



PILOT
— L N G —

Newcastle GasDock Project

February, 2021

CREATING NEW MARKETS FOR CLEAN ENERGY

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Introduction



PILOT LNG IS AN ENERGY SOLUTIONS COMPANY, FOCUSED ON THE DELIVERY OF LIQUEFIED NATURAL GAS (LNG) TO BOTH NEW AND EXISTING MARKETS BY DEVELOPING AND OPERATING LNG IMPORT AND LNG FUEL/BUNKERING TERMINALS AND RELATED INFRASTRUCTURE. THE COMPANY AIMS TO ESTABLISH LNG TERMINAL AND LOGISTICS OPPORTUNITIES WORLDWIDE TO MEET GROWING NATURAL GAS DEMAND.



PILOT LNG IS A MINORITY SHAREHOLDER IN EPIK LNG HOLDINGS, LTD. EPIK IS LEADING THE DEVELOPMENT OF AN IMPORT TERMINAL THAT WILL BE LOCATED IN THE PORT OF NEWCASTLE, NSW. THE LNG IMPORT TERMINAL WILL SERVE THE GREATER NEW SOUTH WALES REGION BY SUPPLYING CLEAN BURNING LNG TO THE RESIDENTIAL, COMMERCIAL/INDUSTRIAL AND POWER GEN. NATURAL GAS MARKETS.



Pilot Management Team/EPIK Executive Leadership



Experienced and Proven Track Record



Jonathan Cook: Managing Director & CEO

- Co-founder of Excelerate Energy in 2003 and served as the company's COO. Jon managed the development of Excelerate's floating storage and regasification unit (FSRU) projects, expanding the company's fleet to nine FSRUs and growing EBITDA to USD 300 million
 - Jon served as CEO of FLEX LNG Ltd where he brought the company into operation with six LNG carriers and was responsible for raising over USD 500 million in capital for the acquisition of four newbuild LNG carriers
 - Jon also served as Chief Marketing Officer of TMS Cardiff Gas where he was responsible for the marketing of five LNG carriers
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Shaun Davison: Managing Director & Chief Development Officer

- Shaun has a proven track record originating successful LNG projects across the value chain including several FSRU projects while at Excelerate Energy and NextDecade. FSRU projects include Israel, Pakistan, Ireland, UK, Bangladesh. LNG export project development includes Brownville, TX, Texas City, TX and Port Lavaca, TX
- Shaun has 25 years' experience in the energy industry, with expertise in the natural gas value chain including pipelines, underground storage, US and global markets, LNG terminals and LNG shipping
- Proven abilities in strategic planning, project management and business development

EPIK Management & Executive Leadership Team



EPIK is a Project Development Company Based in Korea



Jee Yoon: EPIK Managing Director & CEO

- Jee Yoon founded EPIK with the vision of bringing together industry experts who shared his passion in developing FSRU projects into one Korean project development company.
- He has been involved in the origination of multiple LNG projects including the Tamar FLNG project in Israel, Rio Grande LNG project in Texas, and the Inisfree LNG FSRU project in Ireland.
- He previously worked as Business Development Manager and Legal Counsel for NextDecade and Legal Counsel for DSME's Business Development Team. Jee is a lawyer admitted to the NSW Supreme Court in Australia.



James Markham-Hill: EPIK Executive Director, Regulatory & Corporate Strategy

- James is a global corporate strategy and communications professional with a deep knowledge of the LNG industry and a track record of growing companies.
- With a focus on strategic communications, marketing and regulatory affairs, James is adept across business disciplines, and provides key support in executing the strategic vision of the company.
- James has significant stakeholder management experience working with government officials, the public, and the media, among others. Most recently, James led communications and external affairs for NextDecade, supporting the development of the Rio Grande LNG project and assisting in NextDecade's successful listing on the NASDAQ.



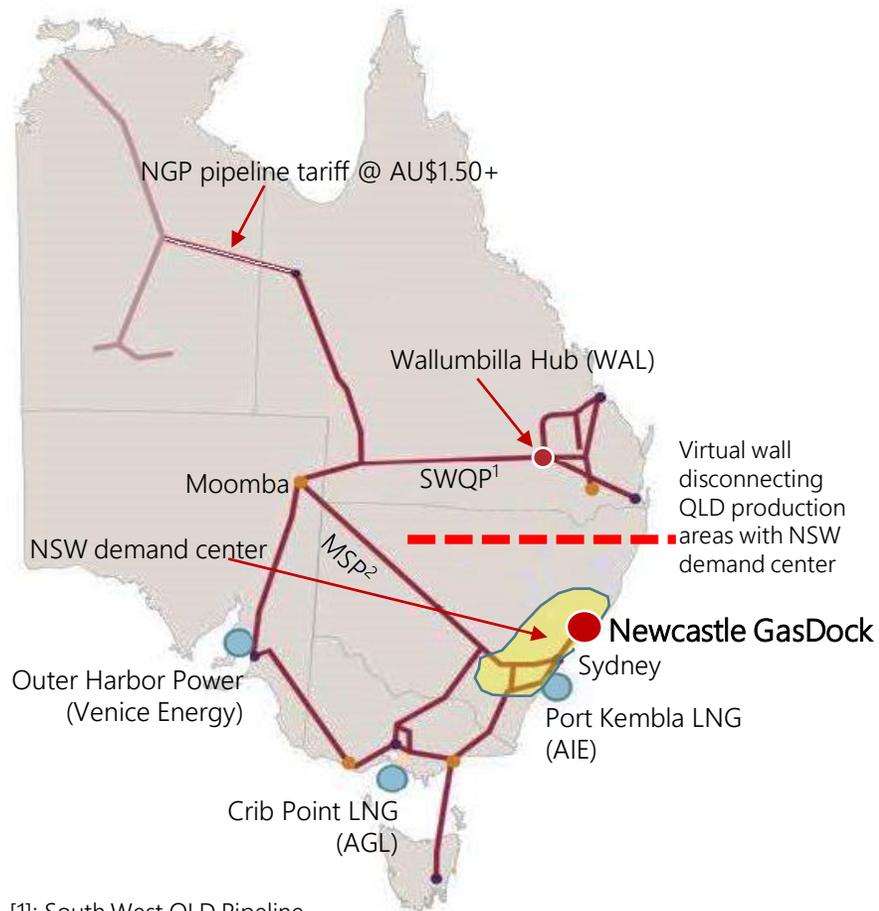
Australian East Coast: The Need for an Alternate Gas Supply Source

- With Australia's East Coast gas prices converging with Asian LNG net-back prices, opportunities have arisen for high demand centers in South-East Australia to consider LNG imports as an alternate source of gas supplies. Key current market conditions supporting the need for LNG imports include:
 - Extremely tight supply and demand dynamics with domestic demand being capped out by insufficient supply
 - Remote production areas that are too far from demand areas in the South-East resulting in high pipeline transportation costs
 - Depleting gas production worsened by a lack of investment in new prospects
 - High costs in producing gas coupled with production uncertainty associated with the introduction of unconventional CSG
 - NSW and VIC government's reluctance to approve development of unconventional gas fields
 - Limited pipeline infrastructure connecting gas production areas to high demand centers in NSW
 - Limited pipeline capacity on existing infrastructure making it difficult to supply and support growth in high demand centers
 - Inefficient pipeline capacity trading system disincentivizing firm shippers to release unused capacity to market
 - High pipeline shipping costs contributing to high gas prices on a delivered-basis to high demand centers
- Current South-East market conditions makes LNG imports a viable and necessary solution to supply gas at competitive rates directly into the pipeline network at high demand areas

NSW Gas Market Conditions



Newcastle GasDock will solve NSW's future security and reliability of gas supply

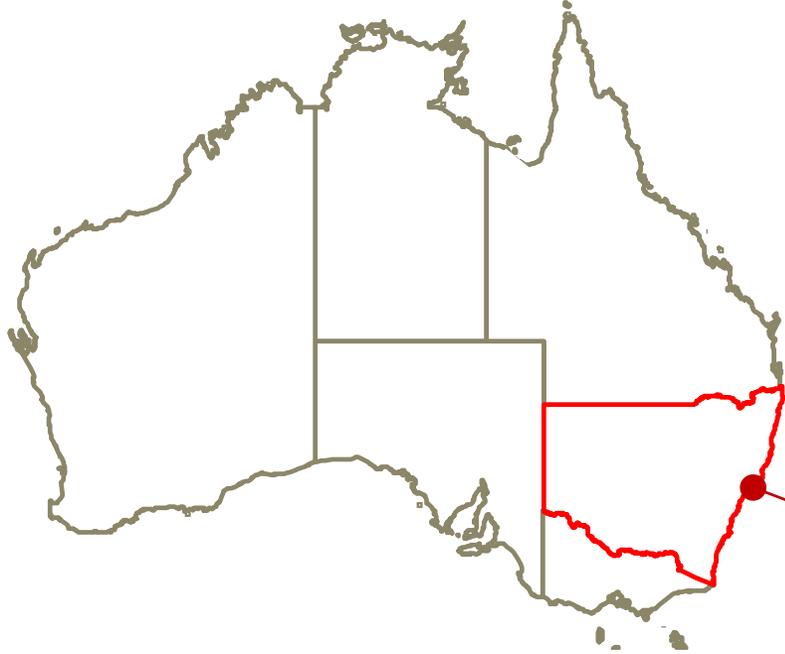


[1]: South West QLD Pipeline
[2]: Moomba Sydney Pipeline

- NSW as a state consumes approximately 140 PJ of gas on an annual basis (equivalent to 2.5 million tons of LNG)
- With increasing domestic gas production costs and the commencement of QLD exports, East Coast gas prices are expected to be on par with international LNG prices on a netback basis – deliveries from WAL to the NSW demand center is expected to be approximately AU\$18.00 from 2021 (ASX WAL futures for 2021 plus AU\$3.00 pipeline cost) given the distance it needs to travel on limited pipeline infrastructure – no coastal pipeline connecting QLD to NSW demand center
- Even with the moratoria on fracking lifted in the NT and new production coming online from the Gippsland Basin, the NSW demand center is still too distant from domestic production areas thereby making LNG imports a competitive source of gas supply
- Narrabri gas project (Santos) in NW NSW heavily opposed – no new economic gas supply sources nearby
- Newcastle GasDock capable of supplying gas to energy intensive industrial players in the region (i.e. Tomago Aluminum, Orica, Incitec, Boral, Colongra power station etc.) on a more competitive basis than AGL's Newcastle Gas Storage Facility

Project Location

Located at the end of the Sydney to Newcastle gas distribution network and connecting directly into the Sydney Short Term Trading Market



- The Port of Newcastle is one of Australia's largest ports and ranks first as the world's largest coal export facility. Located 160 km north of Sydney, it is part of the Hunter administrative region with a population of approximately 640,000 residents, being the second largest in NSW (NSW total of 7.7 million).



- The Port operates 20 berths and is already well connected by road and rail. The main channel has a depth of 15.2 meters making it ideal for a FSRU facility with LNGCs capable of navigating through the channel.
- Access to existing gas pipeline is only a short distance away with Jemena's Wilton-Newcastle trunk pipeline coming onto Kooragang Island – pipeline interconnect to FSRU facility expected to be only 1.8 km in length.



Proposed Facility for Newcastle GasDock

Conventional FSRU LNG receiving terminal with proven engineering and floating processing and storage components

- EPIK proposes to develop an LNG import terminal within the Port of Newcastle utilizing a Floating Storage and Regasification Unit (FSRU).
- The FSRU is expected to have an LNG storage capacity of approximately 170,000 cubic meters which has sufficient capacity to store approximately 7 peak days of NSW's total gas demand.
- EPIK expects to handle approximately 2 million tonnes of LNG per annum through its proposed Newcastle GasDock terminal.
- LNG carriers of up to 170,000 m³ in storage capacity will call on the Port of Newcastle to deliver LNG sourced from international locations once every 2 weeks on an annualized basis (26 deliveries expected per year).
- A natural gas pipeline lateral will be newly constructed to connect the FSRU terminal to an interconnection point on the existing Sydney to Newcastle gas distribution network.



Cartagena GNL FSRU facility in Colombia (operational)



Klaipeda Nafta FSRU facility in Lithuania (operational)

Critical State Significant Infrastructure



Key early stage approval awarded

- EPIK has obtained Critical State Significant Infrastructure (CSSI) status for the Newcastle GasDock project. The CSSI pathway allows Newcastle GasDock to obtain necessary NSW state approvals in an expedited manner doing away with (1) a review process conducted by an Independent Planning Commission; and (2) an avenue for appeals otherwise open for ordinary development applications.
- The Newcastle GasDock project was awarded CSSI status by the NSW Minister for Planning on August 14, 2019.
- Final approvals for CSSI status projects can be obtained within a 1-year period (otherwise 1.5 to 2 years for ordinary development applications) and are determined CSSI status based on the Economic, Social and Environmental benefits the project brings to the State. The following rationale was put forward to the NSW Government in support of EPIK's request for CSSI status.

Economic

- Introduces greater competitive tension in the supplier mix to reduce gas prices for consumers.
- Reduces interstate supply and transmission costs by supplying natural gas at a key point of demand.
- Increases market assurance in supply, which is expected to bring benefits to and support an uptake in natural gas power production.
- Allows the Port of Newcastle to grow and diversify their trade base to meet demands of consumers and generate jobs.

Social

- Less impact on rural communities as it removes the need to mine, transport, process and burn coal or transfer gas from interstate production areas.
- Consumer benefit in reducing domestic costs through having a long-term supply of gas as an alternative to domestic production.

Environmental

- Natural gas generates less CO₂ emissions when compared with coal.
- Less impact during production as removes the need to mine, transport, process and burn coal.

Key Strategic Project Partners

Third party teams in support of EPIK/Newcastle GasDock

- **Port of Newcastle:** Strategic Development Partner
- **Hyundai LNG Shipping:** Strategic Development Partner
- **ANZ:** Financial Adviser
- **ARUP:** Environmental & Planning, Risk Management, and Owner's Engineer
- **BESIX Watpac:** Onshore Fixed Infrastructure EPC Partner
- **K&L Gates:** Environment & Planning Legal Advisor
- **Wood Mackenzie:** Market Analysis/Competitiveness Review Consultant
- **EY:** Infrastructure Advisory
- **Jemena:** Pipeline Interconnect
- **Purser Corporate Communication:** Public Relations & Stakeholder Engagement





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