

## PENTEX TERM SHEET

Sellers	<p>Harrington Partners, L.P., (Delaware limited partnership 85%); Dan Britton (5% owner); and Pentex Alaska Natural Gas Company, a Texas Company (10%). Article 2.01 LLC Membership Purchase and Sale Agreement [hereinafter cited as “Purchase Agreement”].</p> <p>These three sellers control Pentex Alaska Natural Gas Company, LLC, [hereinafter cited as “Pentex”]. Pentex is a Delaware LLC that is a holding entity for three active LLCs involved in LNG production and gas distribution in Alaska: (1) Fairbanks Natural Gas, LLC (certificated Fairbanks utility, Alaska LLC); (2) Titian Alaska LNG, LLC (Pt. Mackenzie LNG facility, Delaware LLC); and (3) Arctic Energy Transportation, LLC (operator of two LNG fueling stations, Delaware LLC)</p> <p>Pentex also holds two inactive Delaware LLCs: (1) Polar LNG, LLC (inactive North Slope LNG plant developer, Delaware LLC); and (2) Cassini LNG Storage (non-active Delaware LLC formed to build LNG storage that was not built).</p>
Buyer	Alaska Industrial Development and Export Authority (“AIDEA”) is a public corporation and a political subdivision of the State of Alaska.
Acquisition Type	LLC membership purchase of Pentex, which will include its five LLC subsidiaries through a membership acquisition under the terms of the Purchase Agreement.
Purchase Terms	<p>AIDEA will make an initial payment of \$2,675,000 upon signing of the Purchase Agreement, with an agreed to total purchase price due as Closing of: (1) \$52.5 million; and (2) an amount equal to Pentex’s net working capital at the time of closing (set for July 2015).</p> <p>Net working capital by agreement is capped at no more than \$1.5 million. The term “net working capital” is defined in Section 1.28 as the amount by which the current assets of the acquired companies exceed current liabilities. Under Section 2.04 the accountants for Pentex within 60 days of the Closing date determine the amount of net working capital. Within 10 days of an agreement on that figure, AIDEA shall pay Sellers any shortfall up to a maximum of \$1.5 million or Sellers shall remit to AIDEA any excess amount.</p> <p>There also is a hold back of funds equal to the initial payment of \$2,675,000 for one year from closing to cover AIDEA’s potential expenses for unforeseen liabilities under Section 9.01.</p>
Closing Date	Under Section 8.1 Closing is to occur after all conditions precedent are met, but not later than July 31, 2015.
Permits	Sellers in Disclosure Schedules have listed all permits held by Pentex or its subsidiaries and warranted that these permits are sufficient to allow AIDEA as owner to operate each Pentex business including FNG and the Titian LNG Plant.
Sources and Uses of Funds	AIDEA Revolving Fund
Due Diligence	Sellers have responded to an extensive due diligence document request matrix developed by AIDEA and provided copies of these documents to AIDEA electronically. These documents cover such matters as permits, insurance, description of any environmental liabilities and employment issues. Additionally, Sellers have provided AIDEA with detailed Disclosure Schedules that are part of the Purchase Agreement as well as providing AIDEA with warranties as to corporate governance matters and operational issues. For example, Sellers will provide an Opinion letter from counsel that all acquired LLCs are in good standing. Pentex has provided its financials that have been analyzed by Western Financial.
Escrow and Holdback Funds	Under Section 2.03(b), the Deposit upon Closing is converted to a Holdback Amount to be held by the Escrow Agent. Pursuant to Article 9 AIDEA can use the funds in the Holdback Amount for any damages it suffers for a one year period after closing. These funds, for example, could be used to pay for any pre-closing environmental liabilities, or any tax liability of the Sellers that has not been paid.
Real Estate Issues	AIDEA ordered and received ALTA extended title insurance from First American on all FNG and Titan properties. Pentex ordered title reports from Yukon Title and First American. AIDEA then compared the title reports and received an amended report that is correct. There are no material encumbrances except for a lien by AIDEA based on its loan to FNG.

Events of Default; Remedies	<p>Article 9 provides for several remedies in the event of a default or damage to AIDEA. First, AIDEA has access for a year to the Holdback Amount of \$2,675,000 for one year after closing.</p> <p>Secondly (9.02) Seller Harrington Partners, L.P. is indemnifying AIDEA for three years after closing for any damages attributable to Third Party Claims or direct damages that arise out of four areas: (1) a failure by Sellers to fulfill an agreement or covenant; (2) a breach of Sellers' representations and warranties made in Article 3; (3) any of the excluded liabilities that Sellers agreed to be responsible for as defined in Section 1.15; and (4) a pre-closing environmental liability.</p> <p>This indemnification is limited to a not to exceed aggregate claim amount of \$12 million under Section 9.04, with no limit on fraud or willful misconduct claims.</p>
Conditions Precedent to Closing	<p>There are conditions precedent for both AIDEA and the Sellers.</p> <p>Conditions Precedent for AIDEA:</p> <p>For this matter to close the Sellers' representations and covenants to AIDEA must be accurate; AIDEA must have all permits and agreements needed to operate the businesses; there must be no ongoing litigation regarding the acquired companies; the condition of the companies must be the materially the same at closing as during due diligence; and Sellers must deliver all necessary documents to AIDEA. Additionally AIDEA has until July 1, 2015 to complete and be satisfied with its own environmental assessments of the acquired properties.</p> <p>Conditions Precedent for Sellers:</p> <p>All AIDEA representations accurate and have made all required payments and executed all necessary documentation at closing.</p>
Change of Control	<p>At Closing, AIDEA will acquire the membership interests in Pentex, which will then become a single member Delaware LLC with AIDEA as the sole member. Delaware law allows a sole member LLC.</p>
Laws and Jurisdiction	<p>The AIDEA Purchase Documents will be governed by Alaska law and all disputes thereunder shall be resolved exclusively by the Superior Court for the State of Alaska, Third Judicial District at Anchorage, Alaska.</p>