

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-5507



**Tellurian Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**06-0842255**

(I.R.S. Employer Identification No.)

**1201 Louisiana Street, Suite 3100, Houston, TX**

(Address of principal executive offices)

**77002**

(Zip Code)

**(832) 962-4000**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
<b>Common stock, par value \$0.01 per share</b>	<b>TELL</b>	<b>NASDAQ Capital Market</b>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of April 24, 2020, there were 257,835,259 shares of common stock, \$0.01 par value, issued and outstanding.

**Tellurian Inc.**

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### Cautionary Information About Forward-Looking Statements

The information in this report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of historical facts, that address activity, events, or developments with respect to our financial condition, results of operations, or economic performance that we expect, believe or anticipate will or may occur in the future, or that address plans and objectives of management for future operations, are forward-looking statements. The words “anticipate,” “assume,” “believe,” “budget,” “estimate,” “expect,” “forecast,” “initial,” “intend,” “may,” “plan,” “potential,” “project,” “proposed,” “should,” “will,” “would” and similar expressions are intended to identify forward-looking statements. These forward-looking statements relate to, among other things:

- our businesses and prospects and our overall strategy;
- planned or estimated capital expenditures;
- availability of liquidity and capital resources;
- our ability to obtain additional financing as needed and the terms of financing transactions, including at Driftwood Holdings LP;
- revenues and expenses;
- progress in developing our projects and the timing of that progress;
- future values of the Company’s projects or other interests, operations or rights; and
- government regulations, including our ability to obtain, and the timing of, necessary governmental permits and approvals.

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 our actual results and performance to be materially different from any future results or performance expressed or implied by the forward-looking statements. Factors that could cause actual results and performance to differ materially from any future results or performance expressed or implied by the forward-looking statements include, but are not limited to, the following:

- the uncertain nature of demand for and price of natural gas and LNG;
- risks related to shortages of LNG vessels worldwide;
- technological innovation which may render our anticipated competitive advantage obsolete;
- risks related to a terrorist or military incident involving an LNG carrier;
- changes in legislation and regulations relating to the LNG industry, including environmental laws and regulations that impose significant compliance costs and liabilities;
- governmental interventions in the LNG industry, including increases in barriers to international trade;
- uncertainties regarding our ability to maintain sufficient liquidity and attract sufficient capital resources to implement our projects;
- our limited operating history;
- our ability to attract and retain key personnel;
- risks related to doing business in, and having counterparties in, foreign countries;
- our reliance on the skill and expertise of third-party service providers;
- the ability of our vendors to meet their contractual obligations;
- risks and uncertainties inherent in management estimates of future operating results and cash flows;
- our ability to maintain compliance with our debt arrangements and other agreements;
- the potential discontinuation of the London Inter-Bank Offered Rate;
- changes in competitive factors, including the development or expansion of LNG, pipeline and other projects that are competitive with ours;
- development risks, operational hazards and regulatory approvals;
- our ability to enter into and consummate planned financing and other transactions;
- risks related to pandemics or disease outbreaks; and
- risks and uncertainties associated with litigation matters.

The forward-looking statements in this report speak 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.

## DEFINITIONS

To the extent applicable, and as used in this quarterly report, the terms listed below have the following meanings:

ASU	Accounting Standards Update
Bcf	Billion cubic feet of natural gas
Bcf/d	Bcf per day
DD&A	Depreciation, depletion and amortization
DES	Delivered ex-ship
EPC	Engineering, procurement and construction
FASB	Financial Accounting Standards Board
FID	Final investment decision as it pertains to the Driftwood Project
GAAP	Generally accepted accounting principles in the U.S.
JKM	Platts Japan Korea Marker index price for LNG
LNG	Liquefied natural gas
LSTK	Lump sum turnkey
MMBtu	Million British thermal units
Mtpa	Million tonnes per annum
Nasdaq	Nasdaq Capital Market
SEC	U.S. Securities and Exchange Commission
Train	An industrial facility comprised of a series of refrigerant compressor loops used to cool natural gas into LNG
U.S.	United States
USACE	U.S. Army Corps of Engineers

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TELLURIAN INC. AND SUBSIDIARIES  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share amounts, unaudited)

	March 31, 2020	December 31, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 55,452	\$ 64,615
Accounts receivable	3,195	5,006
Accounts receivable due from related parties	1,316	1,316
Prepaid expenses and other current assets	8,145	11,298
Total current assets	<u>68,108</u>	<u>82,235</u>
Property, plant and equipment, net	146,898	153,040
Deferred engineering costs	109,040	106,425
Non-current restricted cash	3,570	3,867
Other non-current assets	36,683	36,755
Total assets	<u>\$ 364,299</u>	<u>\$ 382,322</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 27,022	\$ 21,048
Accrued and other liabilities	37,387	33,003
Senior secured term loan	—	78,528
Total current liabilities	<u>64,409</u>	<u>132,579</u>
Long-term liabilities:		
Borrowings	128,589	58,121
Other non-current liabilities	24,657	25,337
Total long-term liabilities	<u>153,246</u>	<u>83,458</u>
Stockholders' equity:		
Preferred stock, \$0.01 par value, 100,000,000 authorized: 6,123,782 and 6,123,782 shares outstanding, respectively	61	61
Common stock, \$0.01 par value, 400,000,000 authorized: 255,462,543 and 242,207,522 shares outstanding, respectively	2,344	2,211
Additional paid-in capital	790,599	769,639
Accumulated deficit	(646,360)	(605,626)
Total stockholders' equity	<u>146,644</u>	<u>166,285</u>
Total liabilities and stockholders' equity	<u>\$ 364,299</u>	<u>\$ 382,322</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**TELLURIAN INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts, unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Natural gas sales	\$ 8,217	\$ 4,959
<b>Operating costs and expenses:</b>		
Cost of sales	2,879	1,112
Development expenses	11,183	11,875
Depreciation, depletion and amortization	5,832	2,531
General and administrative expenses	17,239	22,053
Severance and reorganization charges	5,505	—
Total operating costs and expenses	<u>42,638</u>	<u>37,571</u>
Loss from operations	(34,421)	(32,612)
Interest expense, net	(6,396)	(587)
Other income (expense), net	83	(927)
Loss before income taxes	<u>(40,734)</u>	<u>(34,126)</u>
Income tax benefit	—	—
Net loss	<u>\$ (40,734)</u>	<u>\$ (34,126)</u>
Net loss per common share <sup>(1)</sup> :		
Basic and diluted	<u>\$ (0.18)</u>	<u>\$ (0.16)</u>
Weighted-average shares outstanding:		
Basic and diluted	<u>221,133</u>	<u>217,838</u>

(1) The numerator for both basic and diluted loss per share is net loss. The denominator for both basic and diluted loss per share is the weighted-average shares outstanding during the period.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**TELLURIAN INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
(in thousands, unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Total shareholders' equity, beginning balance	\$ 166,285	\$ 297,934
Preferred stock	61	61
Common stock:		
Beginning balance	2,211	2,195
Common stock issuance	23	—
Share-based compensation, net <sup>(1)</sup>	—	14
Settlement of Final Payment Fee (Note 8)	110	—
Ending balance	2,344	2,209
Additional paid-in capital:		
Beginning balance	769,639	749,537
Common stock issuance	13,238	
Share-based compensation, net <sup>(1)</sup>	684	13,789
Share-based payments	111	—
Settlement of Final Payment Fee (Note 8)	9,036	—
Changes between the Warrant and Replacement Warrant (Note 10)	(2,109)	—
Ending balance	790,599	763,326
Accumulated deficit:		
Beginning balance	(605,626)	(453,859)
Net loss	(40,734)	(34,126)
Ending balance	(646,360)	(487,985)
Total shareholders' equity, ending balance	\$ 146,644	\$ 277,611

<sup>(1)</sup> Includes settlement of 2018 bonus that was accrued for in 2018.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**TELLURIAN INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands, unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (40,734 )	\$ (34,126 )
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, depletion and amortization	5,832	2,985
Amortization of debt issuance costs, discounts and fees	3,231	268
Share-based compensation	683	2,093
Share-based payments	111	—
Interest elected to be paid-in-kind	130	—
Gain on financial instruments not designated as hedges	(101 )	1,241
Other	1,163	(1,826 )
Net changes in working capital (Note 14)	9,191	(3,670 )
Net cash used in operating activities	<u>(20,494 )</u>	<u>(33,035 )</u>
<b>Cash flows from investing activities:</b>		
Development of natural gas properties	(269 )	(21,502 )
Deferred engineering costs	—	(6,000 )
Purchase of property, plant and equipment	—	(1,366 )
Net cash used in investing activities	<u>(269 )</u>	<u>(28,868 )</u>
<b>Cash flows from financing activities:</b>		
Proceeds from common stock issuance	13,324	—
Principal payments	(2,000 )	—
Tax payments for net share settlement of equity awards (Note 14)	—	(5,395 )
Other	(21 )	—
Net cash provided by/(used in) financing activities	<u>11,303</u>	<u>(5,395 )</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	(9,460 )	(67,298 )
Cash, cash equivalents and restricted cash, beginning of period	68,482	183,589
Cash, cash equivalents and restricted cash, end of period	<u>\$ 59,022</u>	<u>\$ 116,291</u>
<b>Supplementary disclosure of cash flow information:</b>		
Interest paid	\$ 2,905	\$ 1,171

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.



**Tellurian Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (unaudited)**

**NOTE 1 — GENERAL**

The terms “we,” “our,” “us,” “Tellurian” and the “Company” as used in this report refer collectively to Tellurian Inc. and its subsidiaries unless the context suggests otherwise. These terms are used for convenience only and are not intended as a precise description of any separate legal entity associated with Tellurian Inc.

**Nature of Operations**

We plan to develop, own and operate a global natural gas business and to deliver natural gas to customers worldwide. Tellurian is developing a portfolio of natural gas production, LNG marketing, and infrastructure assets, including an LNG terminal facility (the “Driftwood terminal”) and an associated pipeline (the “Driftwood pipeline”) in southwest Louisiana. Tellurian intends to develop the Driftwood pipeline as part of what we refer to as the “Pipeline Network.” In addition to the Driftwood pipeline, the Pipeline Network is expected to include two pipelines, the Haynesville Global Access Pipeline and the Permian Global Access Pipeline, both of which are currently in the early stages of development. The Driftwood terminal, the Pipeline Network and certain natural gas production assets are collectively referred to as the “Driftwood Project”.

**Basis of Presentation**

The accompanying unaudited consolidated financial statements have been prepared in accordance with GAAP for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain notes and other information have been condensed or omitted. The accompanying interim financial statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for the fair presentation of our Condensed Consolidated Financial Statements. These interim financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2019.

**Liquidity**

Our Condensed Consolidated Financial Statements were prepared in accordance with GAAP, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business as well as the Company’s ability to continue as a going concern. As of the date of the Condensed Consolidated Financial Statements, we have generated losses and negative cash flows from operations, and have an accumulated deficit. We have not yet established an ongoing source of revenues sufficient to cover our operating costs or working capital needs. We issued unsecured debt on April 29, 2020, which has monthly payments due beginning on June 1, 2020 through maturity of the debt on June 1, 2021. See Note 15, *Subsequent Events*, for further information.

We are planning to generate proceeds from various potential financing transactions, such as issuances of equity, including our at-the-market program, equity-linked and debt securities or similar transactions, and have determined it is probable that such proceeds will satisfy our obligations and fund working capital needs for at least twelve months following the issuance of the financial statements.

**Use of Estimates**

To conform with GAAP, we make estimates and assumptions that affect the amounts reported in our Condensed Consolidated Financial Statements and the accompanying notes. Although these estimates and assumptions are based on our best available knowledge at the time, actual results may differ.

**Recently Adopted Accounting Standards**

*Credit Losses*

On January 1, 2020, we adopted ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, as issued by the FASB. This standard established the current expected credit loss model, a new impairment model for certain financial instruments, based on expected rather than incurred losses. Adoption of this standard had no impact on our financial statements.

**NOTE 2 — PREPAID EXPENSES AND OTHER CURRENT ASSETS**

The components of prepaid expenses and other current assets consist of the following (in thousands):

**Tellurian Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (unaudited)**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Prepaid expenses	\$ 888	\$ 1,234
Deposits	357	364
Tradable equity securities	2,362	5,069
Derivative asset (Note 6)	3,482	3,121
Other current assets	1,056	1,510
Total prepaid expenses and other current assets	<u>\$ 8,145</u>	<u>\$ 11,298</u>

**NOTE 3 — PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment is comprised of fixed assets, proved oil and natural gas properties and finance leases, as shown below (in thousands):

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Land	\$ 13,808	\$ 13,808
Proved properties	142,289	142,494
Wells in progress	—	57
Corporate and other	5,285	5,285
Total property, plant and equipment at cost	<u>161,382</u>	<u>161,644</u>
Right of use asset — finance leases (Note 13)	13,371	13,437
Accumulated DD&A	<u>(27,855)</u>	<u>(22,041)</u>
Total property, plant and equipment, net	<u>\$ 146,898</u>	<u>\$ 153,040</u>

**Land**

We own land in Louisiana for the purpose of constructing the Driftwood Project.

**Proved Properties**

We own producing and non-producing acreage in northern Louisiana.

**NOTE 4 — DEFERRED ENGINEERING COSTS**

As of March 31, 2020, the deferred engineering balance of approximately \$109.0 million represents detailed engineering services related to the planned construction of the Driftwood terminal. This balance will be transferred to construction in progress upon reaching FID.

**NOTE 5 — OTHER NON-CURRENT ASSETS**

Other non-current assets consist of the following (in thousands):

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Land lease and purchase options	\$ 4,882	\$ 4,320
Permitting costs	13,092	12,838
Right of use asset — operating leases (Note 13)	15,272	15,832
Other	3,437	3,765
Total other non-current assets	<u>\$ 36,683</u>	<u>\$ 36,755</u>

**Land Lease and Purchase Options**

We hold lease and purchase option agreements (the “Options”) for certain tracts of land and associated river frontage. Upon exercise of the Options, the leases are subject to maximum terms of 50 years, inclusive of various renewals which are at our sole discretion. Costs of the Options will be amortized over the life of the lease once obtained, or capitalized into the land if purchased.

**Tellurian Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (unaudited)**

**Permitting Costs**

Permitting costs primarily represent the purchase of wetland credits in connection with our permit application to the USACE in 2017 and 2018. These wetland credits will be applied to our permit in accordance with the Clean Water Act and the Rivers and Harbors Act, which require us to mitigate the impact to Louisiana wetlands caused by the construction of the Driftwood Project. In May 2019, we received the USACE permit. The permitting costs will be transferred to construction in progress upon reaching FID.

**NOTE 6 — FINANCIAL INSTRUMENTS**

As discussed in Note 8, *Borrowings*, as part of entering into the senior secured term loan credit agreement in 2018, we are required to enter into and maintain certain hedging transactions. As a result, we use derivative financial instruments, namely over the counter (“OTC”) commodity swap instruments (“commodity swaps”), to maintain compliance with this covenant. We do not hold or issue derivative financial instruments for trading purposes.

Commodity swap agreements involve payments to or receipts from counterparties based on the differential between two prices for the commodity, and include basis swaps to protect earnings from undue exposure to the risk of geographic disparities in commodity prices, as required by the negative covenant of the senior secured term loan credit agreement. The fair value of our commodity swaps is classified as Level 2 in the fair value hierarchy and is based on standard industry income approach models that use significant observable inputs, including but not limited to New York Mercantile Exchange (NYMEX) natural gas forward curves and basis forward curves, all of which are validated against external sources at least monthly.

The Company recognizes all derivative instruments as either assets or liabilities at fair value on a net basis as they are with a single counterparty and subject to a master netting arrangement. The Company can net settle its derivative instruments at any time. As of March 31, 2020, we had a current asset of \$3.5 million, net, with respect to the fair value of the current portion of our commodity swaps. In addition, as of March 31, 2020, we had a non-current asset of \$0.2 million, net, with respect to the fair value of the non-current portion of our commodity swaps. The current and the non-current assets are classified within Prepaid expenses and other current assets and Other non-current assets, respectively, on the Condensed Consolidated Balance Sheets. Gross current asset and current liability amounts are \$3.5 million and \$0.0 million, respectively. Gross non-current asset and non-current liability amounts are \$0.2 million and \$0.0 million, respectively.

We do not apply hedge accounting for our commodity swaps; therefore, all changes in fair value of the Company’s derivative instruments are recognized within Other income, net, in the Condensed Consolidated Statements of Operations. For the three months ended March 31, 2020, we recognized a realized gain of \$2.3 million and an unrealized gain of \$0.1 million related to the changes in fair value of the commodity swaps in our Condensed Consolidated Statements of Operations. Derivative contracts which result in physical delivery of a commodity expected to be used or sold by the Company in the normal course of business are designated as normal purchases and sales and are exempt from derivative accounting. OTC arrangements require settlement in cash. Settlements of commodity derivative instruments are reported as a component of cash flows from operations in the Condensed Consolidated Statements of Cash Flows.

With respect to the commodity swaps, the Company hedged 8.8 Bcf of its fixed price and basis exposure which represents a portion of its expected sales of equity production as of March 31, 2020. The open positions at March 31, 2020 had maturities extending through September 2021. For additional details, refer to Note 8, *Borrowings*.

**Tellurian Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (unaudited)**

**NOTE 7 — ACCRUED AND OTHER LIABILITIES**

The components of accrued and other liabilities consist of the following (in thousands):

	March 31, 2020	December 31, 2019
Project development activities	\$ 2,577	\$ 3,851
Payroll and compensation	17,803	18,773
Severance and reorganization	5,888	—
Accrued taxes	997	1,018
Professional services (e.g., legal, audit)	1,868	2,906
Warrant liability (Note 10)	2,384	—
Lease liabilities (Note 13)	3,755	3,729
Other	2,115	2,726
<b>Total accrued and other liabilities</b>	<b>\$ 37,387</b>	<b>\$ 33,003</b>

**Severance and Reorganization**

During the three months ended March 31, 2020, the Company implemented a cost reduction and reorganization plan (the “Plan”) and incurred approximately \$5.5 million of severance and reorganization charges due to reductions in workforce. The Plan has been implemented due to the sharp decline in oil and natural gas prices as well as the growing negative economic effects of the COVID-19 pandemic. The charges have been presented within the caption Severance and reorganization charges on our Condensed Consolidated Statement of Operations. We expect to incur an additional \$0.9 million in severance and reorganization charges, and settle the remaining termination benefits, by September 30, 2020. The severance and reorganization amounts provided to former employees will be settled with cash and the vesting of 2.2 million restricted stock units that may be settled, at our election, with either cash, stock or a combination thereof. We have settled \$0.5 million of the severance and reorganization charges during the three months ended March 31, 2020.

**NOTE 8 — BORROWINGS**

The following tables summarize the Company’s borrowings as of March 31, 2020, and December 31, 2019 (in thousands):

	March 31, 2020		
	Principal repayment obligation <sup>(1)</sup>	Unamortized DFC and discounts	Carrying value
Amended 2019 Term Loan, due November 2021	\$ 73,130	\$ (2,931)	\$ 70,199
2018 Term Loan, due September 2021	60,000	(1,610)	58,390
<b>Total borrowings</b>	<b>\$ 133,130</b>	<b>\$ (4,541)</b>	<b>\$ 128,589</b>

	December 31, 2019		
	Principal repayment obligation and other fees <sup>(2)</sup>	Unamortized DFC and discounts	Carrying value
2019 Term Loan, due May 2020	\$ 84,955	\$ (6,427)	\$ 78,528
2018 Term Loan, due September 2021	60,000	(1,879)	58,121
<b>Total borrowings</b>	<b>\$ 144,955</b>	<b>\$ (8,306)</b>	<b>\$ 136,649</b>

(1) Includes paid-in-kind interest on the 2019 Term loan of \$0.1 million

(2) Includes paid-in-kind interest on the 2019 Term loan of \$1.8 million as well as a final payment fee equal to 20% of the principal amount less financing costs and cash interest amounts paid.

**2019 Term Loan**

On May 23, 2019, Driftwood Holdings LP, a wholly owned subsidiary of the Company (“Driftwood Holdings”), entered into a senior secured term loan agreement (the “2019 Term Loan”) to borrow an aggregate principal amount of \$60.0 million. Fees

**Tellurian Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (unaudited)**

associated with entering into the 2019 Term Loan of approximately \$2.2 million have been capitalized as deferred financing costs. The 2019 Term Loan agreement provided Driftwood Holdings the right to borrow an additional \$15.0 million, which it did on July 16, 2019. The 2019 Term Loan bore a fixed annual interest rate of 12%, of which 4% Driftwood Holdings could add to the outstanding principal as paid-in-kind interest at the end of each reporting period. In addition to the fixed annual interest rate, upon maturity or early repayment of the 2019 Term Loan, Driftwood Holdings was also obligated to pay a final fee that equal to 20% of the principal amount borrowed less financing costs and cash interest paid (the “Final Payment Fee”) to the lender.

On March 23, 2020, Driftwood Holdings entered into the second amendment (the “Amended 2019 Term Loan”) to the 2019 Term Loan. The outstanding principal amount as of the Amendment date was \$75.0 million. The Amendment, among other things, made the following changes to the Credit Agreement:

- Extended the maturity date from May 23, 2020 to November 23, 2021;
- Modified the frequency of interest payments from quarterly to monthly;
- Modified the interest rate from 12%, with the ability to defer 4% per quarter as paid-in-kind, to 16%, with the ability to defer 8% per month as paid-in-kind;
- Required a principal payment of \$3.0 million by April 22, 2020; and
- Reduced the required month-end collateral amount from \$30.0 million to \$12.0 million.

In consideration for the above changes, on the Amendment date we paid \$2.0 million in principal and issued 11,019,298 shares of common stock in exchange for cancellation of the Final Payment Fee (as defined in the Credit Agreement) and all accrued paid-in-kind interest through March 22, 2020.

The Amended 2019 Term Loan was accounted for as a debt modification with no gain or loss recognized and any differences in fair value for amounts settled or paid being capitalized as part of the 2019 Term Loan debt issuance discount. The Amended 2019 Term Loan resulted in a \$0.9 million increase in our issuance discount associated with the 2019 Term Loan.

The Amended 2019 Term Loan can be terminated prior to maturity, only in full, without an early termination penalty. Borrowings under the 2019 Term Loan are guaranteed by Tellurian Inc. and certain of its subsidiaries and are secured by substantially all of the assets of Tellurian Inc. and certain of its subsidiaries, other than Tellurian Production Holdings LLC and its subsidiaries, under one or more security agreements and pledge agreements.

In conjunction with the Amended 2019 Term Loan, the Common Stock Purchase Warrant (the “Warrant”) previously issued as part of the 2019 Term Loan was replaced with a new warrant (the “Replacement Warrant”). Refer to Note 10, *Stockholders’ Equity*, for further details. The difference in fair value between the Warrant and the Replacement Warrant was a \$0.3 million increase and has been recognized as a debt issuance discount to the Amended 2019 Term Loan.

For further information regarding the Amended 2019 Term Loan, see Note 15, *Subsequent Events*.

#### **2018 Term Loan**

On September 28, 2018 (the “Closing Date”), Tellurian Production Holdings LLC (“Production Holdings”), our wholly owned subsidiary, entered into a three-year senior secured term loan credit agreement (the “2018 Term Loan”) in an aggregate principal amount of \$60.0 million.

Our use of proceeds from the 2018 Term Loan is predominantly restricted to capital expenditures associated with certain development and drilling activities and fees related to the transaction itself and is presented within Non-current restricted cash on our Condensed Consolidated Balance Sheets. At March 31, 2020, unused proceeds from the 2018 Term Loan totaled \$3.6 million and were classified as Non-current restricted cash.

We have the right, but not the obligation, to make voluntary principal payments starting six months following the Closing Date in a minimum amount of \$5 million or any integral multiples of \$1 million in excess thereof. If no voluntary principal payments are made, the principal amount, together with any accrued interest, is payable at the maturity date of September 28, 2021. The 2018 Term Loan can be terminated without penalty, with an early termination payment equal to the outstanding principal plus accrued interest.

Amounts borrowed under the 2018 Term Loan are guaranteed by Tellurian Inc. and each of Production Holdings’ subsidiaries. The 2018 Term Loan is collateralized by a first priority lien on all assets of Production Holdings and its subsidiaries, including our proved natural gas properties.

#### **Covenant Compliance**

**Tellurian Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (unaudited)**

As of March 31, 2020, the Company is in compliance with all covenants under its credit agreements. Refer to Note 6, *Financial Instruments*, for details of hedging transactions, as of and for the period ended March 31, 2020, entered into as required by the 2018 Term Loan described above.

**Fair Value**

As of March 31, 2020, the fair value of the 2018 Term Loan, on a discounted cash flow basis, was approximately \$51.6 million as the 2018 Term Loan effective interest rate was higher than current market levels. As of March 31, 2020, the fair value of the Amended 2019 Term Loan, on a discounted cash flow basis, was approximately \$56.3 million as the Amended 2019 Term Loan effective interest rate was higher than current market levels. Both the 2018 Term Loan and the Amended 2019 Term Loan represent Level 3 instruments in the fair value hierarchy.

**NOTE 9 — COMMITMENTS AND CONTINGENCIES**

On April 23, 2019, we entered into a master LNG sale and purchase agreement and related confirmation notices (collectively, the “SPA”) with an unrelated third-party LNG merchant. Pursuant to the SPA, we committed to purchase one cargo of LNG per quarter beginning in June 2020 through October 2022. The volume of each cargo is expected to range from 3.3 to 3.6 million MMBtu, and each cargo will be purchased under DES terms. The price of each cargo will be based on the JKM price in effect at the time of each purchase.

**NOTE 10 — STOCKHOLDERS' EQUITY**

**Common Stock Issuance**

On February 11, 2020, we sold 2,114,591 shares of common stock in a registered placement at an offering price of \$6.36 per share. Net proceeds from this offering, after deducting fees and expenses, were approximately \$13.1 million.

**At-the-Market Program**

We maintain an at-the-market equity offering program pursuant to which we may sell shares of our common stock from time to time on Nasdaq. For the three months ended March 31, 2020, we issued 142,119 shares of common stock under our at-the-market program for net proceeds of approximately \$0.1 million. As of March 31, 2020, we have remaining availability under the at-the-market program to raise aggregate sales proceeds of up to approximately \$389.2 million. See Note 15, *Subsequent Events*, for further information.

**Common Stock Purchase Warrant**

As discussed in Note 8, *Borrowings*, on March 23, 2020 (the “Amendment Date”) we replaced the previously issued Warrant providing the lender with the right to purchase up to 1.5 million shares of our common stock at \$10.00 per share with the Replacement Warrant, which provides the lender with the right to purchase 9.0 million shares of our common stock at \$1.00. The Replacement Warrant expires five years after the Amendment Date and vests as follows (in thousands):

<b>Vesting</b>	<b>Number of Shares</b>
Immediately	3,000
September 23, 2020	2,000
March 23, 2021	2,000
June 23, 2021	2,000
Total	9,000

The aggregate number of shares of our common stock provided to the lender under the Replacement Warrant will be reduced proportionately as a result of any partial repayment of the Amended 2019 Term Loan principal and, in the event the outstanding balance of the Amended 2019 Term Loan is repaid in full, any unvested tranches will be canceled as of the date of such repayment.

The Replacement Warrant was valued using a Black-Scholes option pricing model that yielded a fair value of approximately \$3.6 million on the Amendment Date. The difference between the fair value of the Warrant and Replacement Warrant was an increase of approximately \$0.3 million and has been classified as equity and recognized within Additional paid-in capital within our Condensed Consolidated Balance Sheets. However, as the total amount of warrants is no longer fixed, \$2.4 million has been recognized within Accrued and other liabilities on our Condensed Consolidated Balance Sheets and if the vesting event occurs, a portion of the liability will be reclassified to equity and remeasured.

**Preferred Stock**

**Tellurian Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (unaudited)**

In March 2018, we entered into a preferred stock purchase agreement with BDC Oil and Gas Holdings, LLC (“Bechtel Holdings”), a Delaware limited liability company and an affiliate of Bechtel Oil, Gas and Chemicals, Inc., a Delaware corporation (“Bechtel”), pursuant to which we sold to Bechtel Holdings approximately 6.1 million shares of our Series C convertible preferred stock (the “Preferred Stock”).

The holders of the Preferred Stock do not have dividend rights but do have a liquidation preference over holders of our common stock. The holders of the Preferred Stock may convert all or any portion of their shares into shares of our common stock on a one-for-one basis. At any time after “Substantial Completion” of “Project 1,” each as defined in and pursuant to the LSTK EPC Agreement for the Driftwood LNG Phase 1 Liquefaction Facility, dated as of November 10, 2017, or at any time after March 21, 2028, we have the right to cause all of the Preferred Stock to be converted into shares of our common stock on a one-for-one basis. The Preferred Stock has been excluded from the computation of diluted loss per share because including it in the computation would have been antidilutive for the periods presented.

**NOTE 11 — SHARE-BASED COMPENSATION**

We have granted restricted stock, restricted stock units and phantom units (collectively, “Restricted Stock”), as well as unrestricted stock and stock options, to employees, directors and outside consultants (collectively, the “grantees”) under the Tellurian Inc. 2016 Omnibus Incentive Compensation Plan, as amended (the “2016 Plan”), and the Amended and Restated Tellurian Investments Inc. 2016 Omnibus Incentive Plan (the “Legacy Plan”). The maximum number of shares of Tellurian common stock authorized for issuance under the 2016 Plan is 40 million shares of common stock, and no further awards can be granted under the Legacy Plan.

Upon the vesting of restricted stock, shares of common stock will be released to the grantee. Upon the vesting of restricted stock units, the units will be converted into shares of common stock and released to the grantee. In March 2018, we began issuing phantom units that may be settled in either cash, stock, or a combination thereof. As of March 31, 2020, there was no Restricted Stock that would be required to be settled in cash.

As of March 31, 2020, we had granted approximately 25.2 million shares of performance-based Restricted Stock, of which approximately 19.6 million shares will vest entirely based upon FID, as defined in the award agreements, and approximately 5.0 million shares will vest in one-third increments at FID and the first and second anniversaries of FID. The remaining shares of performance-based Restricted Stock, totaling approximately 0.6 million shares, will vest based on other criteria. As of March 31, 2020, no expense had been recognized in connection with performance-based Restricted Stock.

As of March 31, 2020, we had granted approximately 13.0 million shares of time-based Restricted Stock. Of the total time-based grants, 10.8 million shares represent the settlement of the 2019 employee bonuses, which were included in our accrued liabilities balance as of December 31, 2019, and will vest in their entirety by May 31, 2021. The remaining 2.2 million shares were granted in connection with the Plan we undertook during the three months ended March 31, 2020 and will vest in their entirety by September 30, 2020. For further information about the Plan, see Note 7, *Accrued and Other Liabilities*.

For the three months ended March 31, 2020, the recognized share-based compensation expense related to all share-based awards totaled approximately \$0.7 million. As of March 31, 2020, unrecognized compensation expense, based on the grant date fair value, for all share-based awards totaled approximately \$210.7 million. Further, the approximately 38.2 million shares of performance-based and time-based Restricted Stock, as well as approximately 1.8 million stock options outstanding, have been excluded from the computation of diluted loss per share because including them in the computation would have been antidilutive for the periods presented.

**NOTE 12 — INCOME TAXES**

Due to our cumulative loss position, historical net operating losses (“NOLs”), and other available evidence related to our ability to generate taxable income, we have recorded a full valuation allowance against our net deferred tax assets as of March 31, 2020 and December 31, 2019. Accordingly, we have not recorded a provision for federal, state or foreign income taxes during the three months ended March 31, 2020.

We experienced ownership changes as defined by Internal Revenue Code (“IRC”) Section 382 in 2017, and an analysis of the annual limitation on the utilization of our NOLs was performed at that time. It was determined that IRC Section 382 will not limit the use of our NOLs over the carryover period. We will continue to monitor trading activity in our shares that may cause an additional ownership change, which may ultimately affect our ability to fully utilize our existing NOL carryforwards.

**NOTE 13 — LEASES**

**Finance Leases**

Our land leases are classified as financing leases and include one or more options to extend the lease term up to 40 years, as well as to terminate the lease within five years, at our sole discretion. We are reasonably certain that those options will be

**Tellurian Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (unaudited)**

exercised, and that our termination rights will not be exercised, and we have therefore included those assumptions within our right of use assets and corresponding lease liabilities. As of March 31, 2020, our weighted-average remaining lease term for our financing leases is approximately 51 years. As none of our finance leases provide an implicit rate, we have determined our own discount rate, which, on a weighted-average basis at March 31, 2020, was approximately 12%.

As of March 31, 2020, our financing leases have a corresponding right of use asset of approximately \$13.4 million recognized within Property, plant and equipment, net, and a total lease liability of approximately \$9.9 million which is recognized between Accrued and other liabilities, approximately \$1.5 million, and Other non-current liabilities, approximately \$8.4 million. For the three months ended March 31, 2020, our finance lease costs, which are associated with the interest on our lease liabilities, were approximately \$0.3 million.

**Operating Leases**

Our office space leases are classified as operating leases and include one or more options to extend the lease term up to 10 years, at our sole discretion. As we are not reasonably certain that those options will be exercised, none are recognized as part of our right of use assets and lease liabilities. As of March 31, 2020, our weighted-average remaining lease term for our operating leases is approximately six years. As none of our operating leases provide an implicit rate, we have determined our own discount rate, which, on a weighted-average basis at March 31, 2020, was approximately 8%.

As of March 31, 2020, our operating leases have a corresponding right of use asset of approximately \$15.3 million recognized within Other non-current assets and a total lease liability of approximately \$17.4 million which is recognized between Accrued and other liabilities, approximately \$2.3 million, and Other non-current liabilities, approximately \$15.1 million. For the three months ended March 31, 2020 and 2019, our operating lease costs were \$0.9 million, and \$0.9 million, respectively. For the three months ended March 31, 2020 and 2019, we paid approximately \$0.9 million, and \$0.6 million, respectively, in cash for amounts included in the measurement of operating lease liabilities, all of which are presented within operating cash flows.

The table below presents a maturity analysis of our lease liability on an undiscounted basis and reconciles those amounts to the present value of the lease liability as of March 31, 2020 (in thousands):

<b>Maturity of lease liability</b>	<b>Operating</b>		<b>Finance</b>	
2020	\$	2,721	\$	2,264
2021		3,496		1,019
2022		3,802		1,019
2023		4,070		1,019
2024		3,081		1,019
After 2024		4,980		47,667
<b>Total lease payments</b>	<b>\$</b>	<b>22,150</b>	<b>\$</b>	<b>54,007</b>
Less: discount		4,714		44,069
<b>Present value of lease liability</b>	<b>\$</b>	<b>17,436</b>	<b>\$</b>	<b>9,938</b>

**NOTE 14 — ADDITIONAL CASH FLOW INFORMATION**

The following table provides information regarding the net changes in working capital (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Accounts receivable	\$ 1,811	\$ (2,166)
Prepaid expenses and other current assets	2,262	(1,166)
Accounts payable	3,280	(6,936)
Accrued liabilities	2,500	7,141
Other, net	(662)	(543)
<b>Net changes in working capital</b>	<b>\$ 9,191</b>	<b>\$ (3,670)</b>

The following table provides supplemental disclosure of cash flow information (in thousands):



**Tellurian Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Non-cash accruals of property, plant and equipment and other non-current assets	\$ 2,174	\$ 5,478
Non-cash settlement of Final Payment Fee (Note 8)	8,539	
Tradable equity securities	2,362	—
Non-cash settlement of withholding taxes associated with the 2018 bonus and vesting of certain awards, respectively	—	5,395
Non-cash settlement of the 2018 bonus	—	18,396

The statement of cash flows for the three months ended March 31, 2020, reflects approximately \$78.5 million and \$2.1 million in non-cash movements related to the Amended 2019 Term Loan and the Replacement Warrant, respectively.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of such amounts shown in the Condensed Consolidated Statements of Cash Flows (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 55,452	\$ 88,251
Non-current restricted cash	3,570	28,040
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	<u>\$ 59,022</u>	<u>\$ 116,291</u>

**NOTE 15 — SUBSEQUENT EVENTS**

**2020 Unsecured Note**

On April 29, 2020, we issued a zero coupon \$56.0 million senior unsecured note (the “2020 Unsecured Note”) to a third party, raising proceeds of approximately \$47.3 million, net of approximately \$2.7 million in fees. In connection with the 2020 Unsecured Note, we issued the lender a warrant to purchase 20.0 million shares of our common stock at a strike price of \$1.542. These warrants may be exercised in full beginning on October 29, 2020. A portion of the unsecured note must be paid on the first day of every month, beginning on June 1, 2020, until the note matures on June 1, 2021.

**Third Amendment to the 2019 Term Loan**

On April 28, 2020, Driftwood Holdings entered into the third amendment to the 2019 Term Loan which allowed us to issue the 2020 Unsecured Note. In connection with the third amendment, we agreed to pay off \$15.0 million of principal outstanding with the issuance of approximately 9.3 million shares of our common stock as well as a warrant for approximately 4.7 million shares of common stock at a strike price of \$1.542. The amount of shares issuable under the warrant may be reduced if we make any partial cash repayment of the Amended 2019 Term Loan principal prior to its vesting in full on October 29, 2020. We also agreed to an approximately \$2.2 million principal payment in cash of which approximately \$0.4 million is due within 30 days.

**At-the-Market Program**

Subsequent to March 31, 2020, and through April 24, 2020, we issued 2,372,716 shares of common stock under our at-the-market equity offering program for proceeds of \$3.3 million, net of \$0.1 million in fees and commissions. As of April 24, 2020, we have remaining capacity under our at-the-market program to raise aggregate sales proceeds of up to approximately \$385.8 million.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Introduction**

The following discussion and analysis presents management's view of our business, financial condition and overall performance and should be read in conjunction with our Condensed Consolidated Financial Statements and the accompanying notes. This information is intended to provide investors with an understanding of our past development activities, current financial condition and outlook for the future organized as follows:

- Our Business
- Overview of Significant Events
- Liquidity and Capital Resources
- Capital Development Activities
- Results of Operations
- Off-Balance Sheet Arrangements
- Recent Accounting Standards

**Our Business**

Tellurian Inc. ("Tellurian," "we," "us," "our," or the "Company") intends to create value for shareholders by building a low-cost, global natural gas business, profitably delivering natural gas to customers worldwide (the "Business"). We are developing a portfolio of natural gas production, LNG marketing, and infrastructure assets that includes an LNG terminal facility (the "Driftwood terminal") and three related pipelines (the "Pipeline Network"). We refer to the Driftwood terminal, the Pipeline Network and certain natural gas production assets collectively as the "Driftwood Project". We currently estimate the total cost of the Driftwood Project to be approximately \$28.9 billion, including owners' costs, transaction costs and contingencies but excluding interest costs incurred during construction of the Driftwood terminal and other financing costs. Our Business may be developed in phases.

The proposed Driftwood terminal will have a liquefaction capacity of approximately 27.6 Mtpa and will be situated on approximately 1,000 acres in Calcasieu Parish, Louisiana. The proposed Driftwood terminal will include up to 20 liquefaction Trains, three full containment LNG storage tanks and three marine berths. We have entered into four LSTK EPC agreements totaling \$15.5 billion with Bechtel Oil, Gas and Chemicals, Inc. ("Bechtel") for construction of the Driftwood terminal.

The proposed Pipeline Network is currently expected to consist of three pipelines, the Driftwood pipeline, the Haynesville Global Access Pipeline and the Permian Global Access Pipeline. The Driftwood pipeline will be a 96-mile large diameter pipeline that will interconnect with 14 existing interstate pipelines throughout southwest Louisiana to secure adequate natural gas feedstock for the Driftwood terminal. The Driftwood pipeline will be comprised of 48-inch, 42-inch and 36-inch diameter pipeline segments and three compressor stations totaling approximately 274,000 horsepower, all as necessary to provide approximately 4 Bcf/d of average daily natural gas transportation service. We estimate construction costs for the Driftwood pipeline of up to approximately \$2.3 billion before owners' costs, financing costs and contingencies.

The Haynesville Global Access Pipeline is expected to run approximately 200 miles from northern to southwest Louisiana. The Permian Global Access Pipeline is expected to run approximately 625 miles from west Texas to southwest Louisiana. Each of these pipelines is expected to have a diameter of 42 inches and be capable of delivering approximately 2 Bcf/d of natural gas. We currently estimate that construction costs will be approximately \$1.4 billion for the Haynesville Global Access Pipeline and approximately \$4.2 billion for the Permian Global Access Pipeline, in each case before owners' costs, financing costs and contingencies. We are also considering the potential development of a fourth pipeline, the Delhi Connector Pipeline, which would run approximately 180 miles from Perryville/Delhi in northeast Louisiana to Lake Charles, Louisiana.

Our upstream properties, acquired in a series of transactions during 2017 and 2018, consist of 10,260 net acres and 71 producing wells (21 operated) located in the Haynesville Shale trend of northern Louisiana.

In connection with the implementation of our Business, we are offering limited partnership interests in a subsidiary, Driftwood Holdings LP ("Driftwood Holdings"), which will own the Driftwood Project. Partners will contribute cash in exchange for equity in Driftwood Holdings and will receive LNG volumes at the cost of production, including the cost of debt, for the life of the Driftwood terminal. We plan to retain a portion of the ownership in Driftwood Holdings and have engaged Goldman Sachs & Co. and Société Générale to serve as financial advisors for Driftwood Holdings.

## **Overview of Significant Events**

### *Second Amendment to the 2019 Term Loan*

On March 23, 2020, Driftwood Holdings LP (formerly known as Driftwood Holdings LLC) (the "Borrower"), a Delaware limited partnership and an indirect wholly owned subsidiary of Tellurian Inc. ("Tellurian" or the "Company"), entered into the second amendment (the "Amendment") to the Credit and Guaranty Agreement (the "Credit Agreement"), dated as of May 23, 2019. The outstanding principal amount as of the Amendment date was \$75.0 million. The Amendment, among other things, made the following changes to the Credit Agreement:

- Extended the maturity date from May 23, 2020 to November 23, 2021;
- Modified the frequency of interest payments from quarterly to monthly;
- Modified the interest rate from 12%, with the ability to defer 4% per quarter as paid-in-kind, to 16%, with the ability to defer 8% per month as paid-in-kind;
- Required a principal payment of \$3.0 million by April 22, 2020; and
- Reduced the required month-end collateral amount from \$30.0 million to \$12.0 million.

In consideration for the above changes, on the Amendment date we paid \$2.0 million in principal and issued 11,019,298 shares of common stock for relief of the Final Payment Fee (as defined in the Credit Agreement) and all accrued paid-in-kind interest through March 22, 2020.

### *2020 Unsecured Note*

On April 29, 2020, we issued a zero coupon \$56.0 million senior unsecured note (the "2020 Unsecured Note") to a third party, raising proceeds of approximately \$47.3 million, net of approximately \$2.7 million in fees. In connection with the 2020 Unsecured Note, we issued the lender a warrant to purchase 20.0 million shares of our common stock at a strike price of \$1.542. These warrants may be exercised in full beginning on October 29, 2020. A portion of the unsecured note must be paid on the first day of every month, beginning on June 1, 2020, until the note matures on June 1, 2021.

### *Third Amendment to the 2019 Term Loan*

On April 28, 2020, Driftwood Holdings entered into the third amendment to the 2019 Term Loan which allowed us to issue the 2020 Unsecured Note. In connection with the third amendment, we agreed to pay off \$15.0 million of principal outstanding with the issuance of approximately 9.3 million shares of our common stock as well as a warrant for approximately 4.7 million shares of common stock at a strike price of \$1.542. The amount of shares issuable under the warrant may be reduced if we make any partial cash repayment of the Amended 2019 Term Loan principal prior to its vesting in full on October 29, 2020. We also agreed to an approximately \$2.2 million principal payment in cash of which approximately \$0.4 million is due within 30 days.

## **Restructuring**

We implemented a cost reduction and reorganization plan (the "Plan") and incurred approximately \$5.5 million of severance and reorganization charges due to a reduction in workforce. The Plan has been implemented due to the sharp decline in oil and natural gas prices as well as the growing negative economic effects of the COVID-19 pandemic. We expect to incur an additional \$0.9 million in severance and reorganization charges, and settle the remaining termination benefits, by September 30, 2020. The severance and reorganization amounts provided to former employees will be settled with cash and the vesting of 2.2 million restricted units that may be settled, at our election, with either cash, stock or a combination thereof. For further information regarding the Plan, see Note 7, *Accrued and Other Liabilities*, of our Notes to the Condensed Consolidated Financial Statements.

## **Liquidity and Capital Resources**

### *Capital Resources*

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. We are currently funding our operations, development activities and general working capital needs through our cash on hand. Our current capital resources consist of approximately \$55.5 million of cash and cash equivalents as of March 31, 2020, on a consolidated basis, of which approximately \$35.1 million is maintained at a wholly owned subsidiary of Tellurian Production Holdings LLC. We have the ability to raise funds through common or preferred stock issuances, debt financings, an at-the-market equity offering program or the sale of assets. We currently maintain our at-the-market equity offering program under which, as of April 24, 2020, we have remaining availability to raise aggregate sales proceeds of up to \$385.8 million. From January 1, 2020 through April 24, 2020, we issued 2.5 million shares of common stock under our at-the-market program for proceeds of \$3.4 million, net of \$0.1 million in fees and commissions.

### *Sources and Uses of Cash*

**Tellurian Inc. and Subsidiaries**  
**Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following table summarizes the sources and uses of our cash and cash equivalents and costs and expenses for the periods presented (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Cash used in operating activities	\$ (20,494)	\$ (33,035)
Cash used in investing activities	(269)	(28,868)
Cash provided by/(used in) financing activities	11,303	(5,395)
Net (decrease) increase in cash, cash equivalents and restricted cash	(9,460)	(67,298)
Cash, cash equivalents and restricted cash, beginning of the period	68,482	183,589
Cash, cash equivalents and restricted cash, end of the period	<u>\$ 59,022</u>	<u>\$ 116,291</u>
Net working capital	<u>\$ 3,699</u>	<u>\$ 67,715</u>

Cash used in operating activities for the three months ended March 31, 2020 decreased by approximately \$12.5 million compared to the same period in 2019 due to an overall decrease in disbursements in the normal course of business.

Cash used in investing activities for the three months ended March 31, 2020 decreased by approximately \$28.6 million compared to the same period in 2019. This decrease is predominantly driven by decreased natural gas development activities.

Cash provided by financing activities for the three months ended March 31, 2020 increased by approximately \$16.7 million compared to the same period in 2019. This increase primarily relates to a common stock issuance that raised net proceeds of approximately \$13.1 million and the absence of \$5.4 million in net settlement transactions on employee equity awards, offset by a \$2.0 million principal payment on the 2019 Term Loan.

*Borrowings*

As of March 31, 2020, we had total indebtedness of approximately \$128.6 million, all of which was secured indebtedness, and we were in compliance with the covenants under all of our senior secured term loan credit agreements. For additional details regarding our borrowing activity, refer to Note 8, *Borrowings*, and Note 15, *Subsequent Events*, of our Notes to Condensed Consolidated Financial Statements.

**Capital Development Activities**

The activities we have proposed will require significant amounts of capital and are subject to risks and delays in completion. We have received all regulatory approvals and, as a result, our business success will depend to a significant extent upon our ability to obtain the funding necessary to construct assets on a commercially viable basis and to finance the costs of staffing, operating and expanding our company during that process.

We estimate construction costs of approximately \$15.5 billion, or \$561 per tonne, for the Driftwood terminal and up to approximately \$2.3 billion for the Driftwood pipeline, in each case before owners' costs, financing costs and contingencies. We also are in the preliminary routing stage of developing the Haynesville Global Access Pipeline and the Permian Global Access Pipeline, which combined are estimated to cost approximately \$5.6 billion before owners' costs, financing costs and contingencies. In addition, the natural gas production activities we are pursuing will require considerable capital resources. We anticipate funding our more immediate liquidity requirements relative to the detailed engineering work and other developmental and general and administrative costs through the use of cash proceeds from completed equity issuances, the 2019 Term Loan and 2020 Unsecured Note, each as discussed above, and future issuances of securities by us.

Consistent with its overall financing strategy, the Company has considered, and in some cases discussed with investors, various potential financing transactions, including issuances of debt, equity and equity-linked securities or similar transactions, to support its short- and medium-term capital requirements. The Company will continue to evaluate its cash needs and business outlook, and it may execute one or more transactions of this type in the future.

We currently expect that our long-term capital requirements will be financed by proceeds from future debt, equity and/or equity-linked transactions. In addition, part of our financing strategy is expected to involve seeking equity investments by LNG customers at a subsidiary level. If the types of financing we expect to pursue are not available, we will be required to seek alternative sources of financing, which may not be available on acceptable terms, if at all.

**Results of Operations**

**Tellurian Inc. and Subsidiaries**  
**Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following table summarizes revenue, costs and expenses for the periods presented (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Natural gas sales	\$ 8,217	\$ 4,959
Cost of sales	2,879	1,112
Development expenses	11,183	11,875
Depreciation, depletion and amortization	5,832	2,531
General and administrative expenses	17,239	22,053
Severance and reorganization charges	5,505	—
Loss from operations	<u>(34,421)</u>	<u>(32,612)</u>
Interest expense, net	(6,396)	(587)
Other income (expense), net	83	(927)
Income tax benefit	—	—
Net loss	<u>\$ (40,734)</u>	<u>\$ (34,126)</u>

Our consolidated net loss was approximately \$40.7 million for the three months ended March 31, 2020, compared to a net loss of approximately \$34.1 million during the same period in 2019. The increase in net loss of approximately \$6.5 million is primarily a result of the following:

- Increases in Cost of sales and DD&A by approximately \$1.8 million and \$3.3 million, respectively, compared to the same period in 2019 were due to an increase in natural gas production and sales volumes.
- Severance and reorganization charges of approximately \$5.5 million were incurred during the period in connection with the Plan. For further information regarding the Plan, see Note 7, *Accrued and Other Liabilities*, of our Notes to the Condensed Consolidated Financial Statements.
- Increase of approximately \$5.8 million in interest expense, net, is primarily attributable to the 2019 Term Loan, which was not in place in the prior period.

The increase in expenses above were partially offset by an increase in natural gas sales of approximately \$3.2 million due to higher natural gas production volumes as well as a decrease in general and administrative expenses of approximately \$4.9 million primarily due to an overall decrease in business activities during the quarter.

**Off-Balance Sheet Arrangements**

None.

**Recent Accounting Standards**

For descriptions of recently issued accounting standards, see Note 1, *General*, of our Notes to the Condensed Consolidated Financial Statements.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We do not believe that we hold, or are party to, instruments that are subject to market risks that are material to our Business.

**ITEM 4. CONTROLS AND PROCEDURES**

As indicated in the certifications in Exhibits 31.1 and 31.2 to this report, our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures as of March 31, 2020. Based on that evaluation, these officers have concluded that our disclosure controls and procedures are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to them in a manner that allows for timely decisions regarding required disclosures and are effective in ensuring that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. There were no changes during our last fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

As previously disclosed in Amendment No. 1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and recent proxy statements on Schedule 14A, certain subsidiaries of the Company, and two of its directors, were named as defendants in a lawsuit brought by Cheniere Energy, Inc. (“Cheniere”) in July 2017. On January 30, 2020, Cheniere withdrew all claims it had asserted against the Company’s subsidiaries and directors, and all such claims were dismissed with prejudice.

### ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, except for the risk factors discussed below.

*Pandemics or disease outbreaks, such as the currently ongoing COVID-19 outbreak, may adversely affect our efforts to reach a final investment decision with respect to the Driftwood Project.*

Pandemics or disease outbreaks such as the currently ongoing COVID-19 outbreak may have a variety of adverse effects on our business, including by depressing commodity prices and the market value of our securities and limiting the ability of our management to travel to meet with partners and potential partners. Prospects for the development and financing of the Driftwood Project are based in part on factors including global economic conditions that have been, and are likely to continue to be, adversely affected by the COVID-19 pandemic. Additional effects of the pandemic on our business may include limits on the ability of our employees, or those of partners or vendors, to provide necessary services due to illness or quarantines and governmental restrictions on travel, imports or exports or financial transactions.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

#### Recent Sales of Unregistered Securities

None that occurred during the three months ended March 31, 2020 that have not already been reported in a Current Report on Form 8-K.

#### Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None that occurred during the three months ended March 31, 2020.

### ITEM 5. OTHER INFORMATION

#### Compliance Disclosure

Pursuant to Section 13(r) of the Exchange Act, if during the quarter ended March 31, 2020, we or any of our affiliates had engaged in certain transactions with Iran or with persons or entities designated under certain executive orders, we would be required to disclose information regarding such transactions in our quarterly report on Form 10-Q as required under Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (the “ITRSHRA”). Disclosure is generally required even if the activities were conducted outside the United States by non-U.S. entities in compliance with applicable law. During the quarter ended March 31, 2020, we did not engage in any transactions with Iran or with persons or entities related to Iran.

Total Delaware, Inc. and TOTAL S.A. have beneficial ownership of approximately 17% of the outstanding Tellurian common stock. Total Delaware, Inc. has the right to designate for election one member of Tellurian’s board of directors, and Eric Festa is the current Total Delaware, Inc. designee. Total Delaware, Inc. will retain this right for so long as its percentage ownership of Tellurian voting stock is at least 10%. On March 20, 2020, TOTAL S.A. included information in its Annual Report on Form 20-F for the year ended December 31, 2019 (the “Total 2019 Annual Report”) regarding activities during 2019 that require disclosure under the ITRSHRA. The relevant disclosures were reproduced in Exhibit 99.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, filed with the SEC on May 4, 2020 and are incorporated by reference herein. We have no involvement in or control over such activities, and we have not independently verified or participated in the preparation of the disclosures made in the Total 2019 Annual Report.

ITEM 6. EXHIBITS

Exhibit No.	Description
1.1	<a href="#"><u>Amended and Restated Distribution Agency Agreement, dated as of January 21, 2020, by and between Tellurian Inc. and Credit Suisse Securities (USA) LLC (incorporated by reference to Exhibit 1.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019)</u></a>
1.2	<a href="#"><u>Placement Agent Agreement, dated as of February 7, 2020, by and between Tellurian Inc. and T.R. Winston &amp; Company, LLC (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed on February 11, 2020)</u></a>
1.3	<a href="#"><u>Distribution Agency Agreement, dated as of March 2, 2020, among Tellurian Inc., Raymond James &amp; Associates, Inc. and T.R. Winston &amp; Company, LLC (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed on March 2, 2020)</u></a>
1.4‡	<a href="#"><u>Engagement Letter/Capital Formation Agreement, dated as of April 1, 2020, by and between Tellurian Inc. and Roth Capital Partners, LLC (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed on April 28, 2020)</u></a>
4.1*	<a href="#"><u>Amended and Restated Common Stock Purchase Warrant, dated as of March 23, 2020, issued to Nineteen77 Capital Solutions A LP</u></a>
4.2	<a href="#"><u>Indenture, dated as of April 29, 2020, by and between Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee, relating to Senior Unsecured Note due 2021 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 29, 2020)</u></a>
4.3	<a href="#"><u>Senior Unsecured Note due 2021, dated as of April 29, 2020, issued to High Trail Investments SA LLC (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on April 29, 2020)</u></a>
4.4	<a href="#"><u>Warrant to Purchase Common Stock, dated as of April 29, 2020, issued to High Trail Investments SA LLC (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on April 29, 2020)</u></a>
4.5	<a href="#"><u>Warrant to Purchase Common Stock, dated as of April 29, 2020, issued to Nineteen77 Capital Solutions A LP (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on April 29, 2020)</u></a>
4.6	<a href="#"><u>Amended and Restated Common Stock Purchase Warrant, dated as of April 29, 2020, issued to Nineteen77 Capital Solutions A LP (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on April 29, 2020)</u></a>
10.1††*	<a href="#"><u>Change Order CO-004, dated as of January 21, 2020, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 2 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc.</u></a>
10.2††*	<a href="#"><u>Change Order CO-004, dated as of January 21, 2020, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 3 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc.</u></a>
10.3††*	<a href="#"><u>Change Order CO-004, dated as of January 21, 2020, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 4 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc.</u></a>
10.4	<a href="#"><u>Form of Securities Purchase Agreement, dated as of February 11, 2020, by and between Tellurian Inc. and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 11, 2020)</u></a>
10.5	<a href="#"><u>First Amendment to Credit and Guaranty Agreement, dated as of February 28, 2020, by and among Driftwood Holdings LP, as borrower, each of the guarantors party thereto, the lenders party thereto, and Wilmington Trust, National Association, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 28, 2020)</u></a>
10.6	<a href="#"><u>Second Amendment to Credit and Guaranty Agreement, dated as of March 23, 2020, by and among Driftwood Holdings LP, as borrower, each of the guarantors party thereto, the lenders party thereto, and Wilmington Trust, National Association, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on April 28, 2020)</u></a>
10.7‡	<a href="#"><u>Securities Purchase Agreement, dated as of April 28, 2020, by and between Tellurian Inc. and the investor named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 28, 2020)</u></a>
10.8‡	<a href="#"><u>Third Amendment to Credit and Guaranty Agreement, dated as of April 28, 2020, by and among Driftwood Holdings LLC, as borrower, each of the guarantors party thereto, the lenders party thereto, and Wilmington Trust, National Association, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on April 28, 2020)</u></a>

Exhibit No.	Description
10.9	<a href="#">Form of Voting Agreement, dated as of April 29, 2020, by and between the Company and each of Charif Souki, Martin Houston, Meg Gentle and R. Keith Teague (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 29, 2020)</a>
31.1*	<a href="#">Certification by Chief Executive Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act</a>
31.2*	<a href="#">Certification by Chief Financial Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act</a>
32.1**	<a href="#">Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2**	<a href="#">Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
99.1*	<a href="#">Section 13(r) Disclosure</a>
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, formatted in Inline XBRL

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\* Filed herewith.

\*\* Furnished herewith.

† Management contract or compensatory plan or arrangement.

†† Portions of this exhibit have been omitted in accordance with Item 601(b)(2) or 601(b)(10) of Regulation S-K. The omitted information is not material and would likely cause competitive harm to the registrant if publicly disclosed. The registrant hereby agrees to furnish supplementally an unredacted copy of this exhibit to the Securities and Exchange Commission upon request.

‡ Certain schedules or similar attachments to this exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The registrant hereby agrees to furnish supplementally to the Securities and Exchange Commission upon request a copy of any omitted schedule or attachment to this exhibit.



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TELLURIAN INC.

Date: May 4, 2020                      By: /s/ Kian Granmayeh  
Kian Granmayeh  
Executive Vice President & Chief Financial Officer  
(as Principal Financial Officer)  
Tellurian Inc.

Date: May 4, 2020                      By: /s/ Khaled A. Sharafeldin  
Khaled A. Sharafeldin  
Chief Accounting Officer  
(as Principal Accounting Officer)  
Tellurian Inc.

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND, IF THE COMPANY REQUESTS, UPON DELIVERY OF AN OPINION OF COUNSEL TO SUCH EFFECT IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY OR (2) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE STATE SECURITIES LAWS AND THE SECURITIES LAWS OF OTHER JURISDICTIONS.

**AMENDED AND RESTATED  
COMMON STOCK PURCHASE WARRANT**

**TELLURIAN INC.**

Warrant Shares: 9,000,000

Issue Date: March 23, 2020

THIS AMENDED AND RESTATED COMMON STOCK PURCHASE WARRANT (this "Warrant") certifies that, for value received, Nineteen77 Capital Solutions A LP or its permitted assigns (the "Holder") is entitled, upon the terms and subject to the conditions set forth herein, in the amounts hereinafter specified from time to time on or after the Issue Date and on or prior to the fifth anniversary of the Issue Date (the "Termination Date"), to purchase from Tellurian Inc., a Delaware corporation (the "Company"), up to 9,000,000 shares (as adjusted from time to time pursuant to the terms of this Warrant, the "Warrant Shares") of the Company's common stock, par value \$0.01 per share ("Common Stock"), at a purchase price of \$1.00 per share (such purchase price, as adjusted from time to time pursuant to the terms of this Warrant, the "Exercise Price"). The Company and the Holder each acknowledges and agrees that this Warrant amends and restates in its entirety and replaces that certain Common Stock Purchase Warrant that was issued by the Company to the Holder on May 23, 2019, which is deemed cancelled as of the date hereof.

Section 1. Definitions. As used in this Warrant, the terms set forth in this Section 1 shall have the respective meanings assigned to them in this Section 1.

"Aggregate Exercise Price" means an amount equal to the product of (a) the number of Warrant Shares in respect of which this Warrant is then being exercised pursuant to Section 2 hereof, *multiplied by* (b) the Exercise Price in effect as of the applicable Exercise Date in accordance with the terms of this Warrant.

"Business Day" means any day except any Saturday, any Sunday or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Commission" means the Securities and Exchange Commission.

"Credit and Guaranty Agreement" means that certain Credit and Guaranty Agreement dated as of the date hereof by and among Driftwood Holdings LLC, as borrower, the guarantor parties thereto, the lenders from time to time party thereto, and Wilmington Trust, N.A. as administrative agent and collateral agent for the lenders.

"Event of Default" has the meaning set forth in the Credit and Guaranty Agreement.

"Exercise Date" means the date on which all of the following conditions have been satisfied: (i) a duly completed and executed Notice of Exercise has been delivered to the Company; and (ii) payment of the Aggregate Exercise Price has been received by the Company, in each case in accordance with Section 2(a) of this Warrant.

"Permitted Fund Transferees" means any fund or funds managed, directly or indirectly, by UBS O'Connor LLC, which funds are managed by the same key persons that exercise managerial control and authority of Nineteen77 Capital Solutions A LP as of the Issue Date.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Trading Day” means a day on which the principal Trading Market is open for trading.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB or OTCQX (or any successors to any of the foregoing).

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part in increments of 100,000 Warrant Shares, subject to the following limitations:

i. Immediately upon the Issue Date, the aggregate amount of Warrant Shares in respect of which the purchase rights represented by this Warrant may be exercised shall be 3,000,000 (the “First Tranche”) (as adjusted from time to time pursuant to the terms of this Warrant and subject to Section 2(a)(v)). The period between the Issue Date and prior to the date that is six months after the Issue Date is an “Exercise Period.”

ii. Upon the date that is six months after the Issue Date, the aggregate amount of Warrant Shares in respect of which the purchase rights represented by this Warrant may be exercised shall be increased by 2,000,000 (the “Second Tranche”) (as adjusted from time to time pursuant to the terms of this Warrant and subject to Section 2(a)(v)). The period between the date that is six months after the Issue Date and prior to the date that is 12 months after the Issue Date is an “Exercise Period.”

iii. Upon the date that is 12 months after the Issue Date, the aggregate amount of Warrant Shares in respect of which the purchase rights represented by this Warrant may be exercised shall be increased by 2,000,000 (the “Third Tranche”) (as adjusted from time to time pursuant to the terms of this Warrant and subject to Section 2(a)(v)). The period between the date that is 12 months after the Issue Date and prior to the date that is 15 months after the Issue Date is an “Exercise Period.”

iv. Upon the date that is 15 months after the Issue Date, the aggregate amount of Warrant Shares in respect of which the purchase rights represented by this Warrant may be exercised shall be increased by 2,000,000 (the “Fourth Tranche” and together with the First Tranche, Second Tranche and Third Tranche, each a “Tranche”) (as adjusted from time to time pursuant to the terms of this Warrant and subject to Section 2(a)(v)). The period between the date that is 15 months after the Issue Date and prior to the Termination Date is an “Exercise Period.”

v. Notwithstanding anything to the contrary herein, in the event any portion of the outstanding principal amount of the Loans (as defined in the Credit and Guaranty Agreement) is repaid during an Exercise Period, the number of Warrant Shares represented by each Tranche of each subsequent Exercise Period shall be equal to (A) the number of Warrant Shares represented by such Tranche (as adjusted from time to time pursuant to the terms of this Warrant), multiplied by (B) a fraction (x) the numerator of which is the average daily outstanding principal amount of the Loans from the most recent Monthly Payment Date (as defined in the Credit and Guaranty Agreement) under the Credit and Guaranty Agreement as of such time, and (y) the denominator of which is \$70,000,000. Further, in the event that the outstanding balance of the Loans is repaid in full during an Exercise Period, then each Tranche with respect to all subsequent Exercise Periods shall represent zero Warrant Shares.

Subject to the foregoing limitations, exercise of the purchase rights represented by this Warrant may be made, by delivery to the Company of a duly completed and executed facsimile copy or PDF copy submitted by facsimile or e-mail attachment of the Notice of Exercise in the form attached hereto (“Notice of Exercise”) and payment of the Aggregate Exercise Price, by wire transfer of immediately available funds to an account designated by the Company in writing or cashier’s check drawn on a United States bank, unless the utilization of the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything in this Warrant to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available under this Warrant and this Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation at the same time that the final Notice of Exercise is delivered to the Company.

b) Partial Exercise. Any partial exercise of this Warrant resulting in the purchase of a portion of the total number of Warrant Shares then available hereunder shall have the effect of lowering the outstanding number of Warrant

Shares purchasable hereunder by an amount equal to the applicable number of Warrant Shares purchased as a result of such partial exercise. The Company shall maintain records reflecting the number of Warrant Shares purchased pursuant to the exercise of this Warrant and the date(s) of such purchase(s).

c) Cashless Exercise. This Warrant may be exercised, in whole or in part in increments of 100,000 Warrant Shares (and subject to the limitations on exercise set forth in Sections 2(a)(i)-(v)), at any time or times on or after the Issue Date and on or prior to the Termination Date at the election of the Holder (in the Holder's sole discretion) by means of a "cashless exercise," pursuant to which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing  $((A-B) * (X))$  by (A), where:

(A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(68) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, or (ii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 2(a) hereof during such Trading Day or after the close of "regular trading hours" on such Trading Day;

(B) = the Exercise Price of this Warrant; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

Any cashless exercise of this Warrant shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder by an amount equal to the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise and not the number of Warrant Shares actually received by the Holder.

For purposes of Rule 144 promulgated under the Securities Act, it is intended, understood and acknowledged that any Warrant Shares issued in a cashless exercise pursuant to this Section 2(c) shall be deemed to have been acquired by the Holder, and the holding period for such Warrant Shares shall be deemed to have commenced, on the Issue Date.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P., (b) if the Common Stock is not then listed or quoted for trading on a Trading Market and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (c) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

Notwithstanding anything in this Warrant to the contrary, on the Termination Date, this Warrant shall be automatically exercised via cashless exercise pursuant to this Section 2(c) without any action on the part of the Holder.

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall deliver, or shall cause to be delivered, the Warrant Shares acquired hereunder to the Holder within one (1) Trading Day after the Exercise Date (such date, the "Warrant Share Delivery Date"). Such Warrant Shares shall be in certificated form and bear an appropriate restrictive legend unless otherwise required under the terms of this Warrant. The person in whose name any Warrant Shares are to be issued upon exercise of this Warrant shall be deemed to have become the holder of record of such shares on the date on which this Warrant was validly exercised, irrespective of the actual date of issuance of such Warrant Shares, except that, if the date of such valid exercise is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such Warrant Shares at the close of business on the next succeeding date on which the stock transfer books are open.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to deliver or cause to be delivered, to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise by providing written notice thereof to the Company.

iv. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either (x) pay a cash adjustment in respect of such final fraction in an amount equal to such fraction, multiplied by the Exercise Price or (y) round up to the next whole share.

v. Taxes. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax in respect of the issuance of such Warrant Shares, all of which taxes shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder to the extent permitted under this Warrant; provided, however, that in the event that Warrant Shares are to be so issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the assignment form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. For income tax purposes, the Holder agrees that the Company may withhold from any amounts payable to the Holder or its permitted assignee or permitted transferee any taxes to be withheld from such amounts; provided that the Company shall use reasonable efforts to notify the Holder of the Company's intention to withhold such taxes and the reason therefor prior to such withholding and the Company shall reasonably cooperate with the Holder to reduce or eliminate the amounts required to be withheld.

vi. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

### Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant (and the limitations set forth in Sections 2(a)(i)-(v)) shall be proportionately adjusted such that the Aggregate Exercise Price in respect of the Warrant Shares that remain subject to this Warrant at such time shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions

consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a “Fundamental Transaction”), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction (as if the exercise of this Warrant occurred immediately prior to the occurrence of such Fundamental Transaction), the number of shares of common stock of the successor or acquiring corporation (if such successor or acquiring corporation assumed the obligations under this Warrant by operation of law, provided that, in the absence of such assumption, immediately prior to the Fundamental Transaction, this Warrant shall be automatically exercised via cashless exercise without any action on the part of the Holder) or shares of Common Stock of the Company, if it is the surviving corporation, and any additional consideration (the “Alternate Consideration”) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction. For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction.

c) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding. Notwithstanding anything to the contrary in this Section 3, if at any time the Exercise Price upon any adjustment thereto would be less than par value per share of Common Stock, then the Exercise Price shall equal such par value.

d) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall within five (5) Trading Days deliver to the Holder by facsimile or email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock (excluding any ordinary course repurchases under equity compensation plans), or (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, in each case, if any such action is not publicly disclosed prior to the applicable record or effective date hereinafter specified, the Company shall cause to be delivered by facsimile or email to the Holder at its last facsimile number or email address as it shall appear upon the Warrant Register of the Company, at least five Business Days prior to the applicable record or effective date hereinafter specified, a notice stating the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice.

#### Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable to any Person, in whole or in part (but if in part, then only in increments representing 100,000 Warrant Shares issuance pursuant hereto), upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the

Company shall execute and deliver a new Warrant or Warrants in the name of the Permitted Fund Transferee or Permitted Fund Transferees, as applicable, and in the denomination or denominations specified in such instrument of assignment (provided that no new Warrant shall be exercisable for less than 100,000 Warrant Shares), and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. This Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney; provided that no new Warrant shall be exercisable for less than 100,000 Warrant Shares. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for this Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the original issue date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that:

- i. it is an "accredited investor" as defined in Regulation D of the Securities Act;
- ii. it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for investment for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.
- iii. it understands and acknowledges that this Warrant and the Warrant Shares to be issued upon exercise hereof are "restricted securities" under the federal securities laws and may not be offered, sold, pledged or otherwise transferred except (A) pursuant to an exemption from registration under the Securities Act and, if the Company requests, upon delivery of an opinion of counsel to such effect, in form and substance reasonably satisfactory to the Company or (B) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable state securities laws and the securities laws of other jurisdictions; and
- iv. it can bear the economic and financial risk of its investment for an indefinite period and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Warrant and the Warrant Shares.

e) Removal of Legends.

- i. Until such time as the Warrant Shares have been sold pursuant to an effective registration statement under the Securities Act, or the Warrant Shares are eligible for resale pursuant to Rule 144 promulgated under the Securities Act without any restriction as to the number of securities as of a particular date that can then be immediately sold, any certificate(s) representing the Warrant Shares sold pursuant to this Agreement will be imprinted (and any Warrant Shares issued in book entry form will have a notation in the Company's stock transfer records) with a legend in substantially the following form:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE SECURITIES EVIDENCED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT and, if the Company requests, upon delivery of an opinion of counsel to such effect, in form and substance reasonably satisfactory to the Company OR (2) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE STATE SECURITIES LAWS AND THE SECURITIES LAWS OF OTHER JURISDICTIONS.

ii. Certificates evidencing the Warrant Shares shall not contain any legend (including the legend set forth in Section 4(c)(i) hereof): (i) while a registration statement covering the resale of such security is effective under the Securities Act, (ii) if such Warrant Shares are eligible for sale under Rule 144, or (iii) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission). If all or any portion of this Warrant is exercised at a time when there is an effective registration statement to cover the resale of the Warrant Shares, or if such Warrant Shares may be sold under Rule 144 or if such legend is not otherwise required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission) then such Warrant Shares shall be issued free of all legends. The Company agrees that following such time as such legend is no longer required under this Section 4(e)(iii) and upon the request of the Holder, the Company will, no later than five (5) Trading Days following the delivery by a Holder to the Company of a certificate representing Warrant Shares, as applicable, issued with a restrictive legend (such third Trading Day, the "Legend Removal Date"), deliver or cause to be delivered to such Holder a certificate representing such shares that is free from all restrictive and other legends.

f) Registration Rights. If at any time the Company shall determine to (x) prepare and file with the SEC a registration statement for the sale of Common Stock or other equity securities of the Company, or (y) sell shares of Common Stock or other equity securities of the Company in an underwritten offering pursuant to a registration statement filed with the SEC on Form S-3 (or any successor form or other appropriate form promulgated under the Securities Act) for an offering to be made on a continuous or delayed basis pursuant to Rule 415 promulgated under the Securities Act, in each case, either for its own account or for the account of other holders of equity securities in the Company, the Company shall (i) promptly, but no less than ten (10) Business Days prior to the anticipated filing date of the registration statement (in the case of clause (x) above) or such sale (in the case of clause (y) above), give to each holder of Warrant Shares written notice thereof and (ii) subject to customary limitations (including, without limitation, underwriter cutbacks) and receipt of customary information, representations and undertakings from the Holder, include in such registration statement or sale, as applicable, all Warrant Shares specified in a written request or requests, made by the holders of the Warrant Shares within five (5) Business Days after receipt of the notice from the Company described in clause (i) above. For the avoidance of doubt, this Section 4(f) shall survive the exercise in full of this Warrant or, if this exercise shall have been exercised in part or in full prior to such termination, the termination of this Warrant.

#### Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of an affidavit of loss and indemnity or security reasonably satisfactory to it (which, in the case of this Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted in this Warrant is not a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

i. During the period this Warrant is outstanding from and after the Issue Date, the Company covenants that it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided in this Warrant without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from



all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue or the Holder's income taxes).

ii. Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

iii. Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall use commercially reasonable efforts to obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. This Warrant shall be interpreted and enforced in accordance with and governed by the laws of the State of Delaware applicable to agreements made and to be performed wholly within that jurisdiction without regard to conflicts of laws principles thereof that would result in the application of the law of any other jurisdiction.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder (other than the Holder's rights set forth in Section 4(f)) terminate on the Termination Date. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any out-of-pocket costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. All notices and other communications provided for hereunder shall be (i) in writing (including facsimile and email) and (ii) sent by facsimile, email or overnight courier (if for inland delivery) or international courier (if for overseas delivery) to a party hereto at its address and contact number specified below, or at such other address and contact number as is designated by such party in a written notice to the other parties hereto:

- i. The  
Company:

Tellurian Inc.  
1201 Louisiana St  
Suite 3100  
Houston, TX 77002  
Attention: Legal  
Email: legal.notices@tellurianinc.com

ii. The  
Holder:

Nineteen77 Capital Solutions A LP  
c/o UBS O'Connor LLC  
787 7<sup>th</sup> Avenue, 13th Floor  
New York, NY 10019  
Attention: Rodrigo Trelles  
Email: OL-OCS@ubs.com

with copies (which shall not constitute notice) to: Nineteen77 Capital Solutions A LP  
c/o UBS O'Connor LLC  
UBS Tower  
1 N. Wacker Drive  
Chicago, IL 60606  
Attention: Andrew Hollenbeck  
Email: andrew.hollenbeck@ubs.com

with copies (which shall not constitute notice) to: Latham & Watkins LLP  
885 Third Avenue  
New York, NY 10022  
Attention: Matthew Henegar  
Telephone No.: 212-906-1814  
Email: matthew.henegar@lw.com

Latham & Watkins LLP  
885 Third Avenue  
New York, NY 10022  
Attention: David E. Owen  
Telephone No.: 212-906-4503  
Email: david.owen@lw.com

All notices and communications shall be effective when received by the addressee thereof during business hours on a Business Day in such Person's location as indicated by such Person's address above, or at such other address as is designated by such Person in a written notice to the other parties hereto.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

o) Tax Treatment. This Warrant has been issued as part of an "investment unit" (within the meaning of Treasury Regulations Section 1.1273-2(h)), consisting of this Warrant and loans advanced by the Holder pursuant to the Credit and Guaranty Agreement. The Company and the Holder agree that solely for purposes of Treasury Regulations Section 1.1273-2(h), the initial issue price of such loans and the fair market value and purchase price of this Warrant shall

be amounts reasonably agreed by the Holder and the Company within thirty (30) days after the Issue Date. The Company and the Holder shall file all income tax returns consistent with the foregoing tax treatment, including the issue price and purchase price specified in the preceding sentence.

p) Limitation on Exercise. In no event shall the Holder have the right to exercise this Warrant to the extent that such exercise would result in the Holder and its affiliates, including groups that include the Holder and its affiliates, together beneficially owning more than 9.99% of the issued and outstanding shares of Common Stock. To the extent any exercise of this Warrant would result in the Holder owning more than 9.99% of the issued and outstanding shares of Common Stock, then the Holder shall notify the Company that such exercise shall be deemed not to have occurred and the Company shall not issue any outstanding Warrant Shares to the Holder in respect thereof.

\*\*\*\*\*

*(Signature Page Follows)*

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

**TELLURIAN INC.**

By: \_\_\_\_\_

Name:

Title:

**NOTICE OF EXERCISE**

To: TELLURIAN INC.

(1) The undersigned hereby elects to purchase \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full.

(2) Exercise Price: \$

(3) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(4) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_

(5) Accredited Investor. The undersigned is an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended, and reaffirms as of the date hereof, the representations and warranties set forth in Section 4(d) of the Warrant.

[SIGNATURE OF HOLDER]

Name of Investing Entity: \_\_\_\_\_

*Signature of Authorized Signatory of Investing Entity:* \_\_\_\_\_

Name of Authorized Signatory: \_\_\_\_\_

Title of Authorized Signatory: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

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ASSIGNMENT FORM

*(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)*

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: \_\_\_\_\_

(Please Print)

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Dated: \_\_\_\_\_, \_\_\_\_\_

Holder's Signature: \_\_\_\_\_

Holder's Address: \_\_\_\_\_

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [\*\*\*] INDICATES THAT INFORMATION HAS BEEN REDACTED.

### CHANGE ORDER FORM

**PROJECT NAME:** Driftwood LNG Phase 2

**OWNER:** Driftwood LNG LLC

**CONTRACTOR:** Bechtel Oil, Gas and Chemicals, Inc.

**DATE OF AGREEMENT:** 10 November 2017

**CHANGE ORDER NUMBER:** CO-004

**DATE OF CHANGE ORDER:** January 21, 2020

The Agreement between the Parties listed above is changed as follows:

I. **SCHEDULE  
REDUCTION**

A. **EPC Agreement Terms Modifications**

The Parties agree that **Attachment 5 (Project Schedule)** of the **Phase 2 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows:

Limited Notice to Proceed	[***] Days prior to Owner's issuance of Notice to Proceed
Notice to Proceed	Day Zero
Ready for Start Up	[***] Days following Owner's issuance of Notice to Proceed
Target Substantial Completion Date	[***] Days from Owner's issuance of Notice to Proceed
Guaranteed Substantial Completion Date	[***] Days from Owner's issuance of Notice to Proceed
Final Completion	[***] Days after Guaranteed Substantial Completion Date

The Parties agree that **Article 13.2 (Schedule Bonus)** of the **Phase 2 EPC Agreement** remains unchanged and the **Schedule Bonus Date** for Project 3 remain unchanged at [\*\*\*] Days after issuance of NTP for Project 3.

**Adjustment to Contract Price**

The original Contract Price was	USD 2,515,986,451	EUR 166,316,651
Net change by previously authorized Change Orders	USD 60,206,464	EUR 0
The Contract Price prior to this Change Order was	USD 2,576,192,915	EUR 166,316,651
The Contract Price will be <del>increased (decreased)</del> (unchanged) by this Change Order in the amount of	USD 0	EUR 0
The new Contract Price including this Change Order will be	USD 2,576,192,915	EUR 166,316,651

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The Aggregate Provisional Sum prior to this Change Order was	USD 165,239,413	EUR 0
The Aggregate Provisional Sum will be unchanged by this Change Order in the amount of	USD 0	EUR 0
The new Aggregate Provisional Sum including this Change Order will be	USD 165,239,413	EUR 0

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**Adjustments to dates in Project Schedule:**

The following dates are modified: N/A

Adjustment to other Changed Criteria: N/A

Adjustment to Payment Schedule: N/A

Adjustment to Provisional Sums: N/A

Adjustment to Minimum Acceptance Criteria: N/A

Adjustment to Performance Guarantees: N/A

Adjustment to Design Basis: N/A

Other adjustments to liability or obligation of Contractor or Owner under the Agreement: N/A

Select either A or B:

[A] This Change Order **shall** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall** be deemed to compensate Contractor fully for such change. Initials: [\*\*\*] Contractor [\*\*\*] Owner

~~[B] This Change Order **shall not** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall not** be deemed to compensate Contractor fully for such change. Initials: \_\_\_\_\_ Contractor \_\_\_\_\_ Owner~~

Upon execution of this Change Order by Owner and Contractor, the above-referenced change shall become a valid and binding part of the original Agreement without exception or qualification, unless noted in this Change Order. Except as modified by this and any previously issued Change Orders, all other terms and conditions of the Agreement shall remain in full force and effect. This Change Order is executed by each of the Parties' duly authorized representatives.

<u>/s/ [***]</u>	<u>/s/ [***]</u>
Owner	Contractor
<u>[***]</u>	<u>[***]</u>
Name	Name
<u>[***]</u>	<u>[***]</u>
Title	Title
<u>January 21, 2020</u>	<u>January 21, 2020</u>
Date of Signing	Date of Signing



CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [\*\*\*] INDICATES THAT INFORMATION HAS BEEN REDACTED.

**CHANGE ORDER FORM**

**PROJECT NAME:** Driftwood LNG Phase 3

**OWNER:** Driftwood LNG LLC

**CONTRACTOR:** Bechtel Oil, Gas and Chemicals, Inc.

**DATE OF AGREEMENT:** 10 November 2017

**CHANGE ORDER NUMBER:** CO-004

**DATE OF CHANGE ORDER:** January 21, 2020

The Agreement between the Parties listed above is changed as follows:

**I. SCHEDULE  
REDUCTION**

**A. EPC Agreement Terms Modifications**

The Parties agree that **Attachment 5 (Project Schedule)** of the **Phase 3 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows:

Limited Notice to Proceed	[***] Days prior to Owner's issuance of Notice to Proceed
Notice to Proceed	Day Zero
Ready for Start Up	[***] Days following Owner's issuance of Notice to Proceed
Target Substantial Completion Date	[***] Days from Owner's issuance of Notice to Proceed
Guaranteed Substantial Completion Date	[***] Days from Owner's issuance of Notice to Proceed
Final Completion	[***] Days after Guaranteed Substantial Completion Date

The Parties agree that **Article 13.2 (Schedule Bonus)** of the **Phase 3 EPC Agreement** remains unchanged and the **Schedule Bonus Date** for Project 4 remain unchanged at [\*\*\*] Days after issuance of NTP for Project 4.

**Adjustment to Contract Price**

The original Contract Price was	USD 2,552,105,578	EUR 165,167,044
Net change by previously authorized Change Orders	USD 0	EUR 0
The Contract Price prior to this Change Order was	USD 2,552,105,578	EUR 165,167,044
The Contract Price will be <del>increased (decreased)</del> unchanged by this Change Order in the amount of	USD 0	EUR 0
The new Contract Price including this Change Order will be	USD 2,552,105,578	EUR 165,167,044

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The Aggregate Provisional Sum prior to this Change Order was	USD 215,573,207	EUR 0
The Aggregate Provisional Sum will be <del>increased (decreased)</del> unchanged by this Change Order in the amount of	USD 0	EUR 0
The new Aggregate Provisional Sum including this Change Order will be	USD 215,573,207	EUR 0

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**Adjustments to dates in Project Schedule:**

- The following dates are modified: N/A
- Adjustment to other Changed Criteria: N/A
- Adjustment to Payment Schedule: N/A
- Adjustment to Provisional Sums: N/A
- Adjustment to Minimum Acceptance Criteria: N/A
- Adjustment to Performance Guarantees: N/A
- Adjustment to Design Basis: N/A
- Other adjustments to liability or obligation of Contractor or Owner under the Agreement: N/A

Select either A or B:

[A] This Change Order **shall** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall** be deemed to compensate Contractor fully for such change. Initials: [\*\*\*] Contractor [\*\*\*] Owner

~~[B] This Change Order **shall not** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall not** be deemed to compensate Contractor fully for such change. Initials: \_\_\_ Contractor \_\_\_ Owner~~

Upon execution of this Change Order by Owner and Contractor, the above-referenced change shall become a valid and binding part of the original Agreement without exception or qualification, unless noted in this Change Order. Except as modified by this and any previously issued Change Orders, all other terms and conditions of the Agreement shall remain in full force and effect. This Change Order is executed by each of the Parties' duly authorized representatives.

<u>/s/ [***]</u>	<u>/s/ [***]</u>
Owner	Contractor
<u>[***]</u>	<u>[***]</u>
Name	Name
<u>[***]</u>	<u>[***]</u>
Title	Title
<u>January 21, 2020</u>	<u>January 21, 2020</u>
Date of Signing	Date of Signing

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [\*\*\*] INDICATES THAT INFORMATION HAS BEEN REDACTED.

## CHANGE ORDER FORM

**PROJECT NAME:** Driftwood LNG Phase 4

**OWNER:** Driftwood LNG LLC

**CONTRACTOR:** Bechtel Oil, Gas and Chemicals, Inc.

**DATE OF AGREEMENT:** 10 November 2017

**CHANGE ORDER NUMBER:** CO-004

**DATE OF CHANGE ORDER:** January 21, 2020

The Agreement between the Parties listed above is changed as follows:

I. **SCHEDULE  
REDUCTION**

A. **EPC Agreement Terms Modifications**

The Parties agree that **Attachment 5 (Project Schedule)** of the **Phase 4 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows:

Limited Notice to Proceed	[***] Days prior to Owner's issuance of Notice to Proceed
Notice to Proceed	Day Zero
Ready for Start Up	[***] Days following Owner's issuance of Notice to Proceed
Target Substantial Completion Date	[***] Days from Owner's issuance of Notice to Proceed
Guaranteed Substantial Completion Date	[***] Days from Owner's issuance of Notice to Proceed
Final Completion	[***] Days after Guaranteed Substantial Completion Date

The Parties agree that **Article 13.2 (Schedule Bonus)** of the **Phase 4 EPC Agreement** remains unchanged and the **Schedule Bonus Date** for Project 5 remain unchanged at [\*\*\*] Days after issuance of NTP for Project 5.

**Adjustment to Contract Price**

The original Contract Price was	USD 1,925,058,672	EUR 148,365,834
Net change by previously authorized Change Orders	USD 0	EUR 0
The Contract Price prior to this Change Order was	USD 1,925,058,672	EUR 148,365,834
The Contract Price will be <del>increased (decreased)</del> unchanged by this Change Order in the amount of	USD 0	EUR 0
The new Contract Price including this Change Order will be	USD 1,925,058,672	EUR 148,365,834

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The Aggregate Provisional Sum prior to this Change Order was	USD 127,877,840	EUR 0
The Aggregate Provisional Sum will be <del>increased (decreased)</del> unchanged by this Change Order in the amount of	USD 0	EUR 0
The new Aggregate Provisional Sum including this Change Order will be	USD 127,877,840	EUR 0

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**Adjustments to dates in Project Schedule:**

The following dates are modified: N/A  
Adjustment to other Changed Criteria: N/A  
Adjustment to Payment Schedule: N/A  
Adjustment to Provisional Sums: N/A  
Adjustment to Minimum Acceptance Criteria: N/A  
Adjustment to Performance Guarantees: N/A  
Adjustment to Design Basis: N/A  
Other adjustments to liability or obligation of Contractor or Owner under the Agreement: N/A

Select either A or B:

[A] This Change Order **shall** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall** be deemed to compensate Contractor fully for such change. Initials: [\*\*\*] Contractor [\*\*\*] Owner

~~[B] This Change Order **shall not** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall not** be deemed to compensate Contractor fully for such change. Initials: \_\_\_\_\_ Contractor \_\_\_\_\_ Owner~~

Upon execution of this Change Order by Owner and Contractor, the above-referenced change shall become a valid and binding part of the original Agreement without exception or qualification, unless noted in this Change Order. Except as modified by this and any previously issued Change Orders, all other terms and conditions of the Agreement shall remain in full force and effect. This Change Order is executed by each of the Parties' duly authorized representatives.

<u>/s/ [***]</u>	<u>/s/ [***]</u>
Owner	Contractor
<u>[***]</u>	<u>[***]</u>
Name	Name
<u>[***]</u>	<u>[***]</u>
Title	Title
<u>January 21, 2020</u>	<u>January 21, 2020</u>
Date of Signing	Date of Signing

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT**

I, Meg A. Gentle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tellurian Inc.:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2020

/s/ Meg A. Gentle

Meg A. Gentle  
Chief Executive Officer  
(as Principal Executive Officer)  
Tellurian Inc.

**CERTIFICATION BY CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT**

I, Kian Granmayeh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tellurian Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2020

/s/ Kian Granmayeh

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Kian Granmayeh

Executive Vice President & Chief Financial Officer

(as Principal Financial Officer)

Tellurian Inc.

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Tellurian Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Meg A. Gentle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;  
and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2020

/s/ Meg A. Gentle

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Meg A. Gentle  
Chief Executive Officer  
(as Principal Executive Officer)  
Tellurian Inc.

**CERTIFICATION BY CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Tellurian Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kian Granmayeh, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;  
and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2020

/s/ Kian Granmayeh

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Kian Granmayeh

Executive Vice President & Chief Financial Officer

(as Principal Financial Officer)

Tellurian Inc.



## Section 13(r) Disclosure

TOTAL S.A., a company that may be considered an affiliate of Tellurian Inc., included in its Annual Report on Form 20-F for the year ended December 31, 2019 the disclosure reproduced below pursuant to Section 13(r) of the Securities Exchange Act of 1934 regarding certain Iran-related activities of the Group. The terms "TOTAL" and "Group" as used in this document refer to TOTAL S.A. collectively with all of its direct and indirect consolidated companies located in or outside of France.

TOTAL believes that these activities are not subject to sanctions. The Group's operational activities related to Iran were stopped in 2018 following the withdrawal of the United States from the Joint Comprehensive Plan of Action ("JCPOA") in May 2018 and prior to the re-imposition of U.S. secondary sanctions on the oil industry as of November 5, 2018. Statements in this section concerning affiliates of TOTAL intending or expecting to continue activities described below are subject to such activities continuing to be permissible under applicable international economic sanctions regimes.

*Exploration & Production*

The Tehran branch office of Total E&P South Pars S.A.S. (a wholly-owned affiliate), which opened in 2017 for the purposes of the development and production of phase 11 of the South Pars gas field, ceased all operational activities prior to November 1, 2018. In addition, since November 2018, Total Iran BV maintains a local representative office in Tehran with few employees solely for non-operational functions. Concerning payments to Iranian entities in 2019, Total Iran BV and Elf Petroleum Iran collectively made payments of approximately IRR 1.87 billion (approximately €39,500) (*Converted using the average exchange rate for fiscal year 2019, as published by the Central Bank of Iran.*) to the Iranian administration for taxes and social security contributions concerning the staff of the aforementioned representative office. None of these payments were executed in U.S. dollars.

Since November 30, 2018, Total E&P UK Limited ("TEP UK"), a wholly-owned affiliate, holds a 1% interest in a joint-venture relating to the Bruce field in the United Kingdom (the "Bruce Field Joint-Venture") with Serica Energy (UK) Limited ("Serica") (98%, operator) and BP Exploration Operating Company Limited ("BPEOC") (1%), following the completion of the sale of 42.25% of TEP UK's interest in the Bruce Field Joint-Venture on November 30, 2018 pursuant to a sale and purchase agreement dated August 2, 2018 entered into between TEP UK and Serica. Upon closing of the transaction on November 30, 2018, all other prior joint-venture partners also sold their interests in the Bruce Field Joint-Venture to Serica (BPEOC sold 36% retaining a 1% interest, BHP Billiton Petroleum Great Britain Limited ("BHP") sold its entire interest of 16% and Marubeni Oil & Gas (U.K.) Limited ("Marubeni") sold its entire interest of 3.75%).

The Bruce Field Joint-Venture is party to an agreement governing certain transportation, processing and operation services provided to another joint-venture at the Rhum field in the UK (the "Bruce Rhum Agreement"). The licensees of the Rhum field are Serica (50%, operator) and the Iranian Oil Company UK Ltd ("IOC UK"), a subsidiary of NIOC (50%), an Iranian government-owned corporation. Under the terms of the Bruce Rhum Agreement, the Rhum field owners pay a proportion of the operating costs of the Bruce field facilities calculated on a gas throughput basis.

In November 2018, the U.S. Treasury Department's Office of Foreign Asset Control ("OFAC") granted a conditional license to BPEOC and Serica authorizing provision of services to the Rhum field following the re-imposition of U.S. secondary sanctions. The principal condition of the license is that the ownership of shares in IOC UK by Naftiran Intertrade Company Limited (the trading branch of the NIOC) are transferred into and held in a Jersey-based trust, thereby ensuring that the Iranian government does not derive any economic benefit from the Rhum field so long as U.S. sanctions against these entities remain in place. IOC UK's interest is managed by an independent management company established by the trust and referred to as the "Rhum Management Company" ("RMC"). Where necessary TEP UK liaises with RMC in relation to the Bruce Rhum Agreement and TEP UK expects to continue liaising with RMC on the same basis in 2020.

In October 2019, OFAC renewed and extended the conditional license to Serica authorizing the provision of services to the Rhum field until February 2021. In addition, OFAC informed that, to the extent that the license remains valid and Serica represents that the conditions set out in the license are met, activities and transactions of non-U.S. persons involving the Rhum field or the Bruce field, including in relation to the operation of the trust, IOC UK and RMC will not be exposed to U.S. secondary sanctions with respect to Iran.

IOC UK's share of costs incurred under the Bruce Rhum Agreement have been paid to TEP UK in 2019 by RMC. In 2019, based upon TEP UK's 1% interest in the Bruce Field Joint-Venture and income from the net cash flow sharing arrangement with Serica, gross revenue to TEP UK from IOC UK's share of the Rhum field resulting from the Bruce Rhum Agreement was approximately £8 million. This amount was used to offset operating costs on the Bruce field and as such, generated no net profit to TEP UK. This arrangement is expected to continue in 2020.

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Early 2019, TEP UK continued to act as agent for BHP and Marubeni pursuant to the agency agreement entered into in June 2018 between BHP, Marubeni and TEP UK according to which TEP UK received payments from RMC in relation to BHP and Marubeni's share of income from the Bruce Rhum Agreement (the "Agency Agreement"). The payments related to the period before November 30, 2018, prior to BHP and Marubeni divested their respective interest in the Bruce Field Joint-Venture to Serica. In 2019, total payment received on behalf of BHP and Marubeni by TEP UK under this arrangement was approximately £1.1 million. TEP UK transferred all income received under the Agency Agreement to BHP and Marubeni and provided the service on a no profit, no loss basis. The Agency Agreement was terminated on June 27, 2019 following receipt of all payments relating to the period up to November 30, 2018.

TEP UK is also party to an agreement with Serica whereby TEP UK uses reasonable endeavors to evacuate Rhum NGL from the St Fergus Terminal (the "Rhum NGL Agreement"). TEP UK provides this service subject to Serica having title to all of the Rhum NGL to be evacuated and Serica having a valid license from OFAC for the activity. The service is provided on a cost basis, and TEP UK charges a monthly handling fee that generates an income of approximately £35,000 per annum relating to IOC UK's 50% stake in the Rhum field. After costs, TEP UK realizes little profit from this arrangement. TEP UK expects to continue this activity in 2020.

TOTAL S.A. paid approximately €2,000 to Iranian authorities related to various patents (*Section 560.509 of the U.S. Iranian Transactions and Sanctions Regulations provides an authorization for certain transactions in connection with patent, trademark, copyright or other intellectual property protection in the United States or Iran, including payments for such services and payments to persons in Iran directly connected to intellectual property rights, and TOTAL believes that the activities related to the industrial property rights described in this point are consistent with that authorization.*) in 2019. Similar payments are expected to be made in 2020

#### *Other business segments*

In 2019, TOTAL S.A. paid fees of approximately €1,500 to Iranian authorities related to the maintenance and protection of trademarks and designs in Iran. Similar payments are expected to be made in 2020.

#### *Refining & Chemicals*

In 2019, Hanwha Total Petrochemicals ("HTC"), a South Korean joint-venture in which each of Total Holdings UK Limited (a wholly-owned affiliate) and its partner Hanwha General Chemicals holds a 50% interest, reported some activity in Iran. In November 2018, South Korea was granted a significant reduction exemption waiver (the "SRE waiver") allowing it to import Iranian condensate from NIOC for six months. In that context, HTC purchased approximately 13.5 Mb of condensates from NIOC for approximately KRW 1,000 billion (approximately €760 million)(*Converted using the average exchange rate for fiscal year 2019, as published by Bloomberg*) from January 2019 to April 2019. HTC stopped purchasing from NIOC thereafter. These condensates are used as raw material for certain of HTC's steam crackers.

In 2019, Total Research & Technology Feluy ("TRTF", a wholly-owned affiliate) and Total Raffinage Chimie ("TRC", a wholly-owned affiliate) paid fees related to three patents to Iranian authorities for an amount of approximately €1,400.

#### *Marketing & Services*

In 2019, Total Marketing France ("TMF", a wholly-owned affiliate), provided fuel payment cards to the Iranian embassy located in Neuilly-sur-Seine (France) and the Iranian delegation to UNESCO in Paris (France), to be used in the Group's service stations. In 2019, this activity generated gross revenue of approximately €30,300 and net profit of approximately €2,200. The Group expects to continue this activity in 2020.

In 2019, as part of its refueling activities in France, Caldeo, a company wholly-owned by TMF, delivered fuel oil to the Iranian embassy in Neuilly-sur-Seine (France). In 2019, this activity generated gross revenue of approximately €1,500 and net profit of approximately €14. The Group expects to continue this activity in 2020.

In 2019, Total Belgium (a wholly-owned affiliate) provided fuel payment cards to the Iranian embassy in Brussels (Belgium), to be used in the Group's service stations. In 2019, this activity generated gross revenue of approximately €11,000 and net profit of €4,000. The Group expects to continue this activity in 2020.