Texas LNG Project Brief – February 2020

“Pure Play” US LNG Export Company: Texas LNG Brownsville LLC (“Texas LNG” or the “Company”) is a Houston-based globally connected independent energy company. The Company’s initial project is a Liquefied Natural Gas (“LNG”) export facility with a permit capacity up to 4 MTA (million tonnes per annum) strategically located at the Port of Brownsville, South Texas. USA.

Phase 1 (2 MTA permit volume) is targeted to begin production in 2024/5. Phase 2 will increase capacity by additional 2 MTA permit capacity and will begin production soon thereafter.

Customer Offtake Agreements: Texas LNG has signed a number of detailed non-binding Term Sheets with separate Asian (China and South East Asian) and European customers for cumulative total volumes exceeding Phase 1 volumes of 2 MTA. These customers are a mix of state-owned and private enterprises. Texas LNG is also in discussions with additional potential offtakers, including traders and portfolio players. Marketing of the full capacity of 4 MTA is underway with negotiations of binding agreements expected to be completed prior to ground breaking in 2021.

Experienced Management Team: Texas LNG’s management team has extensive LNG, gas and large engineering global project experience, as well as long-term relationships in LNG markets and with capable shipyards and EPC contractors.

Vivek Chandra, Founder and CEO of Texas LNG LLC (a member of Texas LNG Brownsville LLC) has over 30+ years of LNG and gas experience, and is recognized as a LNG market expert and a published author on the subject. Langtry Meyer, Founder and COO has 26+ years of international business experience.

The Managing Member of Texas LNG, Glenfarne Group (via affiliate Alder Midstream), is an experienced, long-term, operator and developer of energy assets in North and South America.

Export Application Received: On December 31, 2013, Texas LNG submitted the United States Department of Energy (DOE) application to export LNG to countries that have an FTA (Free Trade Agreement) and to countries that currently do not have FTA status. FTA export approval was received in June 2014. Application for larger volumes was resubmitted and FTA approval was granted in September 2015. Authorization to export to Non-FTA countries was granted in February 2020 and can be downloaded here.

FERC Permitting Process: Texas LNG commenced the FERC pre-Filing process in March 2015. After responding to additional data requests from FERC and other Federal, State and Local
agencies, FERC application was submitted in March 2016. The Final Environmental Impact Statement was issued in March 2019, and can be downloaded here.

FERC Authorization was issued on November 21, 2019 and can be downloaded here.

Ground breaking / FID, expected in 2021, is contingent on many factors such as completing the required commercial agreements, selecting and engaging an EPC contractor, securing all necessary permits and approvals, obtaining financing and incentives, and other factors associated with projects of this scale and nature.

Strategic Location: Texas LNG has executed an exclusive lease option agreement with the Port of Brownsville in South Texas, USA to secure a prime 625+ acre location located on the North shore of the Port’s deepwater ship channel, close to the mouth of the Gulf of Mexico. Port of Brownsville is one of the closest ports to the Panama Canal and ranked among the top ports in the United States.

A key differentiator for Texas LNG is its access to the prolific and low-cost Permian basin gas reserves. Access from this basin is being improved to the Agua Dulce hub, and there are existing large-diameter pipelines from Agua Dulce to the Texas LNG site. Permian basin gas has been trading at prices much below other U.S. hubs, including Henry Hub, the pricing location for most other U.S. LNG export projects. The Permian gas price discount can be enjoyed by Texas LNG offtakers.

Innovative Solution: The project involves LNG liquefaction modules to be fabricated offsite by an experienced and qualified shipyard. Local construction services will provide civil works, including site preparation, marine facilities, and LNG storage tank.

Engineering and Technology Partnerships: Samsung Engineering, a global leading engineering company, was selected to provide all FEED engineering Samsung Engineering is also a minority equity interest owner in the Texas LNG project.

Conceptual design and Pre-FEED has been completed. FEED engineering began in November 2014 with large engineering team working in Seoul and in Houston. FEED was completed in 2Q 2016.

Braemar Engineering has provided Owner’s Engineering support to Texas LNG during the FERC application process.

Air Products has been selected to supply LNG liquefaction technology and Honeywell is expected to provide advanced gas pre-treatment and automation & controls solutions.

Over 200,000 cumulative engineering man-hours have been completed for the Texas LNG Brownsville Project by Samsung Engineering and Braemar Engineering.

During 2020, Texas LNG will execute a Lump Sum Turn-key contract for the Engineering Procurement and Construction (EPC) phase (for period after Final Investment Decision (FID)).
Minimize Complexity & Costs: Texas LNG’s innovative development solution enables Texas LNG to minimize complex onshore construction, facilitate civil construction works using local resources, leverage local labor and suppliers, and reduce the overall local environmental impact. The solution also will minimize impact from potential labor shortages that are expected on the US Gulf coast, reducing cost and schedule risk. Standard and proven liquefaction technology will be used.

Environmentally Conscious: Texas LNG will strive to source a portion of its feed gas from currently flared and vented supplies, thereby providing a positive environmental and economic benefit to the region. The innovative project design will minimize air, water and soil environmental footprint. Electrical compressors (not gas compressors) will be used to provide the main energy for the process, resulting in significant emissions reductions and reduced environmental impacts.

Community Support: Texas LNG has and will continue community outreach with local education seminars, meetings with key stakeholders and local / national government representatives. FERC Community Open House and Scoping meetings have been held in 2015, 2016 and November 2018, as per FERC requirements. Texas LNG is the sponsor of the Brownsville School District STEM Student of the Month program, and was a sponsor of the 2016 Port Isabel Causeway Bridge Run.

Flexible Tolling Model: In this commercial model, Texas LNG will be paid a fee to convert natural gas into LNG by the LNG customer. This pure transparent tolling arrangement will provide LNG offtakers with enhanced flexibility through manageable volumes, low processing costs, maximum arbitrage between global gas markets, and freedom to determine its preferred source and pricing index for the feed gas.

In addition to the Tolling Model, Texas LNG is working with its partners to provide traditional SPA contracts, both FOB and DES.

Speed to Market: Texas LNG has completed FEED engineering phase for the design of the liquefaction modules and associated onshore facilities and received the Final Environmental Impact Statement and FERC Authorization from US Federal Government. Texas LNG expects to secure the remaining Federal and State permits during 2020. The Company has also received favorable indications from both potential natural gas buyers and producers interested in committing supply. Texas LNG is well positioned to commence production of LNG for export to FTA and non-FTA markets in 2024/2025.

Differentiated Strategy: Texas LNG’s smaller size, robust and proven technical strategy, low EPC costs, pure tolling model, access to low-cost Permian gas, and flexible commercial model differentiates its project from larger and more complex projects being promoted by other North American LNG projects. Smaller size decreases project risks, reduces ship delays, and is suited for customers seeking volumes around 1 MTA.
Texas LNG’s management has extensive experience and enviable relationships & reputations in key LNG markets.

This image depicts Texas LNG’s liquefaction plant at its complex at the Port of Brownsville. Note that this is an artist rendering and is subject to significant change as FEED engineering progresses.

Optimal Location and Size for LNG Export Project
Project Site only 5 miles (7 km) from Gulf of Mexico & one of closest US ports to Panama Canal

Port of Brownsville location – ideal location for 4 MTA export LNG project
Additional information about Texas LNG may be found on its web site at www.txlng.com.

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