

Back to the Future

Charif Souki • Gastech • 4 April 2017



Cautionary information about 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,” “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, prospects for our business and anticipated developments in the global LNG industry.

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 a number of 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 Registration Statement on Form S-3 filed with the Securities and Exchange Commission (the “SEC”) on February 10, 2017 and other filings with the SEC, which are incorporated by reference in this presentation, and the following:

- The uncertain nature of future demand for and supply and price of commodities
- Risks related to shortages of LNG vessels worldwide
- Technological innovation which may render our anticipated competitive advantage obsolete
- Changes in legislation and regulations relating to the LNG industry, including environmental laws and regulations that impose significant compliance costs
- Our limited operating history
- Risks related to doing business in, and having counterparties in, foreign countries and unanticipated geopolitical developments
- Our reliance on the skill and expertise of third-party service providers
- The ability of our vendors to meet their contractual obligations
- Development risks, operational hazards, and risks relating to regulatory approvals.

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.

Liquidity of supply is increasing

In 2016

- 270 mtpa of LNG traded globally

By 2019

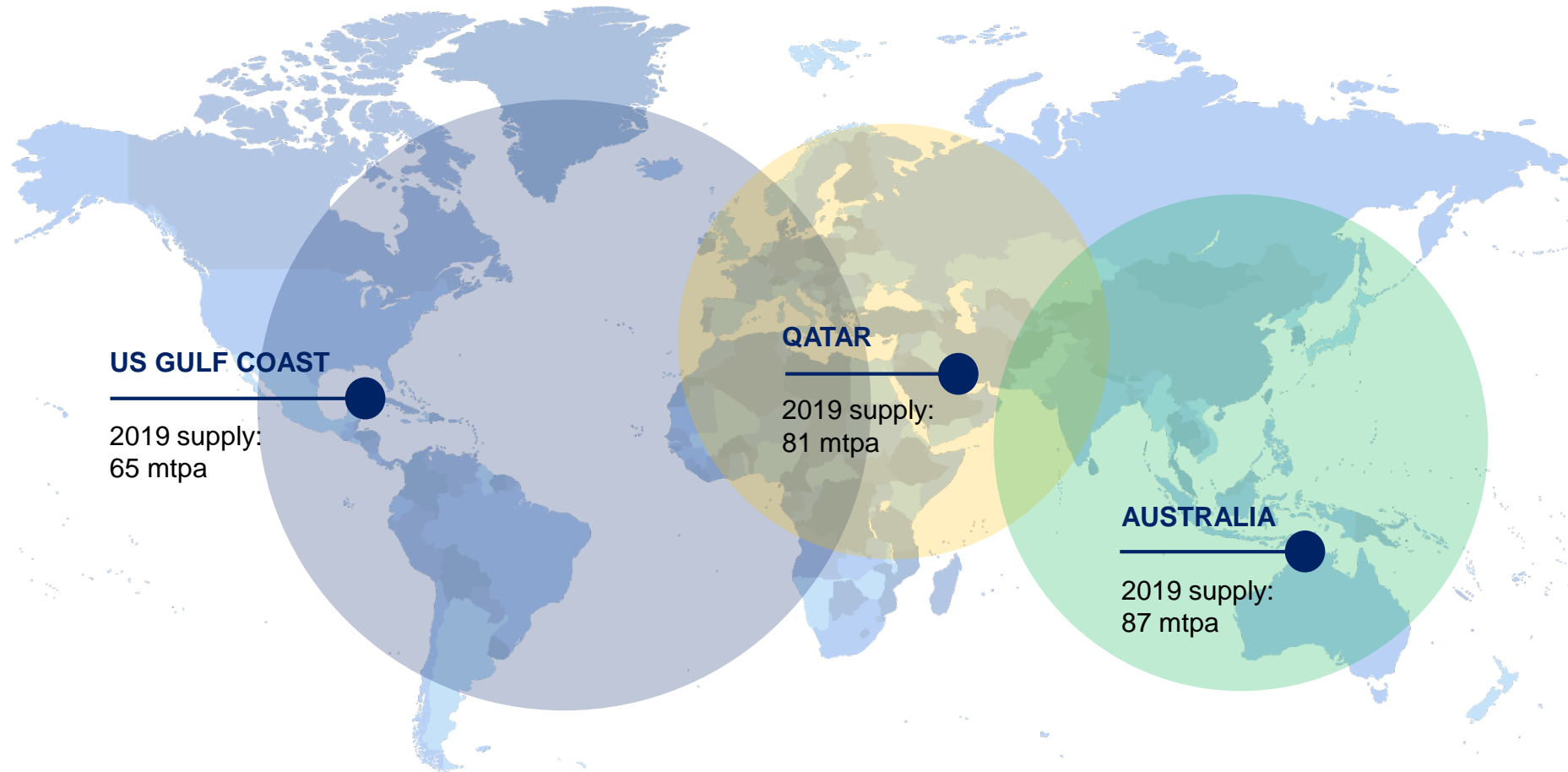
- 365 mtpa of planned LNG trade: equivalent to 12-15 cargoes for sale everyday
- 200 loaded cargoes on water at any time

No shortage of market makers

- 30 – 40 players in the market

Liquidity of supply is increasing

New LNG supply poles emerging in US Gulf Coast, Qatar and Australia



Source: IHS
Note: Does not include all global liquefaction.

As liquid pricing hubs emerge

Europe

- Balancing market for global LNG

50-60 bcf of gas-on-gas competition, every day, including:

- 17-20 bcf/d of Atlantic basin LNG
- 18-20 bcf/d of Russian gas

TTF (Dutch hub) becoming the world's de facto gas clearing price

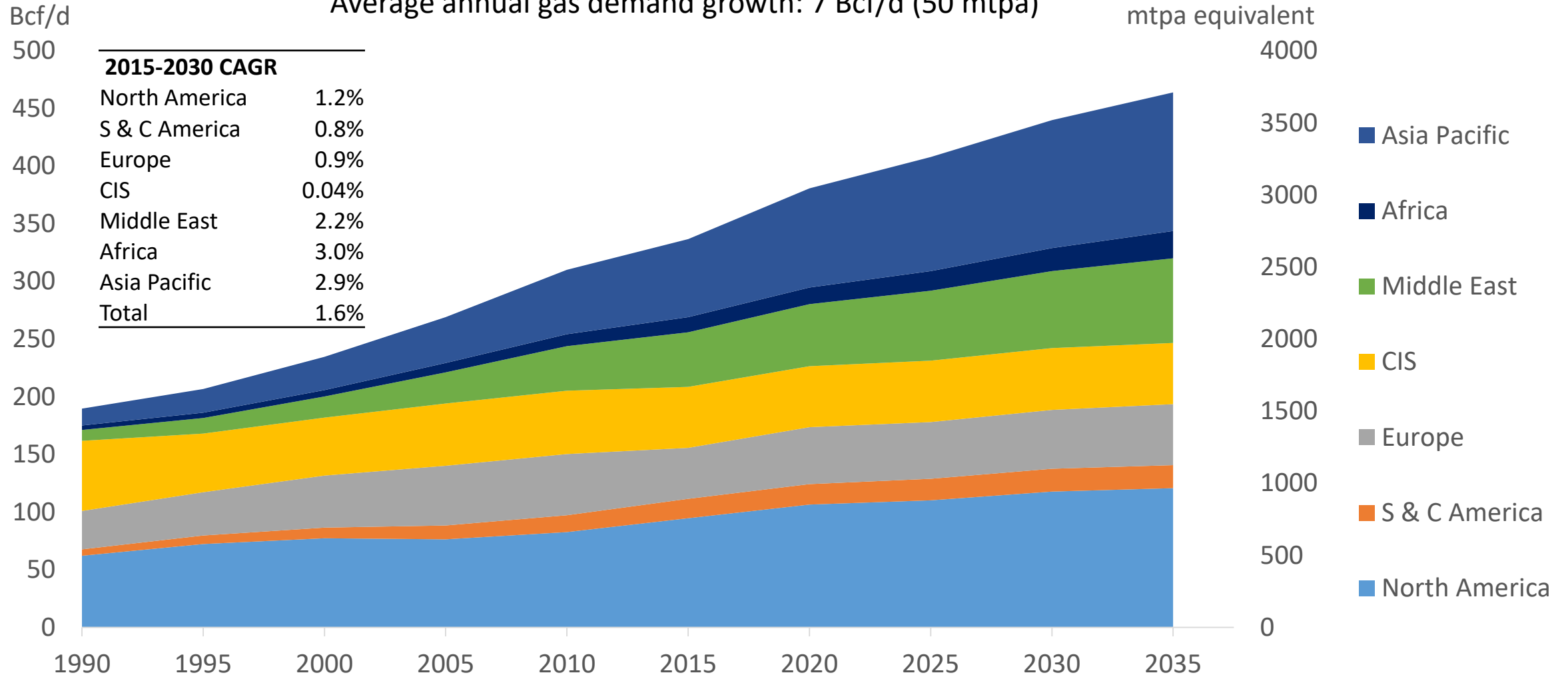
- 20 bcf/d of pipeline supply
- c.10 bcf/d of regasification capacity in NW Europe
- Access to c.1/3 of Europe's gas storage infrastructure

Source: Oxford Institute of Energy Studies, Gazprom, IHS, Gas Storage Europe

Global gas demand – expecting steady growth

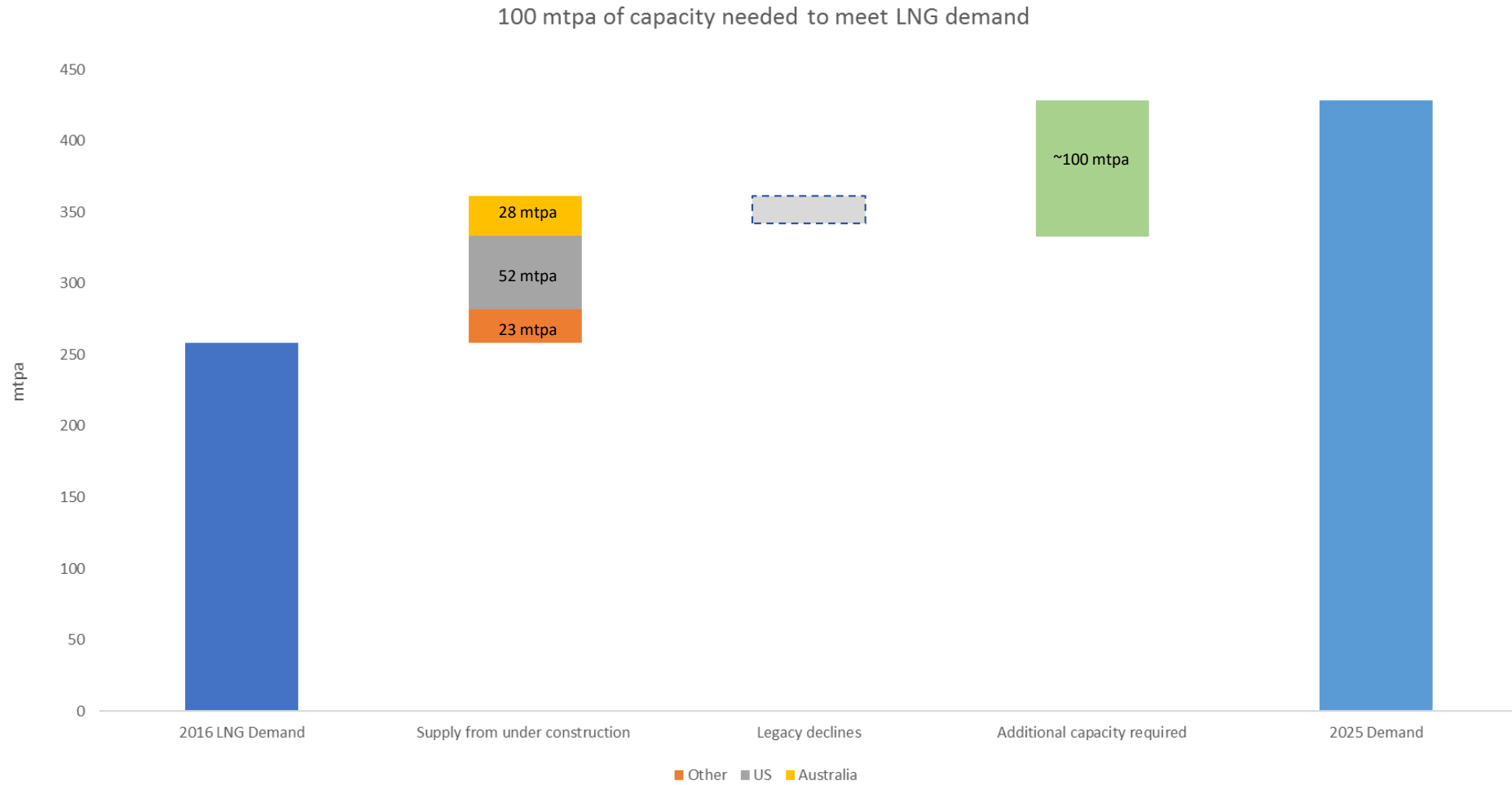
Incremental gas demand 2015-2030: 105 Bcf/d (785 mtpa)

Average annual gas demand growth: 7 Bcf/d (50 mtpa)



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FIDs needed



Sources: IHS CERA, Wood Mackenzie

Assumptions: 90% utilization rate of supply liquefaction capacity

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The US revolution broke the LNG chain

Old model

- LNG - a way to turn stranded gas into oil
- Integrated chain
- Scale of investment meant that only the IOCs and NOCs could participate
- Point-to-point sales
- LNG project capacity driven by upstream resource

US “Cheniere” model

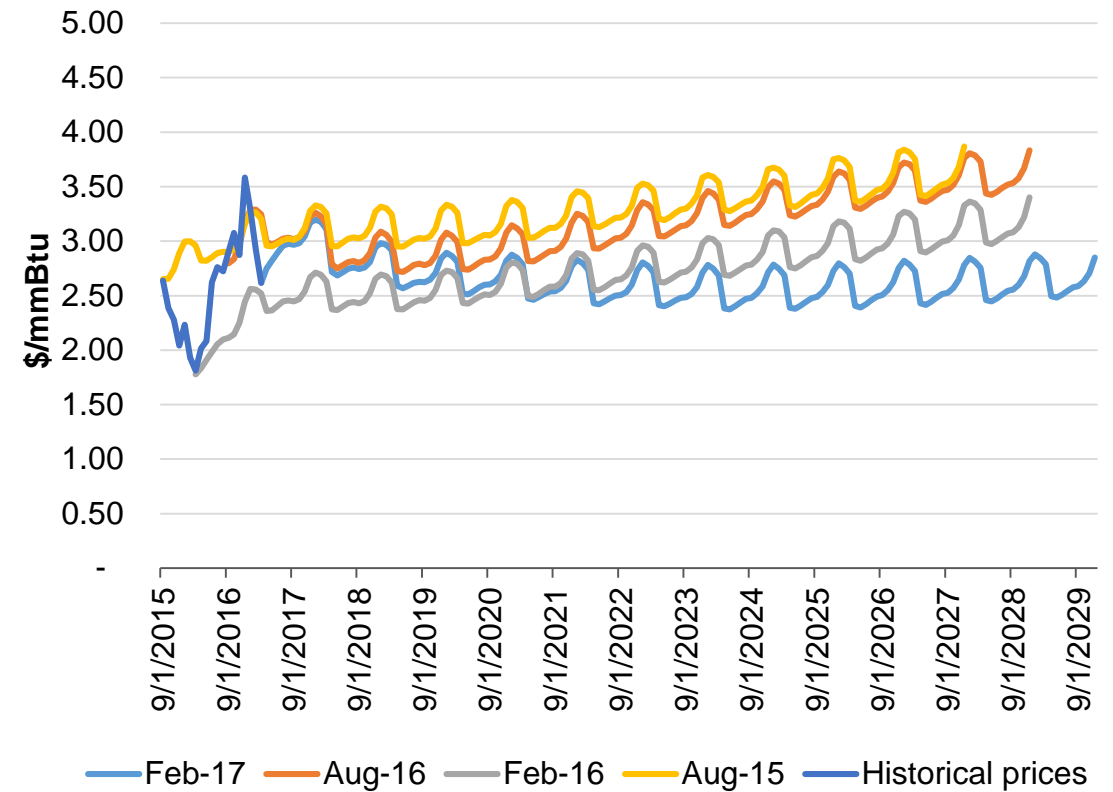
- Broke down the chain and separated upstream and downstream for the first time
- Created simple FOB model with cost plus infrastructure
- Access to Henry Hub pricing for the world
- Gave destination flexibility to everyone
- LNG production driven by how much LNG customers want

Why the US works – resource base

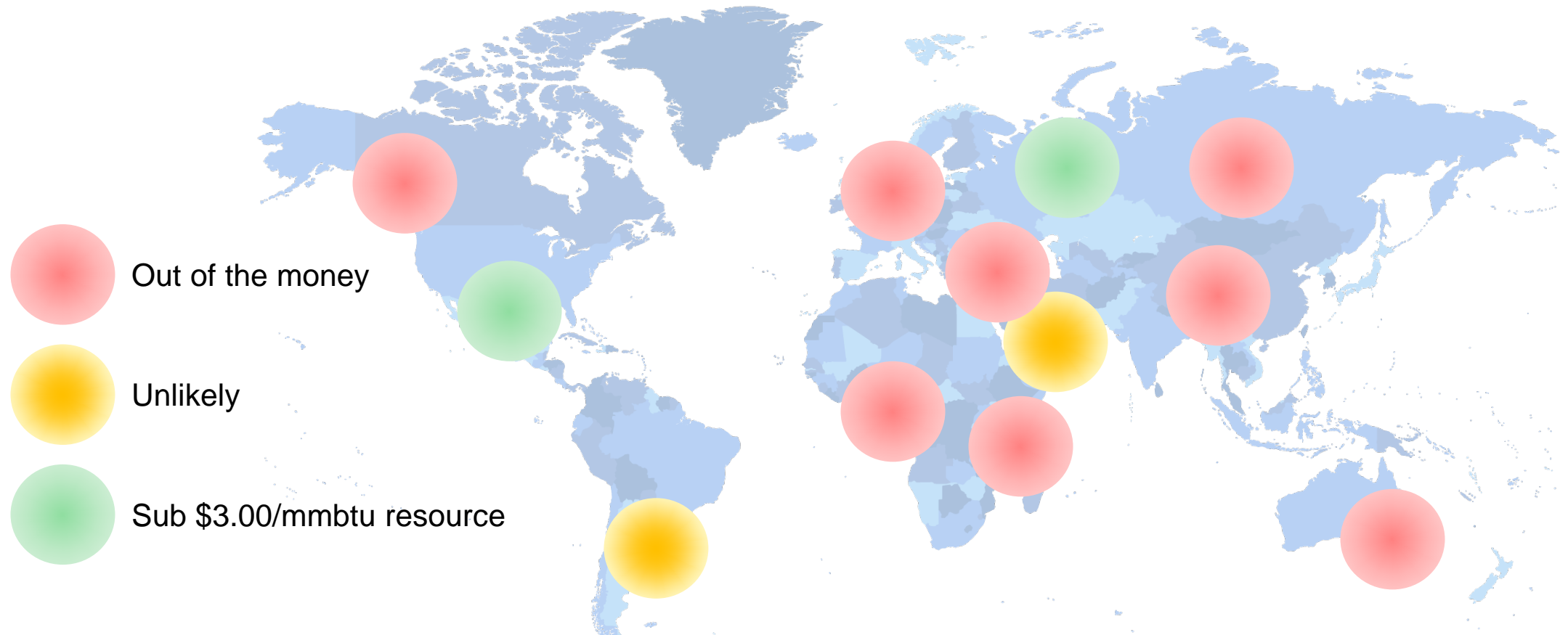
Upstream resource

- 800 tcf of natural gas available and economic at \$3.00/mmBtu
- Decreasing F&D costs - \$1.00 - \$1.50/mmBtu across multiple basins

Real forward curve sub \$3/mmBtu*



\$3/mmBtu is the new benchmark



Russia and the US are the only countries that can deliver \$3/mmBtu gas long-term

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Back to the future – re-integrating the chain

Model

- Integrating upstream, midstream and downstream creates a reliable, globally competitive LNG product
- US provides opportunity to accomplish with limited exploration or project risk
- Market wants more flexible pricing mechanism to match end market

2017 FOB example costs

	\$/mmBtu
Upstream cash cost	\$ 0.90
G&P and transport cost	0.75
LNG plant variable costs	0.70
Cost of incremental mmBtu	2.35
Example debt service	0.75
Marginal cost, including debt	3.10
Example ROE	1.00
Cost of full cycle mmBtu	\$ 4.10

The world wants more US LNG, but it wants it on its own terms

Thank you

