LNG investment in an era of uncertainty

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greater risk of not being produced, than are estimates of proved reserves.

Five key areas of uncertainty in the energy industry…

1. **Geopolitical** tensions eroding predictability of future energy trade flows
2. **Regulatory** forces blockading construction of new infrastructure
3. **Mixed signals from policy makers,** particularly in Europe and the US, deter energy investment
4. **ESG/Environmental** initiatives to direct investor capital away from energy investment
5. **Financial & Economic** landscape unclear with higher interest rates, costs and recession risks

…which are contributing to:

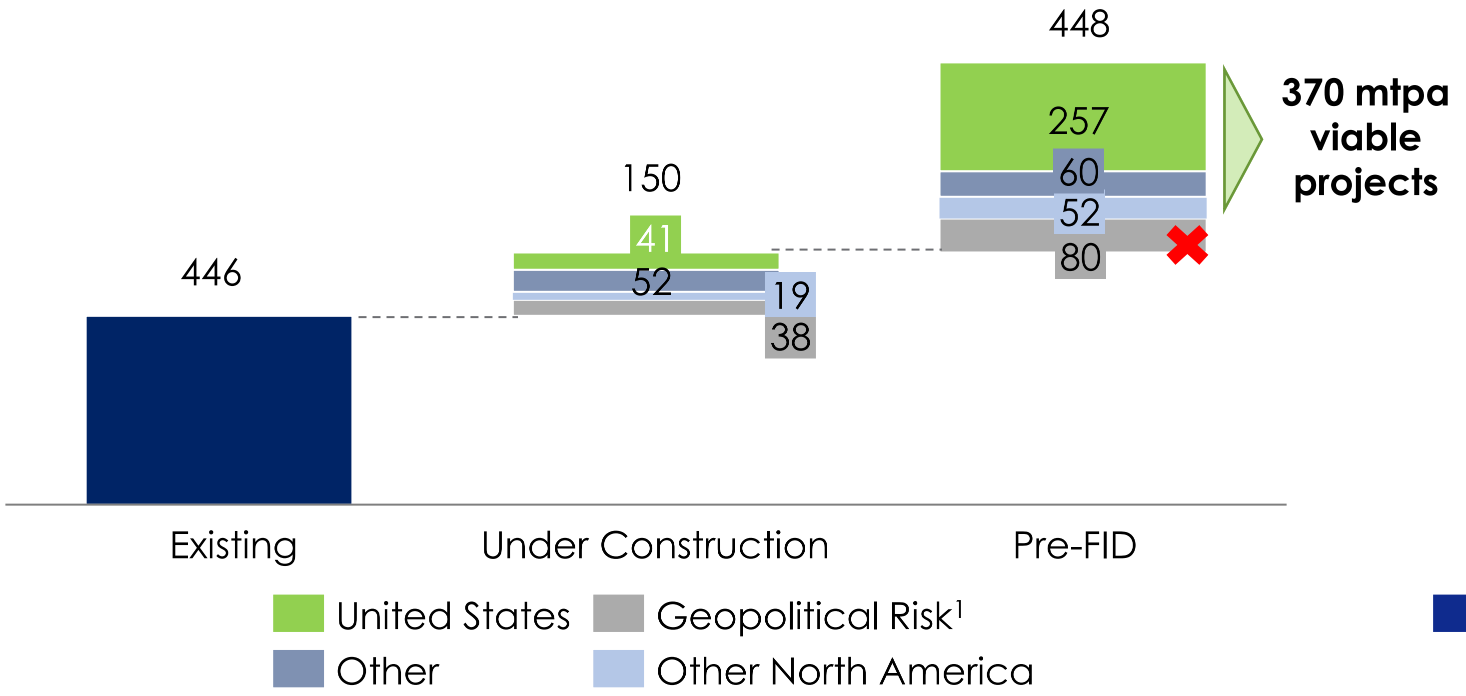
Constrained capex

Potential for higher inflation

Geopolitical tensions erode predictability of energy flows

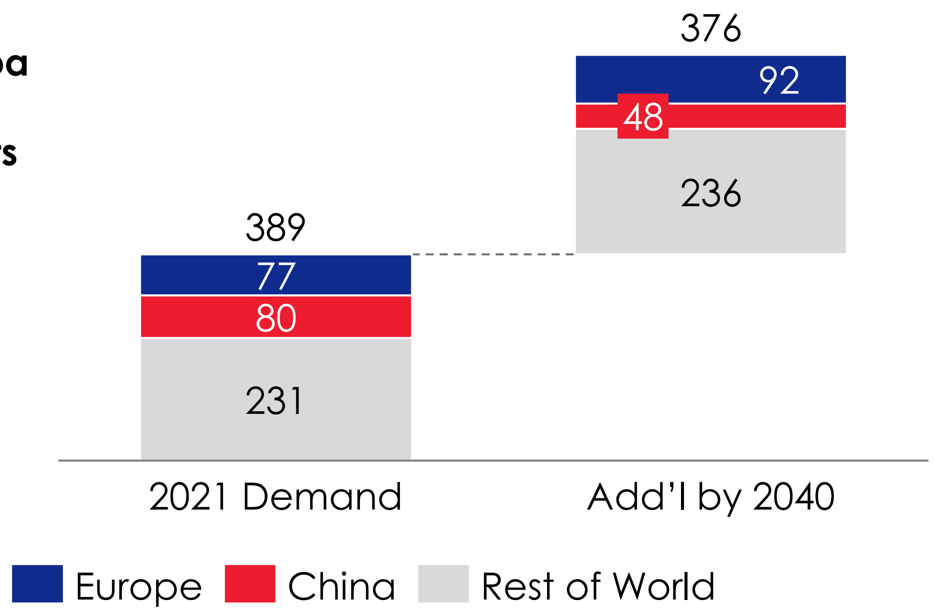
~25% LNG plants under construction at geopolitical risk, and nearly all pre-FID plants are in US and N. America

Global LNG capacity (mtpa)



…meanwhile, key consuming regions also subject to geopolitical turmoil

Global LNG demand (mtpa)

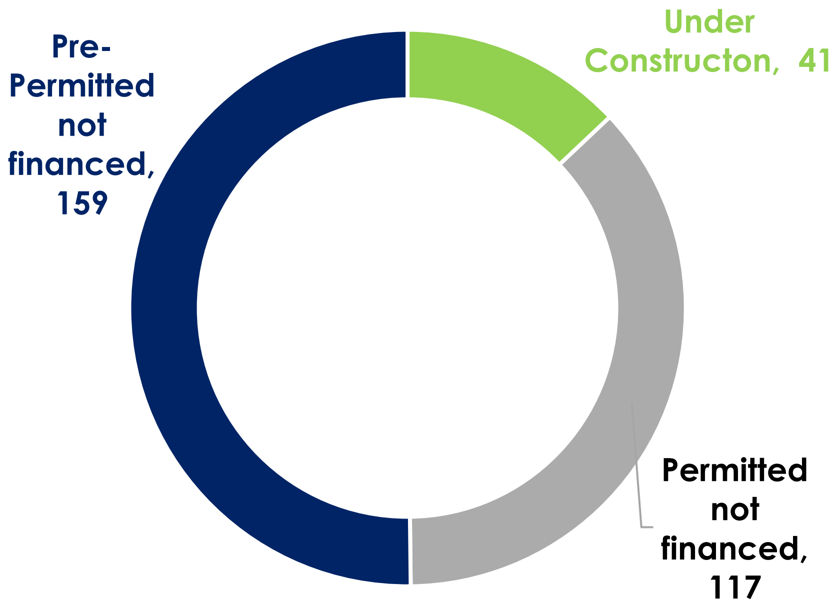


1. Includes projects in Russia and Mozambique; Source: Tellurian research, Wood Mackenzie

U.S. regulatory environment blockades infrastructure development

Half of pre-operational LNG capacity is unpermitted

U.S. LNG projects by status (mtpa)



Regulatory ambiguity pervades the energy sector

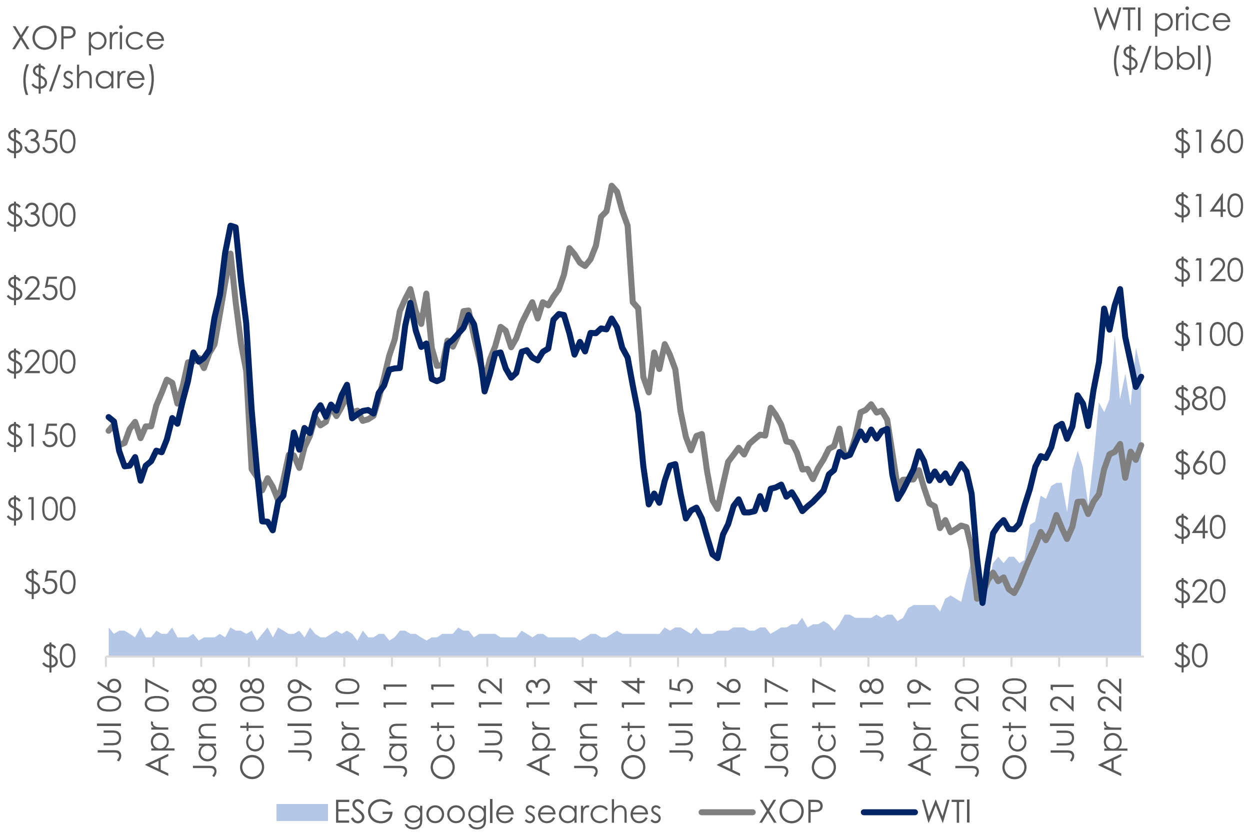
Time to permit has surpassed the time it takes to build a project and there is debate if FERC will issue new approvals

Interstate Pipeline construction and permitting complicated by NIMBYism and costly court battles, jurisdictional overlap and environmental activism

Inconsistent and hostile rhetoric from the Administration about oil and gas production, export restrictions

ESG investing delays capital investment

Interest in ESG correlates to sluggish O&G investment vs. oil price



Pressure from investors and environmentalists contributes to curtailed upstream investment

- The price crash in 2014 diverted global hydrocarbon investment to short-cycle projects while overall investment declined due to poor returns
- ESG investing lengthened the period of underinvestment in energy, leading to a decoupling of commodity prices and the price of their underlying assets
- As a result, commodity prices must remain higher for longer to incentivize necessary long-cycle investments

Energy policies send mixed signals: EU example

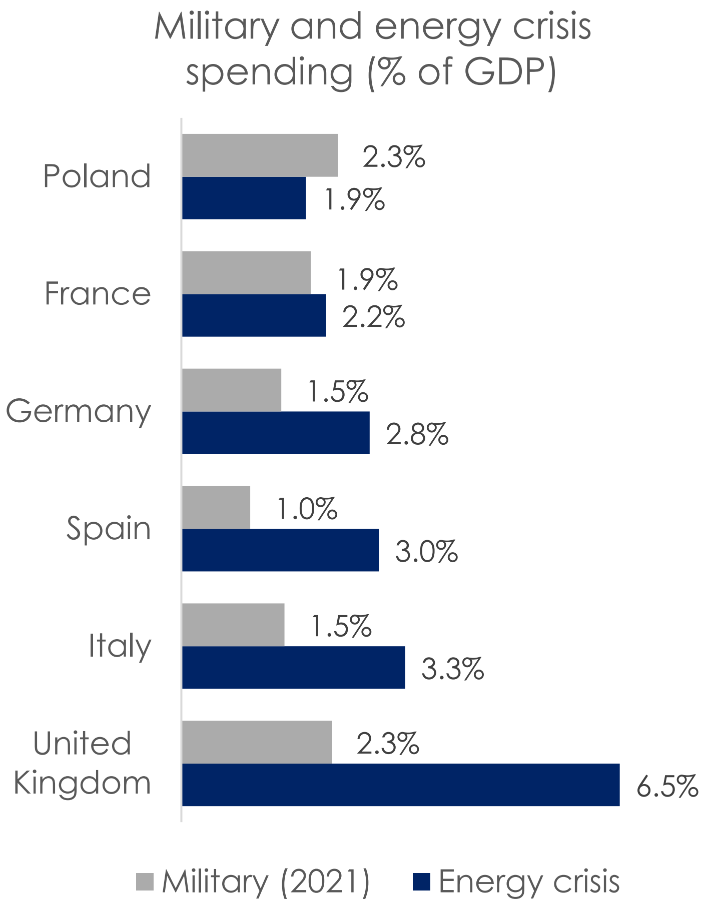
Pre-crisis policy

- Emissions trading system
- Fracking bans
- North Sea + Groningen declines
- Nuclear decommissioning
- Subsidies for renewables
- Reliance on Russian gas

Post-crisis policy

- Energy price caps
- Windfall taxes on profits
- Energy company nationalizations
- EU regasification investment without corresponding supply

Misguided energy policies have costly results



Source: Bruegel, Bloomberg, Kiel Institute

Financial & Economic landscape unclear, with near-term recessionary concerns looming

Financing costs

+200 bps US interest rate[1]

High Yield bond interest rates + 480 bps in 2023

Input costs

+40% EPC costs[2]

Geopolitics inc. material costs, labor costs inflating + labor constr.

Recession concerns

+67% Recession likelihood

Open questions about impact of recession on commodity prices

Uncertainty in landscape is leading to constrained capex and higher inflation:

- Increased capital costs
- Challenges refinancing debt
- Commodity price volatility

1. Comparing Nov. 3 rate of 4% with ~2% rate in in 2019; 2. Comparing EPC costs Nov. 2022 with those seen in 2019; Source: Tellurian research

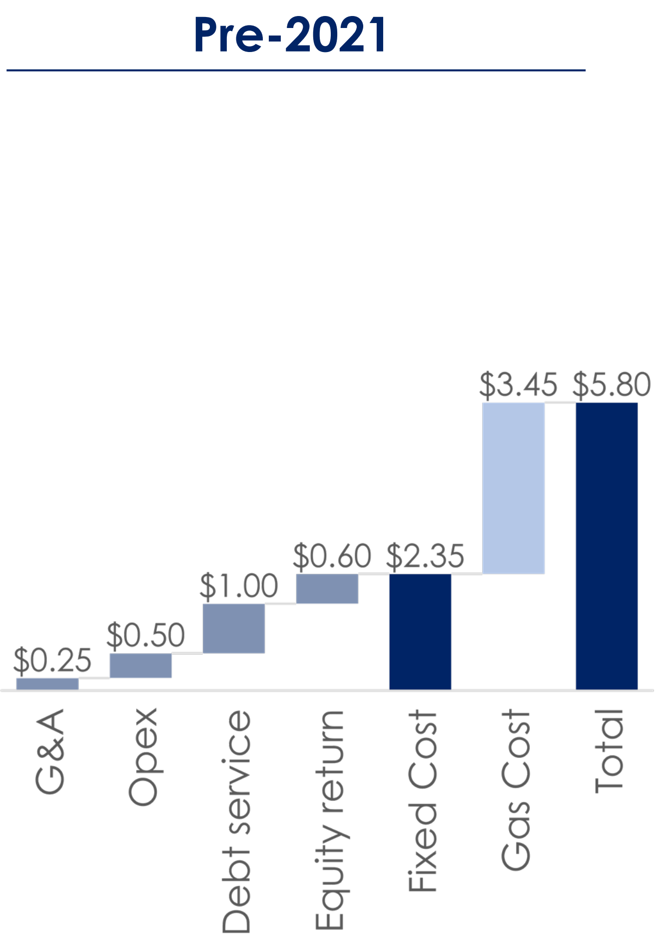
LNG projects see substantial cost inflation

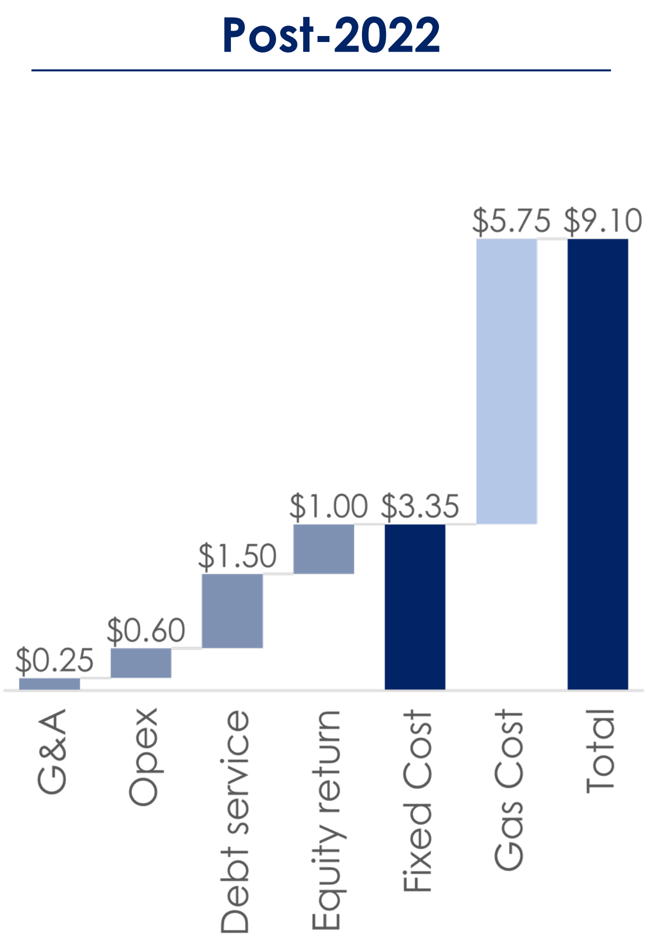
Illustrative LNG project economics

Assumptions

	Pre 2021	Post 2022	Delta
Cost of Debt	5%	7%	+56%
Cost of Equity	10%	14%	+40%
EPC + Owners	$1,000	$1,200	+20%
Henry Hub	~$3	~$5	+65%

~60% cost inflation in U.S. LNG projects





Sources: Tellurian analysis.

Notes: Assumes 10 mtpa project with 70/30 Debt/Equity.

Takeaways and implications

- Policy makers must deliver clearer signals to encourage energy investment
- Long-run LNG prices will remain elevated to attract new projects
- Increasing interest rates to tackle inflation may paradoxically prolong it