNG system capacity with AGDC for sale to regional Asian markets such as Vietnam," said Keith Meyer, president, AGDC. "Vietnam is a new entrant to the LNG industry but has the potential to be a rapidly growing customer of LNG, and we look forward to participating in the growth of the Vietnamese economy by providing a reliable and stable natural gas supply."

"Alaska's market proximity and enormous resource base present an attractive opportunity for PVGAS to provide stable and secure gas supply to Vietnamese industrial users and citizens, and upstream investment opportunities for a bright, long-term future," said Mr. Duong Manh Son, president and CEO, PVGAS.



PHOTO: AGDC and PetroVietnam Gas sign MOU.

Alaska LNG – China Agreement at a Glance



- * Signed November 9, 2017 at the Great Hall of the People in Beijing, China.
- * In the presence of President Trump, AGDC President Keith Meyer, and Alaska Governor Bill Walker signed a Joint Development Agreement (JDA) with:
 - China Petrochemical Corporation (Sinopec).
 - CIC Capital Corporation.
 - Bank of China.
- * The JDA provides for the entities to work together in the preparatory work of Alaska LNG.
- * The JDA addresses the following:
 - 75% of the capital cost of the project would come from non-Alaska sources.
 - AGDC maintains majority ownership of the project.
 - AGDC retains 25% of Alaska LNG’s 20 MTPA to serve the broader LNG markets in the Asia-Pacific Region, while the remaining 75% goes to China.
 - Provides a timeline and framework for negotiating definitive agreements by the end of 2018, with construction to commence in 2019.
 - Parties will collaborate on all aspects of the project including project engineering, financing, construction and offtake of LNG.
 - AGDC will continue to lead project development activities.

continued from page 1 **MAJOR AGREEMENT REACHED ON ALASKA LNG**

Bank of China is the world’s fourth largest bank and provides a wide range of services to clients in 52 countries and regions globally.

Sinopec is the largest oil and gas company in the world by revenue, with annual revenue of \$455.49 billion. Sinopec is a huge, state-owned, fully integrated energy and chemical company based in Beijing.

CIC Capital is China’s direct investment arm. As such, it is mandated to make direct investments and manage bilateral and multilateral fund investments in order to pursue long-term financial returns, and promote international investment cooperation. As a long-term investor, CIC invests on a commercial basis.

China has a growing demand for clean energy, and Alaska LNG provides many advantages. Alaska is the closest U.S. export point to China, and has experience in this arena, as the first-ever LNG exporter to Asia in 1969.

For the U.S., this agreement has the ability to reduce the trade deficit with China, which sells about \$460 billion in goods to the U.S. annually. The U.S. only sells China approximately \$115 billion per year. Increasing the commodities we sell to China reduces the deficit.

When China President Xi Jinping visited Alaska in spring of 2017, and received a briefing on Alaska LNG, he informed AGDC officials that, “China has 100 years of LNG demand.” AGDC’s response to President Xi was, “Alaska has 100 years of LNG supply.”

Tokyo Gas Co., Ltd.: Alaska's Longest Served Customer

AGDC began a new chapter in the storied history of LNG shipments between Alaska and Japan with the signing of a Letter of Intent (LOI) with Tokyo Gas, Ltd. on December 4, 2017. The LOI addresses the sale and purchase of LNG from AGDC to Tokyo Gas Co., Ltd. as well as a commitment to explore other opportunities to collaborate on Alaska LNG.

"Alaska is a trusted source of LNG," said Michiaki Hirose, president, Tokyo Gas Co., Ltd. "For more than 40 years Tokyo Gas Co., Ltd. received shipments of LNG from Alaska. As the closest source of North American LNG to Japan, with a shipping time of as little as seven days point to point, Alaska LNG is naturally an economic and reliable source of LNG for Tokyo Gas Co., Ltd."

Tokyo Gas Co., Ltd. is one of the largest energy utilities in Japan and is the principal service provider to more than 11 million customers in the Greater Tokyo Area including Kanagawa, Saitama, Chiba, Ibaraki, Tochigi, and Gunma prefectures. Founded in 1885, Tokyo Gas Co., Ltd. is today active in all aspects of the natural gas supply chain, including the production, supply, and sale of city gas and power, overseas upstream, midstream, and downstream businesses, engineering, and shipping.

"I am pleased AGDC is able to help carry on the longstanding LNG trade between Japan and Alaska for the next 40 years," said Keith Meyer, president, AGDC.

Q1 2018 Calendar

January

Kenai Peninsula Economic Development District, Inc. (KPEDD) Annual Industry Outlook Forum	January 10	Soldotna, AK
Alliance Meet Alaska Conference & Tradeshow	January 19	Anchorage, AK
World Gas Congress Asia	January 18-19	Osaka, Japan
World Trade Center Anchorage Alaska – China Business Conference	January 23	Anchorage, AK

February

CWC Japan LNG & Gas Summit	February 6-7	Tokyo, Japan
Nikiski Community Council	February 19	Nikiski, AK
2nd Annual LNG USA Summit	February 27-28	Houston, Texas

March

CWC World LNG & Gas Series 16th Americas Summit	March 20-23	Houston, Texas
---	-------------	----------------