

President's Report

September 21, 2023



Chilly Fall Weather and Cozy Warm Houses

Before using wood stoves, furnaces, and space heaters, here are a few simple tips for safe use all season long.

Service Your Furnace

Consider having your furnace serviced by a licensed HVAC/boiler specialist to inspect and ensure it is properly functioning without leaks.

Use Fireplaces Safely

Use fireplace screens to prevent sparks from flying embers and to prevent children and pets from accidental burns. Never leave a burning fire unattended and ensure the fire is out before going to bed. If you regularly use a wood burning fireplace or stove, consider having your chimney swept annually.

Use Caution with Space Heaters

Be sure to read all safety instructions before using space heaters. If your space heater requires venting, make sure it is properly vented outdoors. Always allow at least 3 feet of empty area around space heaters.

Recognize passing of Richard McGahan Sr., 1936-2023

- Memories of Richard
 - Passionate advocate for Alaska LNG and the community of Nikiski
 - Pushed for progress and support from all levels
 - Not afraid to voice his concerns and support
 - Could discuss disagreements and remain positive
- Would always be first to meetings – driving from Nikiski in all conditions



June 2018



June 2023

Primary Focus Areas

- General Corporate Update
 - FY23 Year End Financial Report
 - FY24 Financial Report
- LNG Market Update
- Venture Development Update
 - Investor Interest and Progress
- Alaska Delegation Support
- In-state Gas Support
- Enbridge Pipeline Tour
- Environmental, Regulatory, and Lands Update

FY23 Year End Financial Report

ALASKA GASLINE DEVELOPMENT CORPORATION

Fiscal Year to Date Statement of Activities

(in thousands of dollars)

as of June 31, 2023 Unaudited

	<u>YTD Costs</u>
LNG Project Expenditures	4,171
AGDC General & Admin	<u>3,014</u>
Total	<u><u>7,185</u></u>

LNG Project Expenditures

	<u>YTD Costs</u>	AKLNG Expenditures
Venture Development	1,404	
Core PMT & Systems	1,785	
ERL	982	
Total	<u><u>4,171</u></u>	

General and Administrative by Function

	<u>YTD Costs</u>	G&A by Function
Personnel	1,337	
Travel	62	
Services	1,561	
Commodities	48	
Depreciation	6	
Total	<u><u>3,014</u></u>	

ALASKA GASLINE DEVELOPMENT CORPORATION

Fiscal Year to Date Statement of Activities

(in thousands of dollars)

as of July 31, 2023 Unaudited

	<u>YTD Costs</u>
LNG Project Expenditures	306
AGDC General & Admin	212
Total	<u><u>517</u></u>

LNG Project Expenditures

	<u>YTD Costs</u>	<u>AKLNG Expenditures</u>
Venture Development	88	
Core PMT & Systems	133	
ERL	85	
Total	<u><u>306</u></u>	

General and Administrative by Function

	<u>YTD Costs</u>	<u>G&A by Function</u>
Personnel	90	
Travel	4	
Services	113	
Commodities	3	
Depreciation	1	
Total	<u><u>212</u></u>	

Alaska LNG Key Highlights

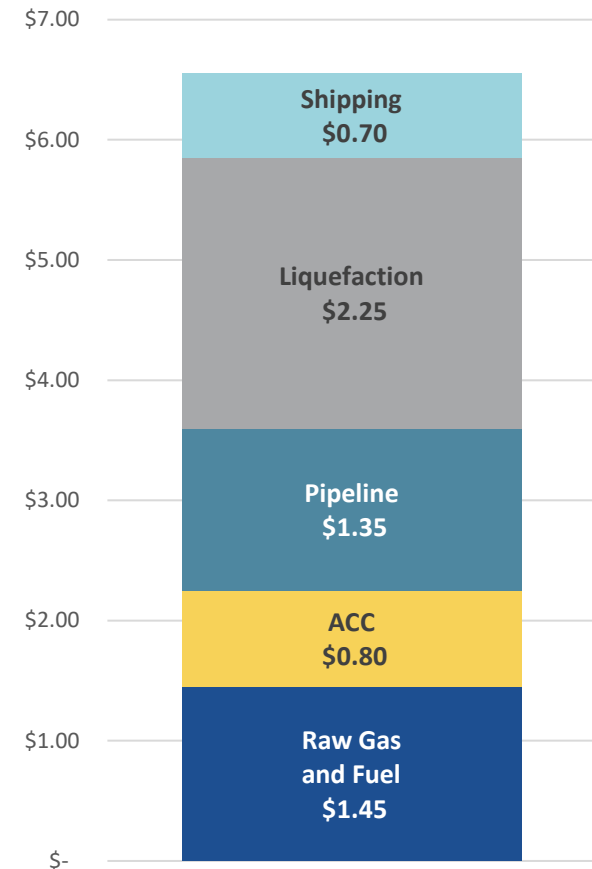


Alaska LNG's Cost of Supply is Well Below Market Prices

- \$6.55 cost of supply delivered to Asia is lower than competing market prices*:
 - Brent Linked: \$11.96 ($\$92 \text{ Brent} \times 13\%$)
 - U.S. Gulf Coast: \$8.24 ($\$2.74 \text{ Henry Hub} + \5.50)
 - JKM: \$13.39 (*spot price*)
- Verified by Wood Mackenzie
- 2023 update to account for recent construction inflation, 45Q tax credits, and financial return expectation – remains largely unchanged

* as of September 14, 2023

\$6.55: Delivered Cost of Supply



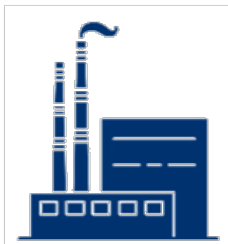
Positive Climate Impact

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



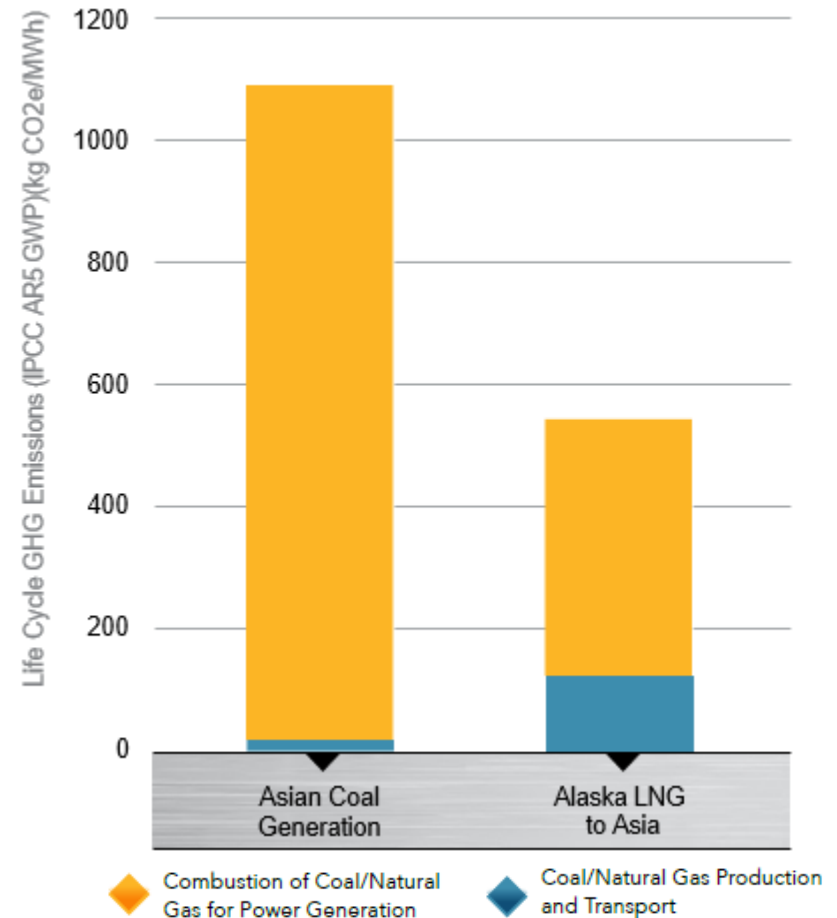
19 coal
Power
Plants

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.

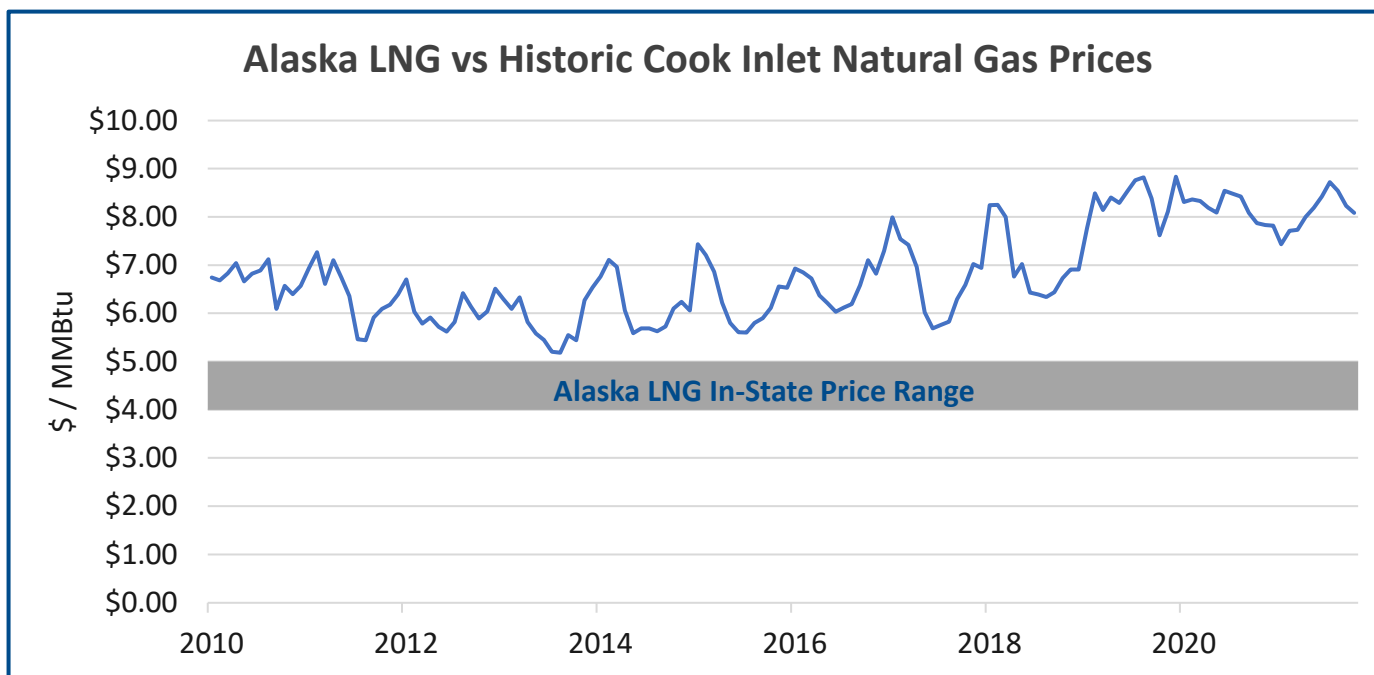
Lower Cost Energy for Alaskans

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

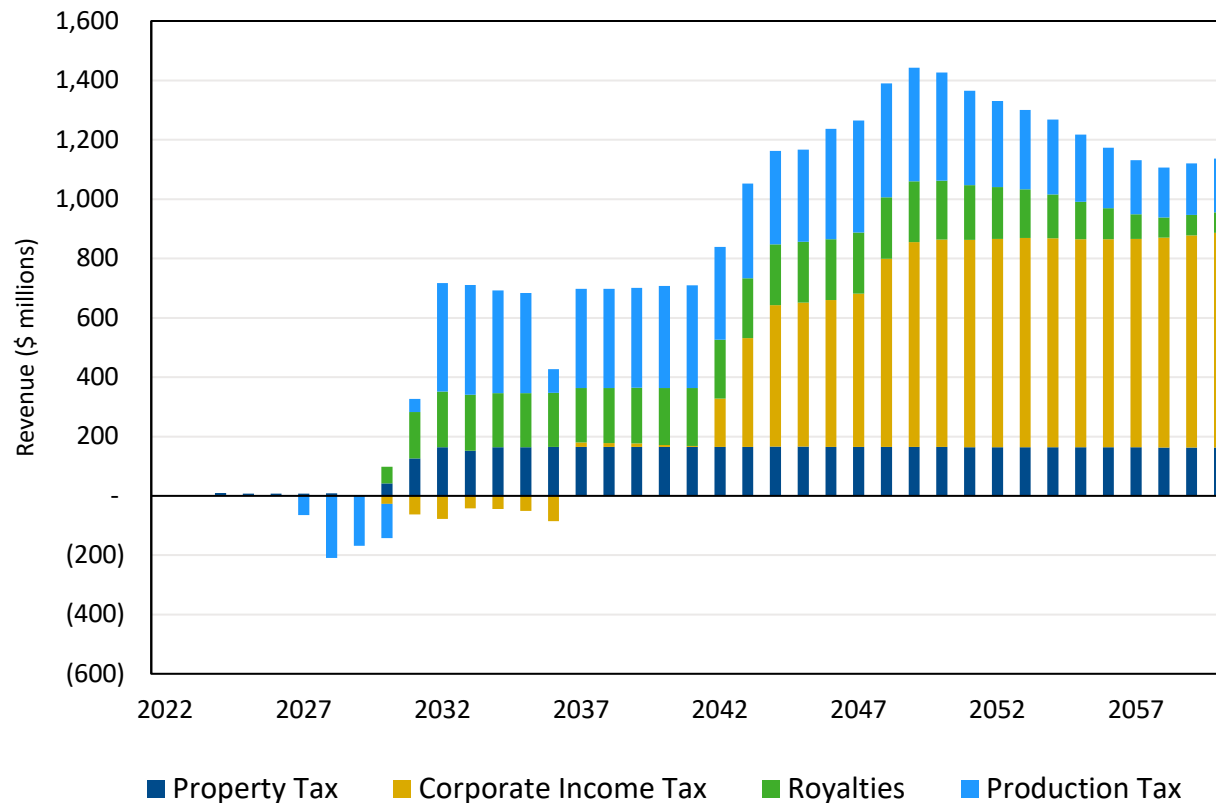
- Southcentral households can expect to save up to \$1,000 in heating and electric costs
- Interior households could save much more



Source: EIA

DOR performed analysis on expected State of Alaska Revenue from Alaska LNG

Annual State Revenues (\$ Nominal)



Key Assumptions

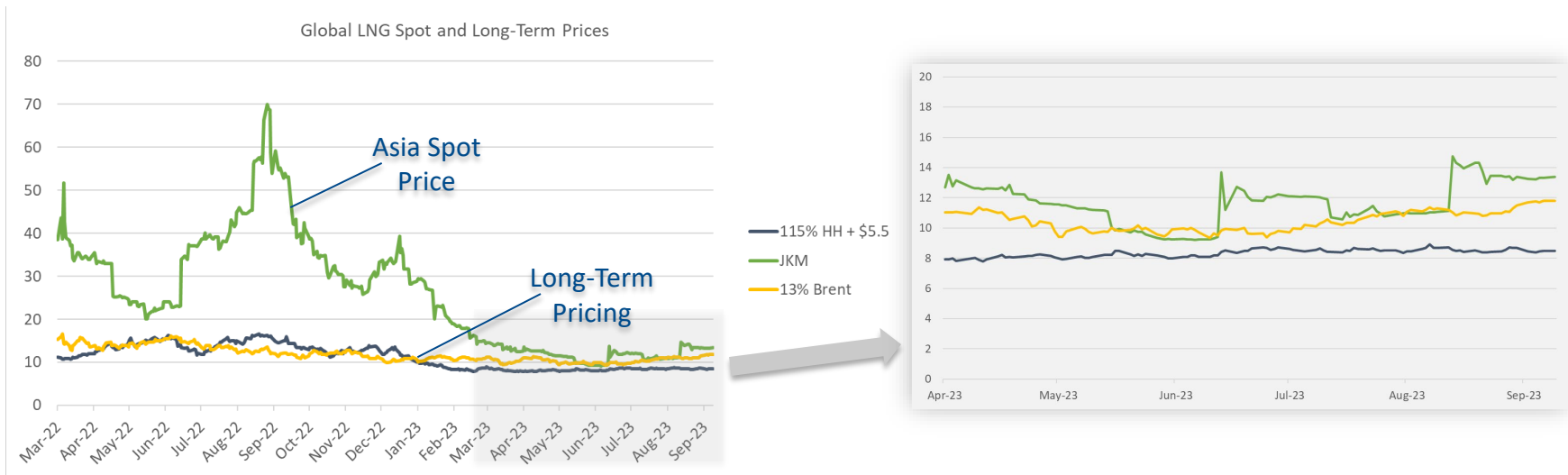
- Does not include AGDC revenue from return on investment-to-date or future State investments
- \$1.00 gas price
- Assumes full property tax but does not show the share going to boroughs
- Assumes no liquids losses at Prudhoe Bay

LNG Market Update

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Market Update



- The market swings of 2022 have been tempered in 2023 as spot and long-term prices begin to converge
- Long-term pricing, generally indexed to Henry Hub or a % of Brent, is now delivering between \$8/MMBtu and \$12/MMBtu
- New Gulf of Mexico (GoM) projects will be less competitive compared to Alaska LNG into Asia due to:
 - Liquefaction costs in GoM are reportedly above \$3/MMBtu
 - Panama Canal drought is driving shipping costs up further with slots being auctioned off for several times the official price

Venture Development Update

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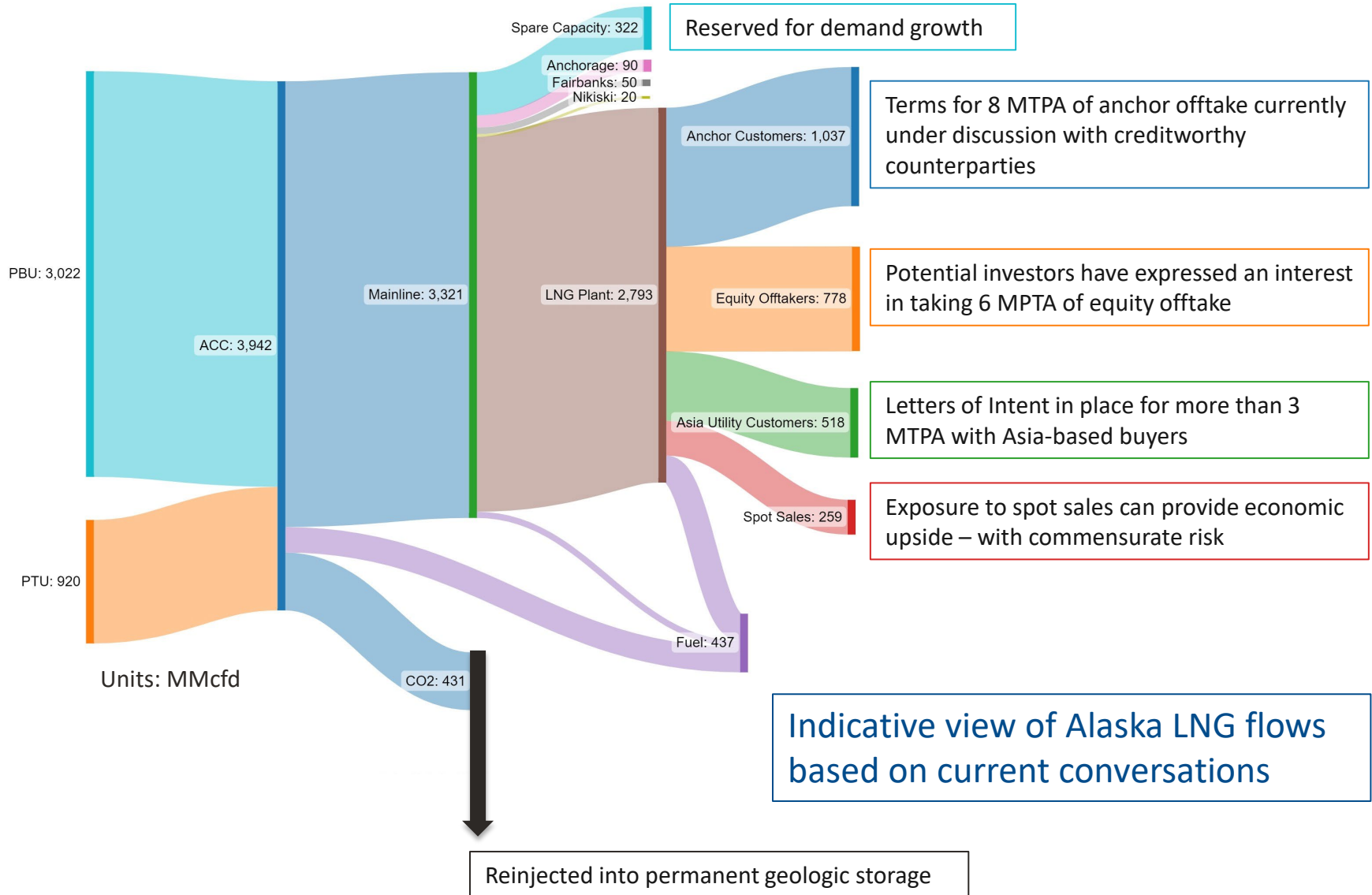


Five potential project investors from five separate countries conducted visits to Alaska as part of their due-diligence process

- Investor teams conducted meetings with AGDC leadership and members of the Board of Directors
- Investor representatives met with Governor of Alaska, Commissioners, and State of Alaska officials
- Visited Alaska LNG plant site and surrounding facilities in Nikiski, Alaska, the North Slope as well as the pipeline route
- Met with North Slope natural gas producers and discussed gas supply
- Investor and LNG-buyer due diligence processes can typically take two to three months



Gas and LNG Sales



Development Capital Raise

- AGDC team's primary and overarching focus is to raise development capital to fund Alaska LNG FEED and development costs to take FID
- The development capital required is \$150 million
 - Private equity investors fund \$150 million of at-risk capital
 - Relatively high capital requirement for investment with “binary risk”
 - Limited universe of investors with this type of capital and strategic experience to be successful
- AGDC is offering majority ownership of Alaska LNG in exchange for:
 - Funding development costs to FID
 - Commitment to move Alaska LNG forward on an agreed timeline
 - Preferential in-state gas supply under prior agreements
 - Opportunity for Alaska to invest



AGDC's Role: Transition to Private Investors

- AGDC is seeking qualified partners and investors to advance Alaska LNG to FID
- AGDC created the project company 8 Star Alaska, LLC (8 Star) to function as the parent company of the project
- AGDC is transitioning Alaska LNG assets under 8 Star and is selling 75% equity ownership of the company to investors in exchange for taking the project to FID
- AGDC will retain a 25% carried interest in 8 Star

8 Star's Role: Manage Alaska LNG through FID

- 8 Star will be managed by private investors with AGDC being a minority owner
- 8 Star will be the project manager and retain oversight of all 3 aspects of the project through to FID
- 8 Star ownership may consist of one "lead party" with other strategic partners owning minority stakes
- At FID, 8 Star will raise the construction capital for each of the three project subcomponents

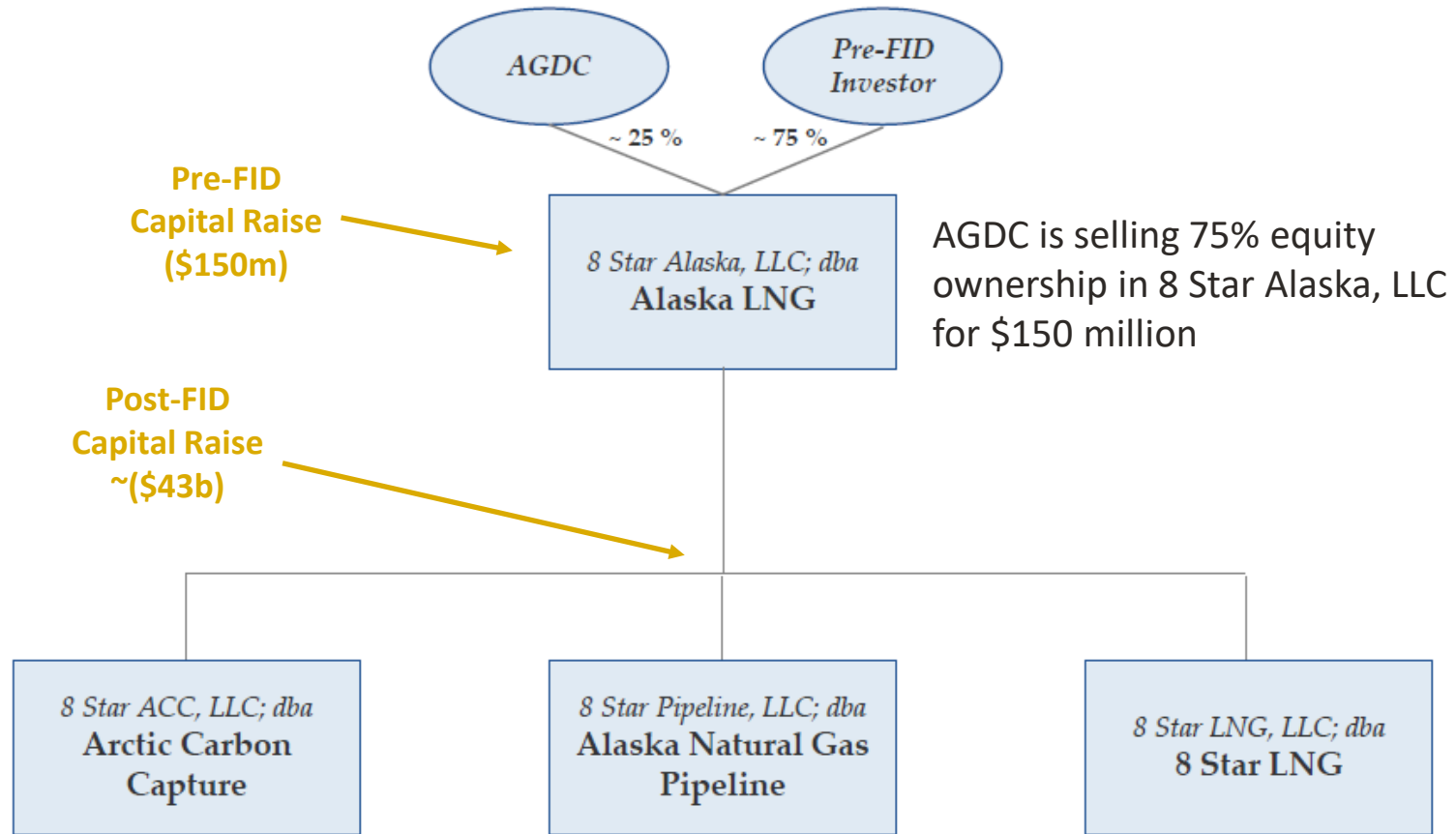
Now



After Investment



Commercial Structure



At FID, the capital for construction will be raised at the project subsidiary level. AGDC will reserve rights to invest new capital (up to 25%) in these subsidiaries if the State wants any ownership.

- **AGDC is actively engaged with multiple investors**
 - Currently, there are two different options or “tracks” to advance Alaska LNG: a “Consortium” and a “Single Investor” track
 - Neither track is finalized and AGDC retains flexibility to advance Alaska LNG
- **Consortium Track**
 - Consortium would be led by a “Lead Party” that would invest the most capital and lead Alaska LNG development
 - Other strategic investors with specific project experience would provide capital and join the consortium
- **Single Investor Track**
 - One company would provide all development capital and lead Alaska LNG to FID
 - The single investor may work with other partners for project development but manage commercial and technical work themselves
- **Investment Process**
 - AGDC, with Goldman Sachs advising, will continue to advance investment discussions
 - AGDC and its Board have authority to make investment decision
 - Expected investment to close in Q4 2023 or Q1 2024

Alaska Delegation Support



- Senator Murkowski, Senator Sullivan, and Representative Peltola all continue to push the Department of Energy (DOE) to work with AGDC on federal loan guarantees
- Continued positive support in social media, media interviews and industry forums
- Senator Sullivan continues outreach to Asian governments and industry
- Rep. Peltola delivered strong message to President Biden to identify U.S. LNG and specifically Alaska LNG as a strategic commodity for his administration to adopt and support with Asian allies
- Working to have \$4M re-appropriated for use by Loan Program Office on the \$31B loan guarantees

In-state Gas Support



- ENSTAR and Chugach Electric Association (CEA) are in process with Phase 2 of their gas supply studies
- AGDC has provided support with data, information, and expertise, when requested
- ENSTAR'S consultant has met with AGDC and made numerous data requests focused on evaluation of the LNG Facility for near-term imports
- AGDC has also provided access to ENSTAR for Alaska Stand Alone Pipeline (ASAP) Project permits and authorizations
- ENSTAR is reportedly proposing that AGDC transfer ASAP assets, permits, and authorizations to ENSTAR

Enbridge Pipeline Field Visit – August 2023



Pipeline Alignment Field Visit



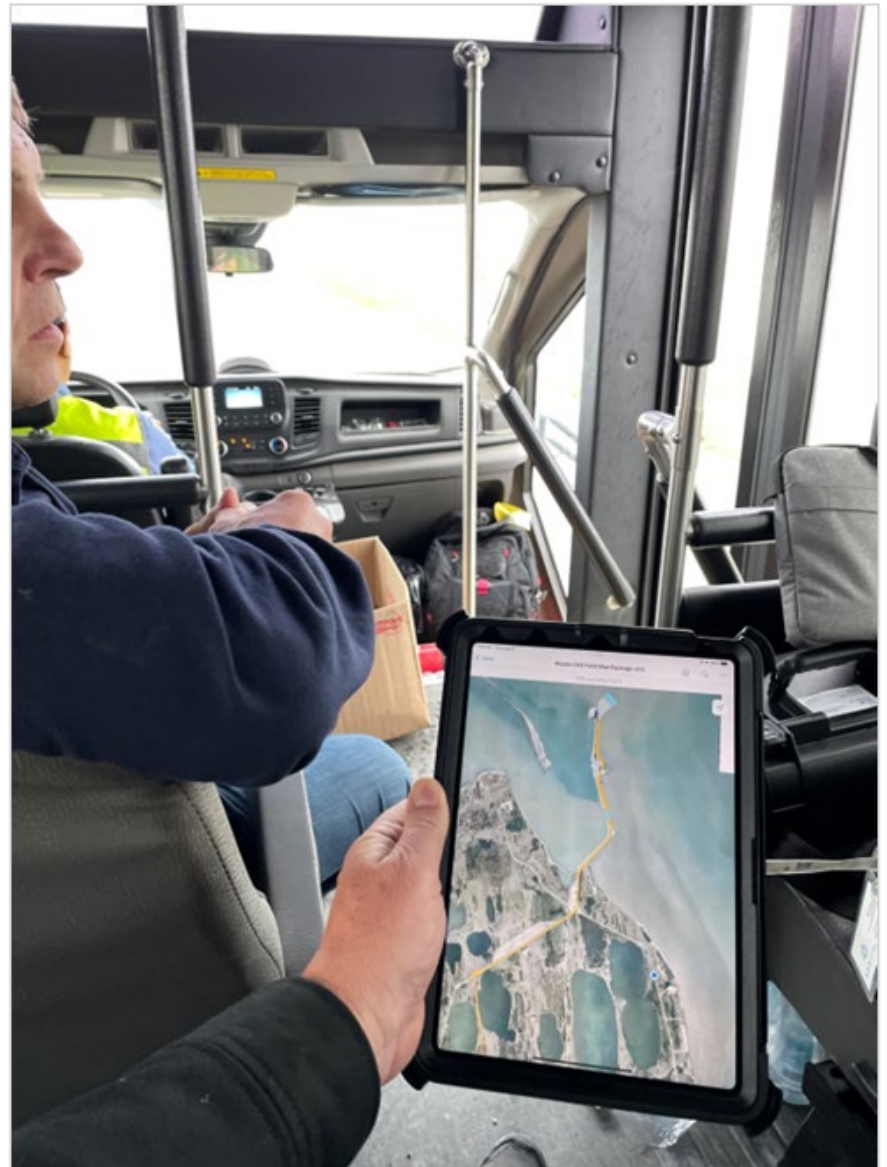
- Six members of the Enbridge pipeline and facilities engineering team visited Alaska to tour the Alaska LNG pipeline right-of-way (ROW)
- Team traveled from Prudhoe Bay to Anchorage over the course of 4 days
- Team reviewed key points of interest along the ROW, assessed constructability and gained first-hand knowledge of Prudhoe Bay, the pipeline ROW, and pipeline facility locations



Points of Interest



AGDC Mobile GIS Technology



Environmental, Regulatory, and Lands Update

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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.

Permit Maintenance

- Ongoing

Borehole Closure Completed

- Historic boreholes closed as agreed with DNR

State Lease Overlap Reviews

- Ongoing/routine

Legal Challenges

- DOE Order

Stakeholder Engagement

How Does a Legal Challenge Work?

Step 1: Agency/Commission Issues a Final Opinion and Order

Step 2: Request for Rehearing

- Can be filed by an aggrieved party
- Within 30 days of issuance
- Has to identify alleged errors

Step 3: Agency/Commission Takes Action

- Grants or denies the rehearing request (or can modify its order)
- No action within 30 days is a denial

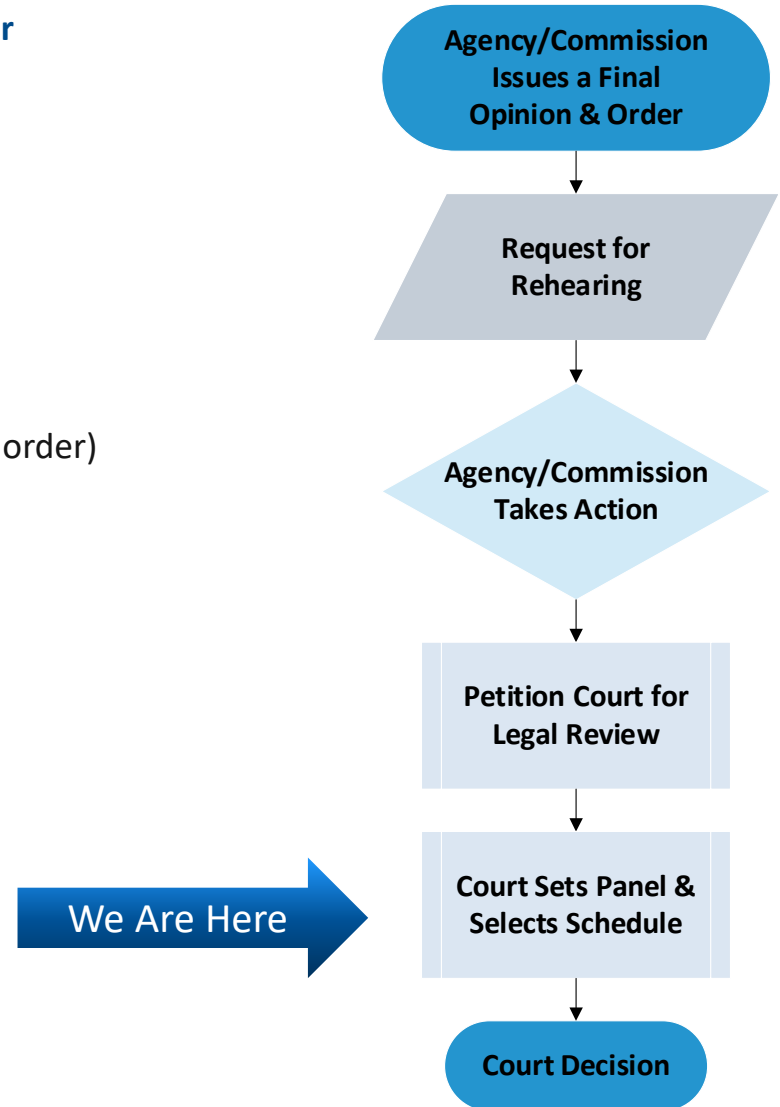
Step 4: Petition Court for Legal Review

- Made within 60 days after the order on rehearing
- Court of Appeals (DC Circuit Court in our case)

Step 5: Court Sets Schedule and Selects Panel

- Initial briefs
- Responding briefs
- Oral arguments

Outcome: Court Decision



Department of Energy (DOE) Export Authorization

- DOE issued export order in August 2020
- Sierra Club and Center for Biological Diversity (CBD) requested rehearing
- DOE granted request for additional work and issued Draft Supplemental EIS (SEIS) June 24, 2022
 - Looked further at upstream impacts and greenhouse gas emissions
 - Public review and comment
- Final SEIS issued January 6, 2023
- DOE decision issued April 13, 2023
 - Reaffirmed and amended existing order
- Intervenor group (Cook Inletkeeper, Sierra Club, Center for Biological Diversity) filed another rehearing request May 15, 2023
- DOE Denied the Rehearing Request June 14, 2023
- Sierra Club and CBD Petitioned for Review in DC Circuit Court August 11, 2023
- Next steps: legal briefs and oral arguments

Historic geotechnical borehole closure program

- Boreholes consisted of ground temperature and ground water level monitoring wells permitted on DNR land and drilled 7-10 years ago
- Some boreholes had PVC "casing" left for future data collection and were required to be removed to closeout permit
- Over a series of field efforts in summer 2023, AGDC closed out boreholes consistent with DNR requirements to fulfil permit obligations



Contact Us

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>

LinkedIn www.linkedin.com/in/alaska-gasline-development-corporation-607418245

Telephone

Phone: 907-330-6300

Toll Free: 1-855-277-4491

Post

3201 C Street, Suite 505

Anchorage, Alaska 99503



AGDC.us

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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