

President's Report

March 23, 2023



Almost... Spring Cleaning Safety

Spring is around the corner and there is always a long list of things to do. Keep these spring cleaning health and safety tips in mind:

- Spring is an excellent time to test smoke and carbon monoxide detectors and update batteries
- Check and clear fan and exhaust vents of debris, lint and dust
- Use caution with cleaning product and chemicals around children and pets
- Keep up on ice and snow removal; driveways and walkways will remain slippery until nighttime temperatures remain above 32 degrees
- Organize neglected areas that may have been cluttered or blocked during the winter by snow (decks, less used walkways, etc.)
- Finally, always lift with your legs, keeping your back straight when moving heavy objects indoors or outdoors

FY23 Financial Report – February 2023

ALASKA GASLINE DEVELOPMENT CORPORATION

Fiscal Year to Date Statement of Activities

(in thousands of dollars)

as of February 28, 2023 Unaudited

	<u>YTD Costs</u>
LNG Project Expenditures	2,820
AGDC General & Admin	1,960
Total	<u><u>4,780</u></u>

LNG Project Expenditures

	<u>YTD Costs</u>	<u>AKING Expenditures</u>
Venture Development	869	
Core PMT & Systems	1,241	
ERL	710	
Total	<u><u>2,820</u></u>	

General and Administrative by Function

	<u>YTD Costs</u>	<u>G&A by Function</u>
Personnel	852	
Travel	31	
Services	1,044	
Commodities	28	
Depreciation	4	
Total	<u><u>1,960</u></u>	

AGDC STRATEGIC PLAN 2022/2023 TACTICAL ACTION PLAN

NO	ACTION	DUE DATE	ASSIGNED RESPONSIBILITY
1	PROJECT PERMITS AND AUTHORIZATIONS		
1A	Action for Major Permits and ROW as Appropriate for Project Development	6/30/2023	Lisa Haas
1B	Maintain Existing Permits & Authorizations	Ongoing	Lisa Haas
1C	Populate and Maintain Compliance Management System	Ongoing	Lisa Haas
1D	Implement Cultural Resources Management Plan	Ongoing	Lisa Haas
1E	Monitor and Support Legal Case Responses and DOE SEIS Development in Coordination with Alaska LNG Project LLC	Ongoing	Lisa Haas
1F	Update Permit Plan to Fit Project Development Schedule	6/30/2023	Lisa Haas
1G	Support Transition to Lead Parties	6/30/2023	Lisa Haas

Strategic Plan Actions (continued)

AGDC STRATEGIC PLAN 2022/2023 TACTICAL ACTION PLAN

2	PROJECT VENTURE DEVELOPMENT		
2A	Extend the Letter Agreement with Strategic Parties	12/31/2022	Nick Szymoniak
2B	Extend the Pipeline Lead Party Preliminary Agreement	6/30/2022	COMPLETE
2C	Execute Preliminary Agreement with Lead Party for the LNG Facility Subproject	9/30/2022	Nick Szymoniak
2D	Advance Term Sheets for Project Development Agreements to Govern FEED	12/31/2022	Nick Szymoniak
2E	Develop and Maintain a Risk Register that Identifies Risks to be Allocated in the PDAs and Supporting Agreements	12/31/2022	Nick Szymoniak
2F	Develop an Updated Project Timeline for FEED Stage Gate, FID, and COD	12/31/2022	COMPLETE
2G	Maintain and Update the Alaska LNG Economic Models	Ongoing	Nick Szymoniak
2H	Submit FY23 AFE for Board Approval	6/30/2022	COMPLETE
2I	Advance Government-to-Government Relationships and Agreements to Compliment International Commercial Agreements	Ongoing	Nick Szymoniak
2J	Support the 3 rd Party Ancillary Agreements Necessary to Approve FEED (<i>e.g.</i> , gas supply, LNG sales)	Ongoing	Nick Szymoniak
2K	Finalize 8 Star Alaska, LLC Governance and Project Financing Plan to Transition Alaska LNG Control to 3 rd Parties	3/30/2023	Nick Szymoniak
2L	Support Development of 3 rd Party FEED Decision Support Package	3/30/2023	Nick Szymoniak
2M	Approve PDA's and Transition to 3 rd Party Control to Execute FEED	6/30/2023	Board of Directors
2N	Transition to Lead Parties within 8 Star Alaska, LLC Governance	6/30/2023	Brad Chastain

Strategic Plan Actions (continued)

AGDC STRATEGIC PLAN 2022/2023 TACTICAL ACTION PLAN

3	PROJECT OPTIMIZATION & COMPETITIVENESS		
3A	Advance Discussion on Alaska LNG Property Tax Rationalization with State Legislature and Communities	Ongoing	Nick Szymoniak
3B	Facilitate 3 rd Party Work to Achieve the Alaska Fiscal Stability Required for FID	9/30/2022	Nick Szymoniak
3C	Perform Prepare for FEED Optimization Studies	6/30/2023	Brad Chastain
4	PROJECT COMMUNICATION		
4A	Maintain and Enhance the Stakeholder Engagement Program	6/30/2023	Lisa Haas
4B	Inform Policymakers and Key Government Stakeholders	Ongoing	Frank Richards
5	PROJECT MANAGEMENT & TECHNICAL		
5A	Maintain Core PMT Staffing	6/30/2023	Brad Chastain
5B	Maintain Alaska LNG Data, Content, and Systems	6/30/2023	Brad Chastain
5C	Interface with Nikiski Blue Hydrogen Study	6/30/2023	Brad Chastain
5D	Lead the Alaska Hydrogen Hub DOE Proposal and Transition Upon Award	6/30/2023	COMPLETE

Legislative Update

ALASKA
GASLINE
DEVELOPMENT CORP.

The logo for Alaska Gasline Development Corp. features the text "ALASKA GASLINE DEVELOPMENT CORP." in a blue, sans-serif font. To the right of the text is a stylized outline of the state of Alaska, composed of several blue stars of varying sizes arranged to form the state's shape. A single blue star is positioned above the main outline.

FY24 Operating Budget Request

Personal Services	\$1,801.1
Travel	\$ 47.6
Services (contracts)	\$1,197.4
<u>Commodities</u>	<u>\$ 40.0</u>
Total	\$3,086.1

House and Senate Finance Committees working on HB 39 and SB 40

- Presentation to House Finance subcommittee
 - No changes made in subcommittee action

HB 50, SB 49 – Carbon Capture and Storage Act

- Governor's bill
 - Defines legislation to govern capture of CO₂ from industrial processes or directly from the air and store it in underground geologic formations
 - State charges license, rent and storage fees
 - Specific minimum fee amounts eliminated in committee substitute – fees to be determined in regulation
 - Fees in regulation are preferable to AGDC

HB 94 Foreign contracts, commerce, investments

- Syria, Iran, North Korea, Cuba, Russia and China are prohibited from use of Alaskan docks and ports
- The state is prohibited from doing business with listed countries, specifically:
 - contract procuring supplies, services, or entering into contracts
 - Exporting any items, including natural gas

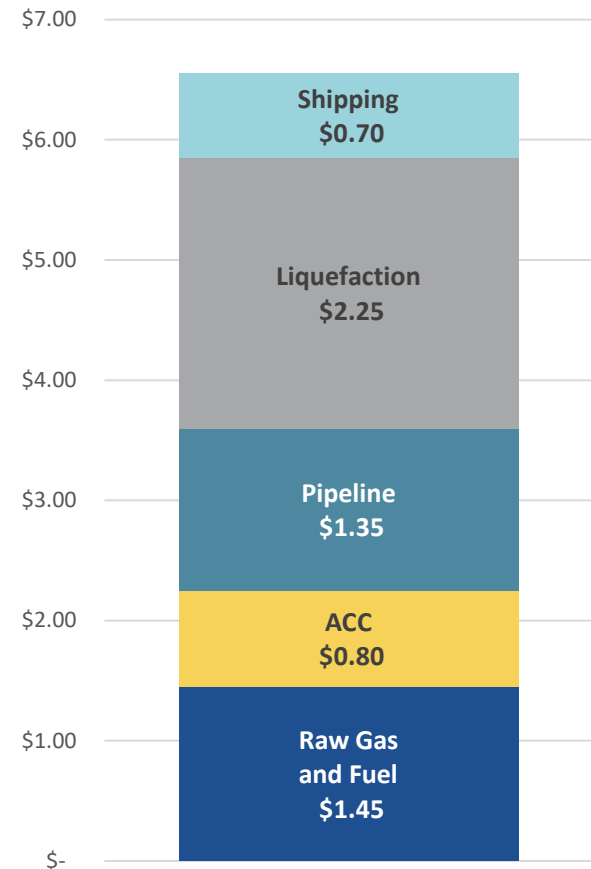
Alaska LNG Key Highlights



Alaska LNG's Cost of Supply is Well Below Market Prices

- \$6.55 cost of supply delivered to Asia is lower than competing market prices:
 - Brent Linked: \$9.00 ($\$75 \text{ Brent} \times 12\%$)
 - U.S. Gulf Coast: \$7.50 ($\$2.50 \text{ Henry Hub} + \5.00)
 - JKM: \$13.50 (*spot price*)
- Verified by Wood Mackenzie
- 2023 update to account for recent construction inflation, 45Q tax credits, and financial return expectation – remains largely unchanged.

\$6.55: Delivered Cost of Supply

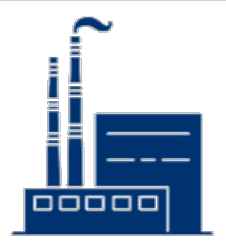



Positive Climate Impact

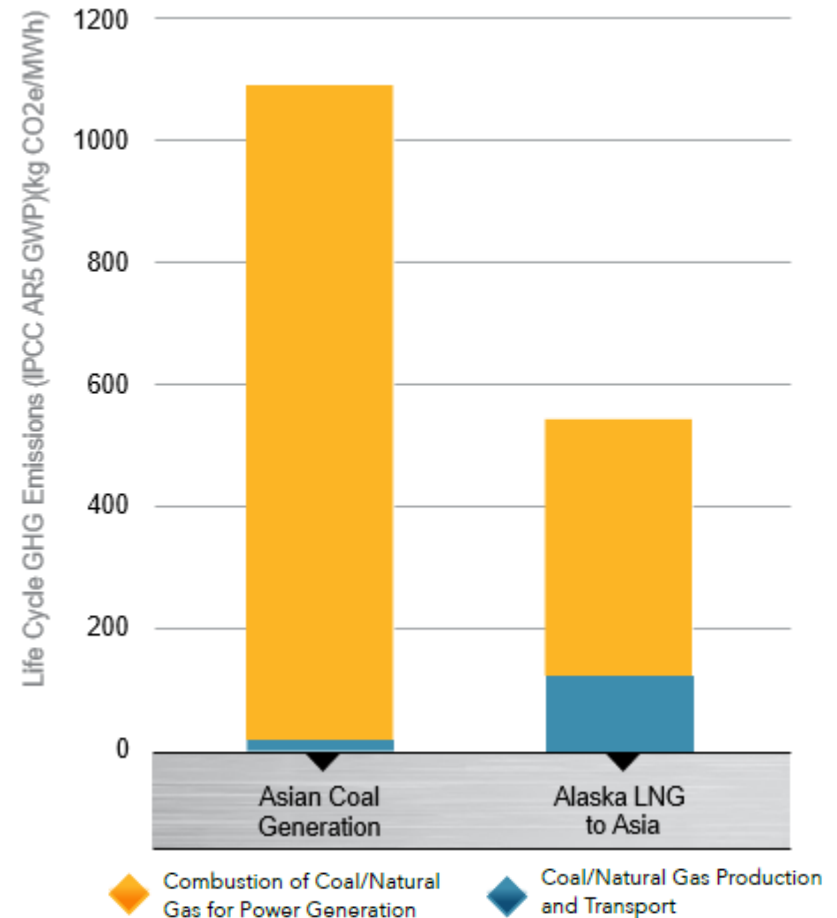
Alaska LNG can reduce GHG emissions by more than 77 million tonnes of CO₂ per year.

Alaska LNG can have one of the greatest GHG benefits of any project in the world.

Alaska LNG will have the same GHG impact as:

Eliminating		19 coal power plants
Constructing		16,000 Wind Turbines

Lifecycle GHG Emissions for Natural Gas vs. Coal Power



Source: Greenhouse Gas Lifecycle Assessment: Alaska LNG Project

- Cook Inlet gas supply is uncertain
- Utilities are evaluating potential alternative natural gas supplies
- Alaska LNG is the best option to replace Cook Inlet gas
 - Secure, low-cost supply for Alaskans
 - Alaska LNG will ensure priority natural gas supply for Alaskans

ANCHORAGE DAILY NEWS

Energy

Hilcorp warns Alaska utilities about uncertain Cook Inlet natural gas supplies

By Alex DeMarban
Updated: May 17, 2022
Published: May 17, 2022



Exhaust from the Southcentral Power Project in Anchorage is lit by the setting sun on Friday, Jan. 11, 2019. (Lorenz Holness / ADN)

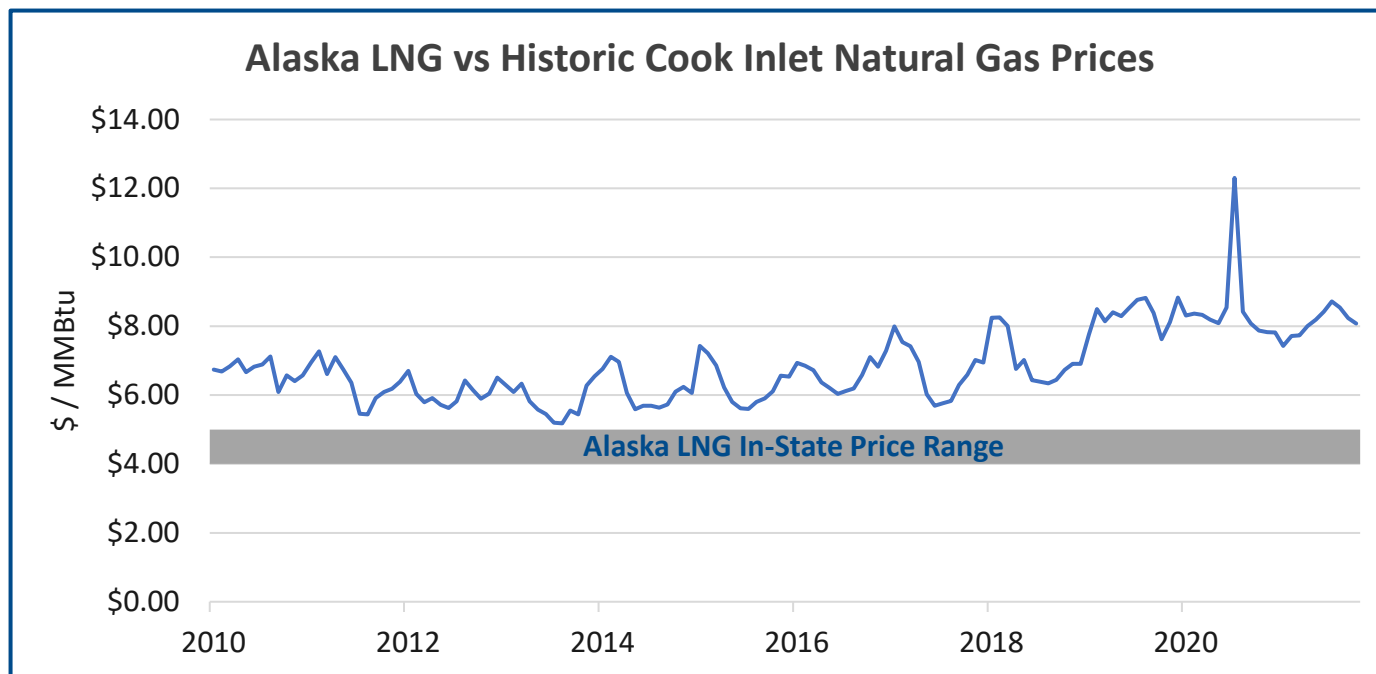
Officials with several Alaska utilities say they've been informed by Hilcorp that the company does not currently have enough natural gas reserves in Cook Inlet to provide for new gas contracts. Those contracts face renewal in the next two to 11 years.

Low-Cost Gas for Alaskans

- The Alaska LNG in-state price is estimated to be between \$4 - \$5 per MMBtu
- Significant reduction from current prices, saving Alaskans hundreds of dollars per year

Significant Energy Savings

- Southcentral households can expect to save up to \$1,000 in heating and electric costs
- Interior households could save much more



Source: EIA

Venture Development Update



- AGDC entered into Engagement Letter with Goldman Sachs to provide advisory services for Alaska LNG development capital
- AGDC is targeting \$150 million development capital to get to FID
 - 3rd Party FEED costs, project management, legal/commercial, 8 Star Alaska overhead
 - Investors will receive majority interest in 8 Star Alaska and Alaska LNG
- Goldman is coordinating investor outreach
 - Combination of strategic investors AGDC is already working with and large Private Equity and Infrastructure funds
- Goldman leading the update of investment materials and providing guidance on base economic model

- AGDC is pursuing multiple strategies to raise development capital
- Established LNG developers
 - Most straightforward approach but only a limited number of developers exist, each with competing opportunities
- Strategic investors
 - Have other interest in Alaska LNG, such as offtake or participation in other aspects of the project
- Financial investors
 - Desire to invest in LNG projects and stand-up project management team for execution
- All options can be complimentary and not mutually exclusive
- Pursuing possible consortium with multiple investors
- All project equity will come through 8 Star Alaska—therefore, legal/commercial structure remains unchanged

- Multiple investors have identified that gas supply agreement terms are a prerequisite for development capital
- Securing these agreements is a top priority for the project
- Meetings held with two Producers' Executives at CERA Week
 - Communicated importance of quickly entering into Gas Supply Precedent Agreements in order to attract investors
 - DOR Commissioner Crum and DNR Commissioner Boyle joined meetings to stress the importance of the project to Alaska
 - Goldman Sachs joined meetings to communicate investors' views on the importance of gas supply

- Japan's Ministry of Economy, Trade & Industry (METI) stressed the need for new LNG capacity to serve Asia
 - Japan will request international support for new LNG capacity when it hosts the G7 summit in May
 - Strong Japanese government support for new LNG investment and offtake
 - Focus on coordination with developing Asia markets to replace coal with gas
- METI hosted the Summit, JERA and Tokyo Gas were title sponsors
- AGDC sponsored the Japan Energy Summit Feb 28 – Mar 2 in Tokyo
- AGDC spoke on a panel regarding regional coordination on LNG development

- 8 MTPA (40% of Alaska LNG nameplate capacity) now under advanced discussions on price
 - 20 year contracts under consideration
 - 5 MTPA at a fixed price with inflation adjustments
 - 3 MTPA at a fixed capacity charge and market-linked commodity charge
- Up to 12 MTPA (60% of Alaska LNG nameplate capacity) now under equity offtake discussions
 - These discussions tie into the efforts to raise development capital
 - Multiple parties indicating interest in 10-15% interest in the liquefaction facility and equity offtake proportional to that interest
- An additional 3 MTPA under LOI with traditional Asian utility customers
 - Three separate customers in mature LNG markets
 - 3 MTPA is set as the minimum – discussions are for around 5 MTPA combined
 - All three customers wish to evaluate equity participation at FID, but not during development stage
- All conversations under confidentiality agreements

- Active negotiations with multiple LNG offtakers/buyers are underway
 - Negotiations are fairly advanced with ongoing price discussions
 - Buyers include traditional Asian utility buyers, LNG traders, and oil and gas companies
 - All buyers are credit worthy and large-scale market participants
- Alaska LNG is uniquely able to offer a combination of prices
 - Brent-linked, Henry Hub, JKM, and fixed-price offering
 - 20-year term with aggregate price floors that can cover system tolls and project debt service
- Some buyers are considering “equity offtake” where they would invest in the project at FID in exchange for LNG supplied at cost
- In total, AGDC is currently is discussions for 125% of project capacity (25 Mtpa)
- All conversations under confidentiality agreements

8 Star Alaska, LLC Update



8 Star Alaska Update

- The 8 Star Alaska structure has been refined by work with Goldman Sachs
- 8 Star Alaska, LLC will serve as the Project Company (ProjectCo) for development capital and all investment will roll through 8 Star Alaska, LLC
- Subsidiary ProjectCo's for each subproject will be formed and capitalized at FID
- Development investors in 8 Star Alaska, LLC will retain certain Founders' rights in Alaska LNG
 - AGDC aims to retain a carried interest in 8 Star Alaska, LLC
 - AGDC will have the right to ownership in the subprojects subject to contributing capital at FID

8 Star Alaska Operations Plan

- Detailed plan to bring the 8 Star Alaska subsidiary into independent operational readiness effective upon Lead Party transition
- Adaptable to various commercial models
- Plan is updated and complete
- Plan will remain as ongoing draft depending on outcomes of Venture discussions and identification of Lead Party commercial models
- Series LLC structuring is proceeding

8 Star Operations Plan

- Governance
- Management
- Organization and Staffing
- Branding and Copyright
- Finance and Accounting
- Legal
- Information Technology
- Risk Management
- Project Management Systems
- Interface and Communications
- Transition Planning

In-State Gas Challenges

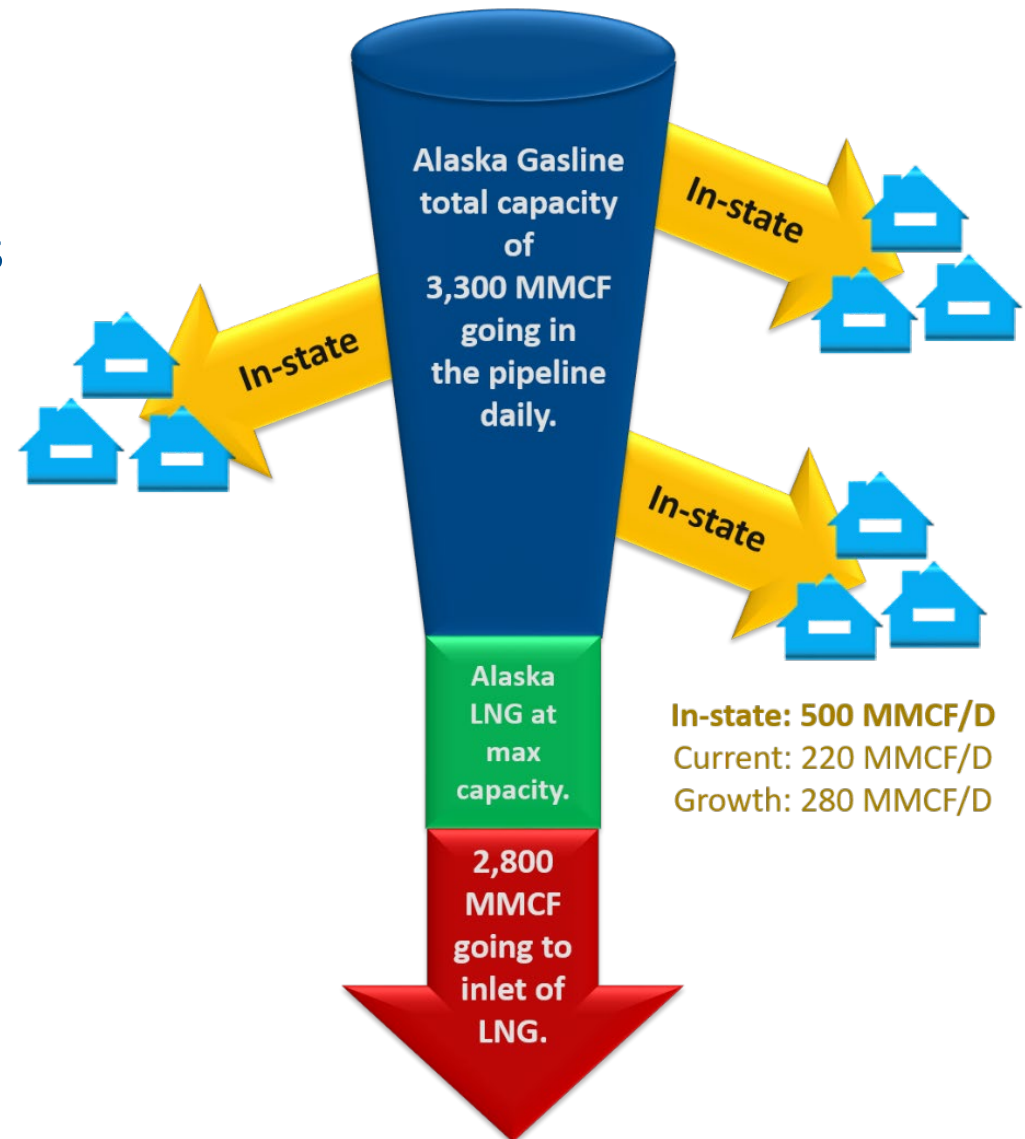


- Cook Inlet gas supply shortfalls are projected by railbelt utilities to occur as soon as 2027
- Railbelt utilities formed a working team to jointly address future gas supply
 - Chugach Electric and ENSTAR are engaged on studies of alternatives using 3rd party contractors
 - AGDC is providing data, content, and input as requested
- Utility CEOs indicated during January 2023 briefings to the Legislature that they will have to make a decision on future energy supply “within the next 12-15 months”
- AGDC is receiving inquiries on pipeline alternatives

- AGDC offered agreements to utilities that will ensure that they will receive gas supply on preferential terms from Alaska LNG.
- These agreements are with 8 Star Alaska, LLC and will bind future investors and developers in Alaska LNG
- Key Terms
 - Alaska utilities will be provided natural gas from Alaska LNG on priority terms to supply residential, commercial, and small industrial customers
 - The price will be no higher than that paid by the LNG facility for natural gas supply
 - In the event of an interruption, Alaska utilities will be prioritized over LNG exports
 - Ensure utility demand growth up to 500 MMcfd, over 2x growth
 - Ability to adjust take-or-pay commitments in response to changes in demand or new renewable sources of energy

Priority Supply for Alaskans

- Alaska LNG is designed to provide system capacity to ship natural gas to Alaskans
- The pipeline has 500 MMcfd of capacity in excess of the LNG plant's needs
 - All 500 MMcfd is prioritized for Alaskans
 - Current Alaska natural gas demand is about 220 MMcfd
 - Allows for long-term Alaska natural gas demand growth



- U.S. Army published the Notice of Availability (NOI) of the Final Environmental Impact Statement (EIS) for Addressing Heat and Electrical Upgrades at Fort Wainwright
- Identified Alternative 3, Install Distributed Natural Gas Boilers, as the preferred alternative
- Gas demand would represent approximately 1.3 billion cubic feet annually or 3.6 million cubic feet per day
- Anticipated that the U.S. Army will move forward with identification of natural gas supply including trucking of LNG from the North Slope and piped natural gas from the Alaska LNG Pipeline
- AGDC plans to engage in the future with the Defense Logistics Agency on optionality for natural gas supply to Fort Wainwright through the Alaska LNG Pipeline

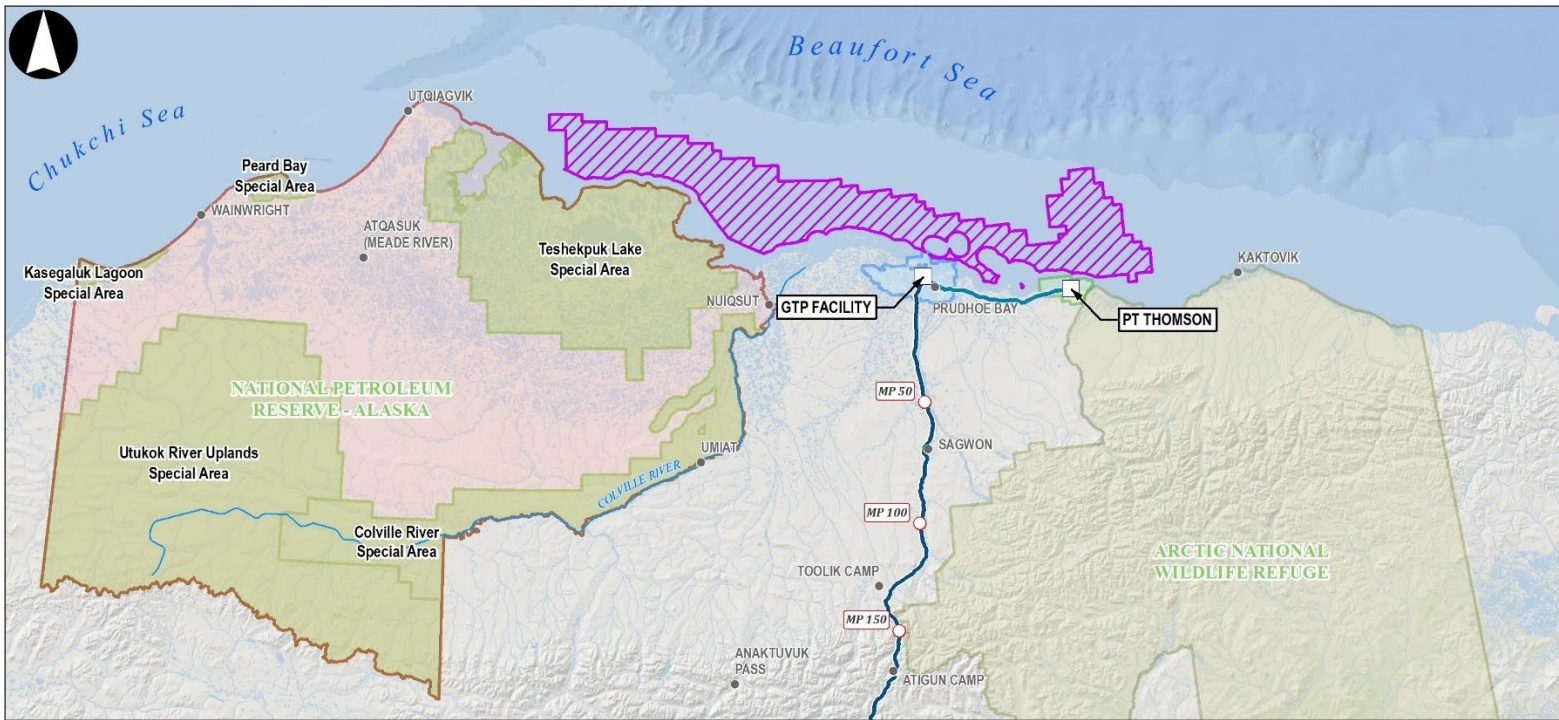
Environmental, Regulatory, and Lands Update

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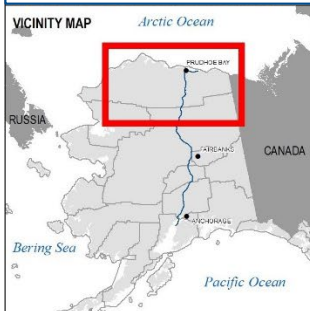
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- March 16, 2020 – DOE formally adopted the FERC EIS
- August 20, 2020 – Issued license for export to NAFTA Nations
- September 21, 2020 – Sierra Club filed Request for Rehearing
- April 15, 2021 – DOE issued the Rehearing Order
 - Left current authorization in place
 - Granted Sierra Club’s rehearing request for conducting ‘Alaska environmental study proceeding’
- June 24, 2022 – DOE issued the draft Supplemental EIS (SEIS)
- January 6, 2023 – Final SEIS published
 - Main findings from Draft SEIS were maintained

Recent White House Announcement

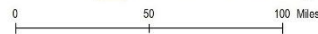


Withdrawal of these areas for Oil & Gas development will have no impact on Alaska LNG or its gas supply.



ALASKA LNG PROJECT 2023 Beaufort Sea Withdrawal and NPR-A Special Areas

- | | |
|-----------------------------|---|
| ALASKA LNG PROJECT | ADMINISTRATIVE BOUNDARY |
| □ Alaska LNG Facility | ▨ 2023 Beaufort Sea Withdrawal Area |
| ○ Alaska LNG Rev D Milepost | □ Prudhoe Bay Unit (PBU) |
| ≡ Alaska LNG Rev D Route | □ Point Thomson Unit (PTU) |
| ≡ PTTL Rev D Route | □ National Petroleum Reserve - Alaska (NPR-A) |
| | □ NPR-A Special Areas |
| | □ Arctic National Wildlife Refuge (ANWR) |



ALASKA LNG

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DOCUMENT ID:	Alaska LNG - Beaufort Sea Withdrawal.mxd
DATE:	3/14/2023
SCALE:	1:3,500,000
SHEET:	1 of 1

- Pore space leasing
 - Competitive
 - Allows for 'exploration' licensing
 - DNR has significant latitude in the award process
 - Term cannot exceed 55 years
- State primacy for Class VI wells
 - Three to five year process
- Fees: leases, per ton charge for injection, agency costs
- Defined term of liability
- State trust fund
 - Comes from per ton charge
 - State assumes liabilities after wells are closed for a period
- Benefits Arctic Carbon Capture plant and future carbon sequestration opportunities in Cook Inlet

- ESG Report
 - Third party assessment as part of overall Alaska effort
 - Expanded Alaska LNG effort
 - Printed hard copies and posted on web site
- Cultural resources gap analysis
- State lease overlap reviews
- Borehole closure reporting and analysis
- Monitoring FERC docket for legal decision
- Upcoming permit/approval renewals
 - Major facility air permits
 - Marine mammal incidental take authorization

AGDC continues stakeholder outreach throughout Alaska:

- Meetings with communities, NGOs, tribes, villages, and Alaska Native Corporations
- Presentations to organizations and groups at their invitation
- Agency updates to maintain communications

Ongoing stakeholder opportunities:

- Board meetings
- Community and organization meetings
- Web site contact forms
- Speaking invitations

Examples of Recent Key Stakeholder Meetings

<p>Cook Inletkeeper - December 20, 2022</p> <ul style="list-style-type: none"> • Met with Director and key staff • Overview, vicinity details, benefits, communications 	<p>Kenai Peninsula Economic Development District (KPEDD)</p> <ul style="list-style-type: none"> • January 5th in Homer with about 80 participants • Project overview, economic & environmental benefits
<p>Minto Community Meeting - January 11th</p> <ul style="list-style-type: none"> • About 30 participants • Overview, vicinity details, benefits, communications 	<p>Tyonek Native Corporation</p> <ul style="list-style-type: none"> • Meetings January 31st & February 13th • Overview, vicinity details, benefits, communications
<p>Fairbanks North Star Borough Assembly - February 16th</p> <ul style="list-style-type: none"> • Presentation by President Richards • Overview, vicinity details, benefits 	<p>Agency Meetings – Various dates</p> <ul style="list-style-type: none"> • Examples: NPS, BLM, DNR, NMFS • Project updates, plans, timing

Contact Information

AGDC

<http://www.agdc.us/>

<https://agdc.us/contact-agdc/>

Alaska LNG

<https://alaska-lng.com/>

<https://alaska-lng.com/contact-us/>

Social Media

Twitter <https://twitter.com/alaskaLng>

Facebook <https://www.facebook.com/AKGaslineDevelopmentCorp>

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Acronyms

ACC	Arctic Carbon Capture	Gt	Gigatonne
AFN	Alaska Federation of Natives	GTP	Gas Treatment Plant
AGDC	Alaska Gasline Development Corporation	HH	Henry Hub
ANCSA	Alaska Native Claims Settlement Act	HOA	Heads of Agreement
ANVCA	Alaska Native Village Corporation Association	IOC	International Oil Company
AOGCC	Alaska Oil and Gas Conservation Commission	IPT	Integrated Project Team
AP-X	Air Products Liquefaction Technology	IRR	Internal Rate of Return
Bbl	Barrel	JKM	Japan Korea Marker
Bblsd	Barrels per Day	Kbblsd	Thousand Barrels per Day
Bcf	Billion Cubic Feet	LNG	Liquefied Natural Gas
Bcfd	Billion Cubic Feet Per Day	LOI	Letter of Intent
BLM	Bureau of Land Management	M3	Cubic Meters
Capex	Capital Expenditure	MMBtu	Metric Million British Thermal Unit
CB&I	Chicago Bridge & Iron Company	MOU	Memorandum of Understanding
CCS	Carbon Capture and Sequestration	MT	Metric Tons
CIT	Corporate Income Tax	MTPA	Million Tonnes Per Annum
CO ₂	Carbon Dioxide	NETL	National Energy Technology Laboratory
CO ₂ E	CO ₂ Equivalent	NPRA	National Petroleum Reserve Alaska
DES	Delivered Ex-Ship	O&M	Operations & Maintenance
DOE	Department of Energy	OCS	Outer Continental Shelf
DOT&PF	(Alaska) Department of Transportation and Public Facilities	Opex	Operating Expenses
EA	Environmental Assessment	QRA	Quantitative Risk Analysis
EIS	Environmental Impact Statement	ROW	Right-Of-Way
EPC	Engineering, Procurement & Construction	SPA	Sale and Purchase Agreement
FEED	Front End Engineering Design	TAPS	Trans-Alaska Pipeline System
FERC	Federal Energy Regulatory Commission	Tbtu/yr	Trillion British Thermal Units per Year
FID	Final Investment Decision	Tcf	Trillion Cubic Feet
FOB	Free on Board	TPA	Tonne per Year
FTA	Free Trade Agreement	USGS	United States Geological Society
GHG	Greenhouse Gas	VDR	Virtual Data Room