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

FORM 10-Q

(MARK ONE)

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

For the quarterly period ended September 30, 2018

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

For the transition period from _____ to _____

Commission File No. 001-36842

NEXTDECADE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

46-5723951

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

1000 Louisiana Street, 39th Floor, Houston, Texas 77002

(Address of principal executive offices) (Zip Code)

(713) 574-1880

(Registrant's telephone number, including area code)

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, 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

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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 November 5, 2018, the issuer had 109,286,895 shares of common stock outstanding.

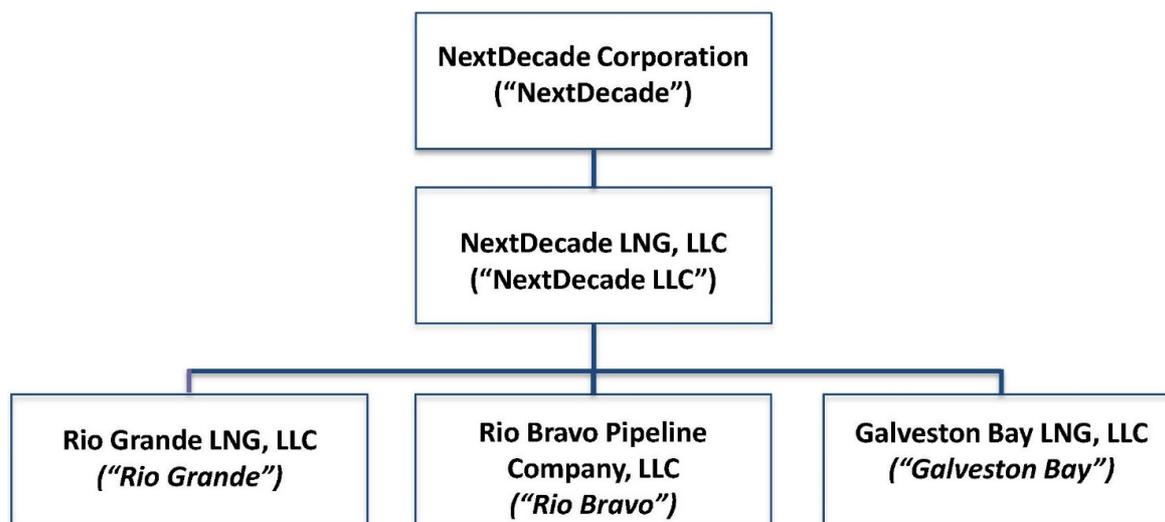
NEXTDECADE CORPORATION
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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Organizational Structure

The following diagram depicts our abbreviated organizational structure as of September 30, 2018 with references to the names of certain entities discussed in this Quarterly Report on Form 10-Q.



Unless the context requires otherwise, references to "NextDecade," the "Company," "we," "us" and "our" refer to NextDecade Corporation (NASDAQ: NEXT) and its consolidated subsidiaries.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

**NextDecade Corporation
Consolidated Balance Sheets
(in thousands, except per share data)**

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	<u>(unaudited)</u>	
Assets		
Current assets		
Cash and cash equivalents	\$ 33,880	\$ 35,703
Investments	60,135	5,063
Prepaid expenses and other current assets	1,804	2,099
Total current assets	<u>95,819</u>	<u>42,865</u>
Property, plant and equipment, net	88,870	73,226
Total assets	<u>\$ 184,689</u>	<u>\$ 116,091</u>
Liabilities, Series A and Series B Convertible Preferred Stock and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 991	\$ 726
Share-based compensation liability	6,394	1,815
Accrued liabilities and other current liabilities	14,556	5,856
Total current liabilities	<u>21,941</u>	<u>8,397</u>
Non-current common stock warrant liabilities	7,522	—
Non-current compensation liabilities	—	2,015
Non-current share-based compensation liability	—	2,587
Total liabilities	<u>29,463</u>	<u>12,999</u>
Commitments and contingencies (Note 10)		
Series A Convertible Preferred Stock, \$1,000 per share liquidation preference		
Authorized: 51,000 shares		
Issued and outstanding: 51,000 shares and zero shares at September 30, 2018 and December 31, 2017, respectively	38,820	—
Series B Convertible Preferred Stock, \$1,000 per share liquidation preference		
Authorized: 51,000 shares		
Issued and outstanding: 29,636 shares and zero shares at September 30, 2018 and December 31, 2017, respectively	26,159	—
Stockholders' equity		
Common stock, \$0.0001 par value		
Authorized: 480.0 million shares at September 30, 2018 and December 31, 2017		
Issued and outstanding: 106.8 million shares and 106.3 million shares at September 30, 2018 and December 31, 2017, respectively	11	11
Treasury stock: 3,202 shares and zero shares at September 30, 2018 and December 31, 2017, respectively, at cost	(19)	—
Preferred stock, \$0.0001 par value		
Authorized: 0.9 million, after designation of the Series A and Series B Convertible Preferred Stock		
Issued and outstanding: none at September 30, 2018 and December 31, 2017	—	—
Additional paid-in-capital	176,274	158,738
Accumulated deficit	(86,019)	(55,617)
Accumulated other comprehensive loss	—	(40)
Total stockholders' equity	<u>90,247</u>	<u>103,092</u>
Total liabilities, Series A and Series B Convertible Preferred Stock and stockholders' equity	<u>\$ 184,689</u>	<u>\$ 116,091</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NextDecade Corporation
Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operations				
Revenues	\$ —	\$ —	\$ —	\$ —
Operating Expenses				
General and administrative expenses	6,214	14,014	25,533	18,392
Invitation to bid contract costs	4,418	—	4,418	—
Land option and lease expenses	297	250	797	733
Depreciation expense	50	26	127	78
Total operating expenses	<u>10,979</u>	<u>14,290</u>	<u>30,875</u>	<u>19,203</u>
Total operating loss	<u>(10,979)</u>	<u>(14,290)</u>	<u>(30,875)</u>	<u>(19,203)</u>
Other income (expense)				
Gain on common stock warrant liabilities	83	—	83	—
Interest income, net	222	145	475	236
Other	(6)	(12)	(45)	(31)
Total other income	<u>299</u>	<u>133</u>	<u>513</u>	<u>205</u>
Net loss attributable to NextDecade Corporation	<u>(10,680)</u>	<u>(14,157)</u>	<u>(30,362)</u>	<u>(18,998)</u>
Deemed dividends on Series A Convertible Preferred Stock	271	—	271	—
Net loss attributable to common stockholders	<u>\$ (10,951)</u>	<u>\$ (14,157)</u>	<u>\$ (30,633)</u>	<u>\$ (18,998)</u>
Net loss per common share - basic and diluted	<u>\$ (0.10)</u>	<u>\$ (0.14)</u>	<u>\$ (0.29)</u>	<u>\$ (0.19)</u>
Weighted average shares outstanding - basic and diluted	106,639	103,870	106,476	99,124
Comprehensive Loss				
Net loss attributable to NextDecade Corporation	\$ (10,680)	\$ (14,157)	\$ (30,362)	\$ (18,998)
Other comprehensive loss:				
Change in fair value of investments	—	6	—	9
Comprehensive loss	<u>\$ (10,680)</u>	<u>\$ (14,151)</u>	<u>\$ (30,362)</u>	<u>\$ (18,989)</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NextDecade Corporation
Consolidated Statement of Stockholders' Equity, Series A and Series B Convertible Preferred Stock
(in thousands)
(unaudited)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Series A Convertible Preferred Stock	Series B Convertible Preferred Stock
	Shares	Par Value Amount	Shares	Amount						
Balance at December 31, 2017	106,275	\$ 11	—	\$ —	\$ 158,738	\$ (55,617)	\$ (40)	\$ 103,092	\$ —	\$ —
Share-based compensation	—	—	—	—	13,169	—	—	13,169	—	—
Restricted stock vesting	136	—	—	—	—	—	—	—	—	—
Shares repurchased related to share-based compensation	(3)	—	3	(19)	—	—	—	(19)	—	—
Adoption of ASU 2016-01	—	—	—	—	—	(40)	40	—	—	—
Issuance of Series A preferred stock	414	—	—	—	4,638	—	—	4,638	38,549	—
Issuance of Series B preferred stock	—	—	—	—	—	—	—	—	—	26,159
Deemed dividends - accretion of beneficial conversion feature	—	—	—	—	(271)	—	—	(271)	271	—
Net loss	—	—	—	—	—	(30,362)	—	(30,362)	—	—
Balance at September 30, 2018	<u>106,822</u>	<u>\$ 11</u>	<u>3</u>	<u>\$ (19)</u>	<u>\$ 176,274</u>	<u>\$ (86,019)</u>	<u>\$ —</u>	<u>\$ 90,247</u>	<u>\$ 38,820</u>	<u>\$ 26,159</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NextDecade Corporation.
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2018	2017
Operating activities:		
Net loss	\$ (30,362)	\$ (18,998)
Adjustment to reconcile net loss to net cash used in operating activities		
Depreciation	127	78
Share-based compensation expense	12,731	10,476
Gain on common stock warrant liabilities	(83)	—
Loss on investment securities	28	—
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	295	53
Accounts payable	(42)	190
Accrued expenses and other liabilities	4,660	209
Net cash used in operating activities	<u>(12,646)</u>	<u>(7,992)</u>
Investing activities:		
Acquisition of property, plant and equipment	(11,460)	(10,690)
Issuance of note receivable	—	(115)
Repayment of note receivable	—	115
Cash received in reverse recapitalization	—	26,774
Purchase of investments	(55,100)	(54)
Net cash (used in) provided by investing activities	<u>(66,560)</u>	<u>16,030</u>
Financing activities:		
Proceeds from equity issuance	79,055	30,100
Equity issuance costs	(1,653)	(5,953)
Shares repurchased related to share-based compensation	(19)	—
Net cash provided by financing activities	<u>77,383</u>	<u>24,147</u>
Net (decrease) increase in cash and cash equivalents	(1,823)	32,185
Cash and cash equivalents – beginning of period	35,703	12,524
Cash and cash equivalents – end of period	<u>\$ 33,880</u>	<u>\$ 44,709</u>
Non-cash investing activities:		
Accounts payable for acquisition of property, plant and equipment	\$ 656	\$ 1,266
Accrued liabilities for acquisition of property, plant and equipment	6,056	1,845
Non-cash financing activities:		
Accounts payable for equity issuance costs	\$ 150	\$ —
Accrued liabilities for equity issuance costs	301	—
Accretion of deemed dividends Series A Convertible Preferred Stock	271	—

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NextDecade Corporation
Notes to Consolidated Financial Statements
(unaudited)

Note 1 — Background and Basis of Presentation

NextDecade Corporation engages in development activities related to the liquefaction and sale of liquefied natural gas (“LNG”). We have focused and continue to focus our development activities on the Rio Grande LNG terminal facility at the Port of Brownsville in southern Texas (the “Terminal”) and an associated 137-mile Rio Bravo pipeline to supply gas to the Terminal (the “Pipeline”) together with the Terminal, the “Project”). We have also secured, through December 2019, a 994-acre site near Texas City, Texas for another potential LNG terminal (the “Galveston Bay Terminal”).

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with Rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and disclosures required by GAAP for complete financial statements and 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, 2017. In our opinion, all adjustments, consisting only of normal recurring items, which are considered necessary for a fair presentation of the unaudited consolidated financial statements, have been included. The results of operations for the three and nine months ended September 30, 2018 are not necessarily indicative of the operating results for the full year.

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended (the “Securities Act”), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). An “emerging growth company” may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public and private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards adopted.

Note 2 — Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	September 30, 2018	December 31, 2017
Rio Grande LNG site option	\$ 635	\$ 1,080
Short-term security deposits	367	364
Galveston Bay leases	125	100
Rio Bravo Pipeline options	68	111
Prepaid insurance	289	208
Prepaid marketing and sponsorships	91	55
Other	229	181
Total prepaid expenses and other current assets	<u>\$ 1,804</u>	<u>\$ 2,099</u>

Note 3 — Investment Securities

In September 2018, we invested approximately \$55 million in Class L shares of the JPMorgan Managed Income Fund. The JPMorgan Managed Income Fund has an average maturity of approximately one year, duration of approximately six months, and approximately 7% of such fund's holdings are AAA-rated with 0% non-investment grade rated.

The Company also maintains cash reserves in the Ultra-Short-Term Bond Fund and the Short-Term Bond Index Fund, which are managed by The Vanguard Group, Inc. The target investment allocation between the Ultra-Short-Term Bond Fund and the Short-Term Bond Index Fund are 75% and 25%, respectively. The Ultra-Short-Term Bond Fund has an average maturity of approximately one year, and approximately 45% of such fund's holdings are AAA-rated, with 1% non-investment grade rated. The Short-Term Bond Index Fund has an average maturity of approximately three years, and 70% of such fund's holdings are AAA-rated, with 0% non-investment grade rated.

Investment securities consisted of the following (in thousands):

	September 30, 2018		December 31, 2017	
	Fair value	Cost	Fair value	Cost
JPMorgan Managed Income Fund	\$ 55,022	\$ 55,022	\$ —	\$ —
Ultra-Short-Term Bond Fund	3,862	3,885	3,811	3,825
Short-Term Bond Index Fund	1,251	1,296	1,252	1,278
Total investments	<u>\$ 60,135</u>	<u>\$ 60,203</u>	<u>\$ 5,063</u>	<u>\$ 5,103</u>

Note 4 — Property, Plant and Equipment

Property, plant and equipment consisted of the following (in thousands):

	September 30, 2018	December 31, 2017
Fixed Assets		
Computers	\$ 119	\$ 69
Furniture, fixtures, and equipment	305	246
Leasehold improvements	398	264
Total fixed assets	822	579
Less: accumulated depreciation	(498)	(371)
Total fixed assets, net	324	208
Project Assets (not placed in service)		
Rio Grande	77,224	62,866
Rio Bravo	11,322	10,152
Total project assets	88,546	73,018
Total property, plant and equipment, net	\$ 88,870	\$ 73,226

Depreciation expense for the three and nine months ended September 30, 2018 was \$50 thousand and \$127 thousand, respectively. Depreciation expense for the three and nine months ended September 30, 2017 was \$26 thousand and \$78 thousand, respectively.

Note 5 — Accrued Liabilities and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	September 30, 2018	December 31, 2017
Employee compensation expense	\$ 3,062	\$ 1,851
Project asset costs	6,056	3,317
Invitation to bid contract costs	4,418	—
Accrued legal services	180	141
Accrued equity issuance costs	301	—
Other accrued liabilities	539	547
Total accrued liabilities and other current liabilities	\$ 14,556	\$ 5,856

Note 6 – Preferred Stock and Common Stock Warrants**Preferred Stock**

In August 2018, we sold and issued a total of 51,000 shares of Series A Convertible Preferred Stock, par value \$0.0001 per share (the “Series A Preferred Stock”), together with associated warrants (the “Series A Warrants”), to (i) York Capital Management Global Advisors, LLC, severally on behalf of certain funds or accounts managed by it or its affiliates (“York”), (ii) Valinor Management, L.P., severally on behalf of certain funds or accounts for which it is investment manager (“Valinor”), (iii) Bardin Hill Investment Partners LP (formerly known as Halcyon Capital Management LP), severally on behalf of certain funds or accounts managed by it or its affiliates (“Bardin Hill,” and together with York and Valinor, the “Fund Purchasers”) and (iv) HGC NEXT INV LLC (“HGC”) for an aggregate purchase price of \$50 million. In connection with the issuance of Series A Convertible Preferred Stock and pursuant to backstop commitment agreements with the Fund Purchasers dated April 11, 2018, as subsequently amended on August 3, 2018, we also issued a total of 413,658 shares of Company common stock to the Fund Purchasers. Each Fund Purchaser is a Company stockholder and, pursuant to that certain Agreement and Plan of Merger, dated as of April 17, 2017, by and between the Company, each Fund Purchaser and/or one or more of its affiliates, and the other parties named therein, three individuals, two individuals, and one individual from York, Valinor, and Bardin Hill, respectively, were appointed to the Company’s board of directors.

In September 2018, we sold and issued a total of 29,636 shares of Series B Convertible Preferred Stock, par value \$0.0001 per share (the “Series B Preferred Stock,” and together with the Series A Preferred Stock, the “Preferred Stock”), together with associated warrants (the “Series B Warrants,” and together with the Series A Warrants, the “Warrants”), to certain funds managed by BlackRock (collectively, the “Series B Preferred Stock Purchasers”) for an aggregate purchase price of \$29.055 million.

Each share of Preferred Stock has a stated value of \$1,000. The Series A Preferred Stock ranks pari passu with the Series B Preferred Stock, and the Preferred Stock ranks senior to the Company common stock and each other class or series of capital stock of the Company, subject to certain exceptions, in respect of payment of dividends and distribution of assets upon liquidation. Upon a defined liquidation, holders of the Series A Preferred Stock are entitled to receive the greater of (i) (a) \$1,000 per share of Preferred Stock plus (b) any accrued but unpaid dividends on such share of Preferred Stock as of immediately prior to such liquidation and (ii) the amount that would be payable to the holders of the Preferred Stock had such holders converted their shares of Preferred Stock into shares of Company common stock immediately prior to such liquidation event and prior to payment of any amounts on Company common stock.

The Company has the option to convert all, but not less than all, of the Preferred Stock into shares of Company common stock at a strike price of \$7.50 per share of Company common stock (the “Conversion Price”) on any date on which the volume weighted average trading price of shares of Company common stock for each trading day during any 60 of the prior 90 trading days is equal to or greater than 175% of the Conversion Price, in each case subject to certain terms and conditions. Furthermore, the Company must convert all of the Preferred Stock into shares of Company common stock at the Conversion Price on the earlier of (i) ten (10) business days following a FID Event (as defined in the certificates of designations of the Preferred Stock) and (ii) the date that is the tenth (10th) anniversary of the closings of the issuances of the Preferred Stock, as applicable.

The shares of Preferred Stock bear dividends at a rate of 12% per annum, which are cumulative and accrue daily from the date of issuance on the \$1,000 stated value. Such dividends are payable quarterly and may be paid in cash or in-kind. As of September 30, 2018, we have accrued cumulative preferred dividends of \$0.7 million.

The holders of Preferred Stock vote on an “as-converted” basis with the holders of the Company common stock on all matters brought before the holders of Company common stock. In addition, the holders of Preferred Stock have separate class voting rights with respect to certain matters affecting their rights.

The Preferred Stock do not qualify as a liability instruments under Accounting Standards Codification (“ASC”) 480 – *Distinguishing Liabilities from Equity*, because they are not mandatorily redeemable. However, as SEC Regulation S-X, Rule 5-02-27 does not permit a probability assessment for a change of control provision, the Preferred Stock must be presented as mezzanine equity between liabilities and stockholders’ equity on our consolidated balance sheets because a change of control event, although not considered probable, could force the Company to redeem the Preferred Stock for cash or assets of the Company. At each balance sheet date, we must re-evaluate whether the Preferred Stock continue to qualify for equity classification.

Warrants

The Series A Warrants issued to HGC represent the right to acquire in the aggregate 50 basis points (0.50%) of the fully diluted shares of all outstanding shares of Company common stock on the exercise date with a strike price of \$0.01 per share. The Series A Warrants issued to each of the Fund Purchasers represent the right to acquire approximately 21 basis points (0.21%) in the aggregate of the fully diluted shares of all outstanding shares of Company common stock on the exercise date with a strike price of \$0.01 per share. The Series B Warrants issued to the Series B Preferred Stock Purchasers represent the right to acquire in the aggregate a number of shares of Company common stock equal to (a)(i) the aggregate purchase price for the Series B Preferred Stock divided by (ii) \$35 million, multiplied by (b)(i) 0.5% multiplied by (ii) the number of fully diluted shares of all outstanding shares of Company common stock on the exercise date with a strike price of \$0.01 per share.

The Warrants have a fixed three-year term commencing on the closings of the issuances of the associated Preferred Stock. The Warrants may only be exercised by the holders thereof at the expiration of such three-year term; however, the Company can force exercise of the Warrants prior to expiration of such term if the volume weighted average trading price of shares of Company common stock for each trading day during any 60 of the prior 90 trading days is equal to or greater than 175% of the Conversion Price and, in the case of the Series B Warrants, also if the Company simultaneously elects to force a mandatory exercise of all other warrants then-outstanding and unexercised and held by

any holder of parity stock (as defined in the Certificate of Designations of Series B Convertible Preferred Stock). Pursuant to ASC 815-40, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock*, the fair value of the Warrants was recorded as a non-current liability on our consolidated balance sheet on the issuance dates. The Company revalued the Warrants as of September 30, 2018 and recognized a gain of approximately \$83 thousand.

Net cash proceeds were allocated on a fair value basis to the Series A Warrants and Series B Warrants and on a relative fair value basis to the Company common stock, Series A Preferred Stock and Series B Preferred Stock. As described below, \$2.5 million of the \$41.1 million allocated to the Series A Preferred was allocated to additional paid-in capital to give effect to the intrinsic value of a beneficial conversion feature ("BCF"). The allocation of net cash proceeds is as follows (in thousands):

		Allocation of Proceeds				Additional Paid-in Capital	
		Series A Warrants	Series B Warrants	Series A Convertible Preferred	Series B Convertible Preferred	Common Stock	Beneficial Conversion Feature
Gross proceeds	\$ 79,055						
Equity issuance costs	(2,104)						
Net proceeds - Initial Fair Value							
Allocation	\$ 76,951	\$ 4,859	\$ 2,746	\$ 41,079	\$ 26,159	\$ 2,108	\$ —
Allocation to BCF		—	—	(2,530)	—	—	2,530
Per balance sheet upon issuance		\$ 4,859	\$ 2,746	\$ 38,549	\$ 26,159	\$ 2,108	\$ 2,530

Beneficial Conversion Feature

ASC 470-20-20 – *Debt – Debt with conversion and Other Options* ("ASC 470-20") defines a BCF as a nondetachable conversion feature that is in the money at the issuance date. The Company was required by ASC 470-20 to allocate a portion of the proceeds from the Series A Preferred Stock equal to the intrinsic value of the BCF to additional paid-in capital. The intrinsic value of the BCF is calculated at the issuance date as the difference between the "accounting conversion price" and the market price of shares of Company common stock multiplied by the number of shares of Company common stock into which the Series A Preferred Stock is convertible. The accounting conversion prices of \$5.58 per share and \$6.24 per share for the Fund Purchasers and HGC, respectively, is different than the contractual conversion price of \$7.50 per share. The "accounting conversion price" is derived by dividing the proceeds allocated to the Series A Preferred Stock by the number of shares of Company common stock into which the Series A Preferred Stock is convertible. We are recording the accretion of the \$2.5 million Series A Preferred Stock discount attributable to the BCF as a deemed dividend using the effective yield method over the period prior to the expected conversion date.

Note 7 — Net Loss Per Share

The following table (in thousands, except for loss per share) reconciles basic and diluted weighted average common shares outstanding for the three and nine months ended September 30, 2018 and 2017:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Weighted average common shares outstanding:				
Basic	106,639	103,870	106,476	99,124
Dilutive unvested stock, convertible preferred stock and common stock warrants	—	—	—	—
Diluted	106,639	103,870	106,476	99,124
Basic and diluted net loss per common share	\$ (0.10)	\$ (0.14)	\$ (0.29)	\$ (0.19)

Potentially dilutive securities not included in the diluted net loss per share computations because their effect would have been anti-dilutive were as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Unvested stock ⁽¹⁾	513	—	483	—
Convertible preferred stock	3,322	—	1,119	—
Common stock warrants	12,507	12,059	12,225	12,059
Total dilutive common shares	<u>16,342</u>	<u>12,059</u>	<u>13,827</u>	<u>12,059</u>

(1) Does not include 16.3 million shares for the three and nine months ended September 30, 2018, respectively, of unvested stock because the performance conditions had not yet been satisfied.

Note 8 — Share-based Compensation

We have granted shares of Company common stock and restricted stock to employees, consultants and a non-employee director under our 2017 Omnibus Incentive Plan (the “2017 Plan”) and in connection with the special meeting of stockholders on July 24, 2017.

Total share-based compensation consisted of the following (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Share-based compensation:				
Equity awards	\$ 2,451	\$ 8,830	\$ 13,169	\$ 8,830
Liability awards	(1,153)	2,305	977	2,305
Total share-based compensation	1,298	11,135	14,146	11,135
Capitalized share-based compensation	183	(659)	(1,415)	(659)
Total share-based compensation expense	<u>\$ 1,481</u>	<u>\$ 10,476</u>	<u>\$ 12,731</u>	<u>\$ 10,476</u>

Certain employee contracts provided for cash bonuses upon a positive final investment decision (“FID”) in the Project (the “FID Bonus”). In January 2018, the nominating, corporate governance and compensation committee of the board of directors approved, and certain employees party to such contracts accepted, an amendment to such contracts whereby the FID Bonuses would be settled in shares of Company common stock equal to 110% of the FID Bonus. The associated liability for FID Bonuses to be settled in shares of Company common stock of \$0.8 million is included in share-based compensation liability in our Consolidated Balance Sheets at September 30, 2018.

Note 9 — Income Taxes

Due to our cumulative loss position, we have established a full valuation allowance against our deferred tax assets at September 30, 2018 and December 31, 2017. Due to NextDecade LLC’s previous pass-through status and our full valuation allowance, we have not recorded a provision for federal or state income taxes during the three and nine months ended September 30, 2018 and 2017.

Note 10 — Commitments and Contingencies

Operating Leases

In June 2018, we executed a 24-month lease agreement for our corporate headquarters office space with a lease commencement date of September 24, 2018. Annual lease payments under this agreement, net of rent abatements and rent credits, are zero, \$0.7 million and \$0.9 million in 2018, 2019 and 2020, respectively.

Legal Proceedings

From time to time the Company may be subject to various claims and legal actions that arise in the ordinary course of business. As of September 30, 2018, management is not aware of any claims or legal actions that, separately or in the aggregate, are likely to have a material adverse effect on the Company's financial position, results of operations or cash flows, although the Company cannot guarantee that a material adverse event may not occur.

Other

In April 2018, we entered into an agreement with an intrastate pipeline company with assets near our Terminal which incentivizes the pipeline company to procure, permit and install a valve on an intrastate pipeline near our Terminal. We agreed that, upon the later of (i) March 31, 2019 and (ii) thirty days after the valve has been installed, we will reimburse the pipeline company a cash amount equal to 50% of the costs incurred in connection with the valve, up to a maximum payment by us not to exceed \$2 million.

During the third quarter of 2018, we conducted a competitive engineering, procurement and construction ("EPC") bid process. In connection with the EPC bid process, we entered into agreements with potential EPC contractors that provide for payments to be made by us to the EPC contractors as bid milestones are achieved ("Invitation to bid contract costs"). As of September 30, 2018, we have incurred approximately \$4.4 million of Invitation to bid contract costs. Future potential payments for Invitation to bid contract costs are up to \$2.1 million in 2018 and up to \$14.9 million in 2019.

Note 11 — Recent Accounting Pronouncements

The following table provides a brief description of recent accounting standards that have not been adopted by the Company as of September 30, 2018:

<u>Standard</u>	<u>Description</u>	<u>Expected Date of Adoption</u>	<u>Effect on our Consolidated Financial Statements or Other Significant Matters</u>
ASU 2016-02, <i>Leases (Topic 842)</i>	This standard requires a lessee to recognize leases on its balance sheet by recording a lease liability representing the obligation to make future lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term. A lessee is permitted to make an election not to recognize lease assets and liabilities for leases with a term of 12 months or less. The standard also modifies the definition of a lease and requires expanded disclosures. This standard may be early adopted, and must be adopted using a modified retrospective approach with certain available practical expedients.	January 1, 2019	We continue to evaluate the effect of this standard on our Consolidated Financial Statements. Preliminarily, we anticipate a material impact from the requirement to recognize all leases in our Consolidated Balance Sheets and no impact to cash flows. Because this assessment is preliminary and the accounting for leases is subject to significant judgment, this conclusion could change as we finalize our assessment. We have not yet determined the impact of the adoption of this standard upon our results of operations, whether we will elect to early adopt this standard or which, if any, practical expedients we will elect upon transition.

<p>ASU 2018-07, <i>Compensation- Stock Compensation (Topic 718)</i></p>	<p>This standard simplifies aspects of share-based compensation issued to non-employees by making the guidance consistent with accounting for employee share-based compensation. The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. This standard may be early adopted, and must be adopted using a modified retrospective approach.</p>	<p>January 1, 2019</p>	<p>We are currently evaluating the effect of this standard on our Consolidated Financial Statements.</p>
<p>ASU 2018-15, <i>Intangibles, Goodwill and Other Internal Use Software (Subtopic 350- 40)</i></p>	<p>The amendments in this update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in this update. Accordingly, the amendments in this update require an entity (customer) in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. These amendments may be early adopted and are required to be applied retrospectively or prospectively to all implementation costs incurred after the date of adoption.</p>	<p>January 1, 2020</p>	<p>We are currently evaluating the effect of this standard on our Consolidated Financial Statements.</p>

Additionally, the following table provides a brief description of recent accounting standards that were adopted by the Company during the reporting period:

Standard	Description	Date of Adoption	Effect on our Consolidated Financial Statements or Other Significant Matters
Accounting Standards Update (ASU) 2014-09, <i>Revenue from Contracts with Customers (Topic 606)</i> , and subsequent amendments thereto	This standard amends existing revenue recognition guidance and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard may be early adopted beginning January 1, 2017. We elected to adopt this standard using a full retrospective approach.	January 1, 2018	The adoption of this new standard did not affect the amounts shown in our Consolidated Financial Statements or related disclosures as the Company has no revenues.
ASU 2017-04, <i>Intangibles - Goodwill and Other (Topic 350)</i> : <i>Simplifying the Test for Goodwill Impairment</i>	This standard simplifies the measurement of goodwill impairment by eliminating the requirement for an entity to perform a hypothetical purchase price allocation. An entity will instead measure the impairment as the difference between the carrying amount and the fair value of the reporting unit. This standard may be early adopted beginning January 1, 2017 and must be adopted prospectively.	January 1, 2018	The adoption of this standard did not have an impact on our Consolidated Financial Statements or related disclosures.
ASU 2016-16, <i>Income Taxes (Topic 740)</i> : <i>Intra-Entity Transfers of Assets Other Than Inventory</i>	This standard requires the immediate recognition of the tax consequences of intercompany asset transfers other than inventory. This standard may be early adopted, but only at the beginning of an annual period, and must be adopted using a modified retrospective approach.	January 1, 2018	The adoption of this standard did not have an impact on our Consolidated Financial Statements or related disclosures.
ASU 2016-01, <i>Financial Instruments-Overall (Subtopic 825-10)</i> : <i>Recognition and Measurement of Financial Assets and Financial Liabilities</i>	This standard principally affects accounting standards for equity investments, financial liabilities where the fair value option has been elected, and the presentation and disclosure requirements for financial instruments. Upon the effective date of the new standards, all equity investments in unconsolidated entities, other than those accounted for using the equity method of accounting, will generally be measured at fair value through earnings. There will no longer be an available-for-sale classification and therefore, no changes in fair value will be reported in other comprehensive income (loss) for equity securities with readily determinable fair values.	January 1, 2018	Upon the adoption of this standard, we made a cumulative effect adjustment of \$40 thousand to accumulated deficit for unrealized losses on our available-for-sale investment securities.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements. The words "anticipate," "contemplate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "might," "will," "should," "can have," "likely," "continue," "design" and other words and terms of similar expressions, are intended to identify forward-looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short-term and long-term business operations and objectives and financial needs.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, actual results could differ from those expressed in our forward-looking statements. Our future financial position and results of operations, as well as any forward-looking statements are subject to change and inherent risks and uncertainties, including those described in the section titled "Risk Factors" in our most recent Annual Report on Form 10-K. You should consider our forward-looking statements in light of a number of factors that may cause actual results to vary from our forward-looking statements including, but not limited to:

- our ability to maintain the listing of our securities on a securities exchange or quotation medium;
- changes adversely affecting the business in which we are engaged;
- management of growth;
- general economic conditions;
- our development liquefied natural gas ("LNG") liquefaction and export projects;
- our ability to secure additional debt and equity financing in the future to complete the terminal at the Port of Brownsville in southern Texas (the "Terminal") and an associated 137-mile pipeline to supply gas to the Terminal (the "Pipeline" together with the Terminal, the "Project");
- the accuracy of estimated costs for the Project;
- the governmental approval of construction and operation of the Project;
- the successful completion of the Project by third-party contractors;
- our ability to generate cash;
- the development risks, operational hazards, regulatory approvals applicable to Rio Grande's and Rio Bravo's construction and operations activities;
- our anticipated competitive advantage;
- the global demand for and price of natural gas (versus the price of imported LNG);
- the availability of LNG vessels worldwide;
- legislation and regulations relating to the LNG industry;
- negotiations for the Terminal site lease and right-of-way options for the Pipeline route;
- compliance with environmental laws and regulations; and
- the result of future financing efforts.

Should one or more of the foregoing risks or uncertainties materialize in a way that negatively impacts us, or should your underlying assumptions prove incorrect, our actual results may vary materially from those anticipated in our

forward-looking statements, and our business, financial condition, and results of operations could be materially and adversely affected.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are made as of the date of this Quarterly Report on Form 10-Q. You should not rely upon forward-looking statements as predictions of future events. In addition, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements.

Except as required by applicable law, we do not undertake any obligation to publicly correct or update any forward-looking statements. All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements as well as others made in our most recent Annual Report on Form 10-K as well as other filings we have made and will make with the Securities and Exchange Commission (the “SEC”) and our public communications. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties.

Overview

NextDecade Corporation is a LNG development company focused on LNG export projects and associated pipelines. We have focused and continue to focus our development activities on the Project. We believe we maintain key competitive advantages involving engineering, commercial, and gas supply considerations. We submitted a pre-filing request for the Project to the Federal Energy Regulatory Commission (“FERC”) in March 2015 and filed a formal application with the FERC in May 2016. We believe we have robust commercial offtake and gas supply strategies in place and we estimate that the Project will commence commercial operations as early as 2023.

Unless the context requires otherwise, references to “NextDecade,” “the Company,” “we,” “us,” and “our” refer to NextDecade Corporation and its consolidated subsidiaries.

Recent Developments

Receipt of FERC Scheduling Notice and Draft Environmental Impact Statement

On August 31, 2018, the FERC issued a notice of schedule for environmental review of the Project. According to the notice, the FERC will issue its final Environmental Impact Statement (“EIS”) on April 26, 2019, based on issuance of the draft EIS in October 2018. The FERC subsequently issued the draft EIS on October 12, 2018. The FERC has established a Federal Authorization Decision Deadline of July 25, 2019, 90 days from the scheduled issuance of the final EIS.

Engineering, Procurement, and Construction Contract

During the third quarter of 2018 we conducted a competitive engineering, procurement and construction (“EPC”) bid process. We received expressions of interest (the “EOIs”) from multiple EPC contractors to participate in the EPC process. We reviewed the EOIs against a series of selection criteria and issued formal invitations to bid to Bechtel Oil, Gas and Chemicals, Inc., Fluor Enterprises, Inc. and McDermott International, Inc. See additional information relating to the invitations to bid in Note 10 – *Commitments and Contingencies* of our Notes to Consolidated Financial Statements. We expect to execute a final EPC contract in the third quarter of 2019.

Preferred Equity Offerings

Series A Convertible Preferred Stock Offering

In August 2018, we sold and issued a total of 51,000 shares of Series A Convertible Preferred Stock, par value \$0.0001 per share (the “Series A Preferred Stock”), together with associated warrants (the “Series A Warrants”), to (i) York Capital Management Global Advisors, LLC, severally on behalf of certain funds or accounts managed by it or its affiliates, (ii) Valinor Management, L.P., severally on behalf of certain funds or accounts for which it is investment manager, (iii) Bardin Hill Investment Partners LP (formerly known as Halcyon Capital Management LP), severally on behalf of certain funds or accounts managed by it or its affiliates and (iv) HGC NEXT INV LLC for an aggregate purchase price of \$50 million (the “Series A Preferred Equity Offering”). For further descriptions of the Series A Preferred Stock and the Series A Warrants, see [Note 6 – Preferred Stock and Common Stock Warrants](#) of our Notes to Consolidated

Financial Statements, and for additional details on the Series A Preferred Equity Offering and the transactions in connection therewith, please refer to our Current Report on Form 8-K filed with the SEC on August 7, 2018.

Series B Convertible Preferred Stock Offering

In September 2018, we sold and issued a total of 29,636 shares of Series B Convertible Preferred Stock, par value \$0.0001 per share (the “Series B Preferred Stock”), together with associated warrants (the “Series B Warrants”), to certain funds managed by BlackRock for an aggregate purchase price of \$29.055 million (the “Series B Preferred Equity Offering”). For further descriptions of the Series B Preferred Stock and the Series B Warrants, see [Note 6 – Preferred Stock and Common Stock Warrants](#) of our Notes to Consolidated Financial Statements, and for additional details on the Series B Preferred Equity Offering and the transactions in connection therewith, please refer to our Current Report on Form 8-K filed with the SEC on August 24, 2018.

Liquidity and Capital Resources

Capital Resources

We have funded and continue to fund the development of the Project and general working capital needs through our cash on hand and proceeds from the issuance of equity. As discussed above in “Recent Developments – Preferred Equity Offerings,” in August 2018, we sold and issued a total of 51,000 shares of Series A Preferred Stock, together with associated warrants, for an aggregate purchase price of \$50 million, and in September 2018, we sold and issued a total of 29,636 shares of Series B Preferred Stock, together with associated warrants, for an aggregate purchase price of \$29.055 million. Our capital resources consisted of approximately \$33.9 million of cash and cash equivalents and \$60.1 million of investment securities as of September 30, 2018.

Sources and Uses of Cash

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

	Nine Months Ended September 30,	
	2018	2017
Operating cash flows	\$ (12,646)	\$ (7,992)
Investing cash flows	(66,560)	16,030
Financing cash flows	77,383	24,147
Net (decrease) increase in cash and cash equivalents	(1,823)	32,185
Cash and cash equivalents – beginning of period	35,703	12,524
Cash and cash equivalents – end of period	\$ 33,880	\$ 44,709

Operating Cash Flows

Operating cash outflows during the nine months ended September 30, 2018 and 2017 were \$12.6 million and \$8.0 million, respectively. The increase in operating cash outflows during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 was primarily related to additional employees, increased professional fees and travel costs, and increased marketing and conference sponsorship costs.

Investing Cash Flows

Investing cash outflows during the nine months ended September 30, 2018 of \$66.6 million consisted of cash used for the development of the Project of \$11.5 million and an investment of \$55.1 million in a cash management fund. The investing cash inflows during the nine months ended September 30, 2017 of \$16.0 million were primarily the result of \$26.8 million of cash acquired from our reverse recapitalization in July 2017 offset by cash used in the development of the Project of \$10.7 million.

Financing Cash Flows

Financing cash inflows during the nine months ended September 30, 2018 and 2017 were \$77.4 million and \$24.1 million, respectively. The increase in financing cash inflows is due to \$79.1 million of proceeds from the issuance of preferred equity offset by \$1.7 million of equity issuance costs.

Capital Development Activities

We are primarily engaged in developing the Project, which will require significant additional capital to support further project development, engineering, regulatory approvals and compliance, and commercial activities in advance of a final investment decision (“FID”) made to finance and construct the Project. Even if successfully completed, the Project will not begin to operate and generate significant cash flows until at least several years from now, which management currently estimates being as early as 2023. Construction of the Project would not begin until, among other requirements for project financing, the FERC issues an order granting the necessary authorizations under the Natural Gas Act and once all required federal, state and local permits have been obtained. We estimate that we will receive all regulatory approvals and begin construction to support the commencement of commercial operations as early as 2023. As a result, our business success will depend, to a significant extent, upon our ability to obtain the funding necessary to construct the Project, to bring it into operation on a commercially viable basis and to finance our staffing, operating and expansion costs during that process.

We have engaged SG Americas Securities, LLC (a business unit of Société Générale) and Macquarie Capital (USA) Inc. to advise and assist us in raising capital for post-FID construction activities.

We currently expect that the long-term capital requirements for the Project will be financed predominately through project financing and proceeds from future debt and equity offerings by us. There can be no assurance that we will succeed in securing additional debt and/or equity financing in the future to complete the Project or, if successful, that the capital we raise will not be expensive or dilutive to stockholders. Additionally, if these types of financing are not available, we will be required to seek alternative sources of financing, which may not be available on terms acceptable to us, if at all.

Results of Operations

The following table summarizes costs, expenses and other income for the periods indicated (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Change	2018	2017	Change
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
General and administrative expenses	6,214	14,014	(7,800)	25,533	18,392	7,141
Invitation to bid contract costs	4,418	—	4,418	4,418	—	4,418
Land option and lease expenses	297	250	47	797	733	64
Depreciation expense	50	26	24	127	78	49
Operating loss	(10,979)	(14,290)	3,311	(30,875)	(19,203)	(11,672)
Gain on common stock warrant liabilities	83	—	83	83	—	83
Interest income, net	222	145	77	475	236	239
Other	(6)	(12)	6	(45)	(31)	(14)
Net loss attributable to NextDecade Corporation	(10,680)	(14,157)	3,477	(30,362)	(18,998)	(11,364)
Deemed dividends on Series A Convertible Preferred Stock	271	—	271	271	—	271
Net loss attributable to common stockholders	<u>\$(10,951)</u>	<u>\$(14,157)</u>	<u>\$ 3,206</u>	<u>\$(30,633)</u>	<u>\$(18,998)</u>	<u>\$(11,635)</u>

Our consolidated net loss was \$10.7 million, or \$0.10 per share (basic and diluted), for the three months ended September 30, 2018, compared to a net loss of \$14.2 million, or \$0.14 per share (basic and diluted), for the three months ended September 30, 2017. The \$3.5 million decrease in net loss was primarily a result of decreased general and administrative expenses partially offset by an increase in invitation to bid contract costs discussed separately below.

Our consolidated net loss was \$30.4 million, or \$0.29 per share (basic and diluted), for the nine months ended September 30, 2018, compared to a net loss of \$19.0 million, or \$0.19 per share (basic and diluted), for the nine months ended September 30, 2017. The \$11.4 million increase in net loss was primarily a result of increased general and administrative expenses and invitation to bid contract costs discussed separately below.

General and administrative expenses during the three months ended September 30, 2018 decreased \$7.8 million compared to the same period in 2017 due to a reduction in share-based compensation expense of \$9.1 million as a result of changes in the probability and expected timing of achievement of performance conditions partially offset by increases in the number of employees and amount of marketing and conference sponsorship costs of \$1.1 million.

General and administrative expenses during the nine months ended September 30, 2018 increased \$7.1 million compared to the same period in 2017 primarily due to (i) increases in the number of employees, professional fees, travel, and marketing and conference sponsorship costs of \$4.9 million and (ii) increase in share-based compensation expense of approximately \$2.2 million.

During the third quarter of 2018, we conducted a competitive EPC bid process. In connection with the EPC bid process, we entered into agreements with potential EPC contractors that provide for payments to be made by us to the EPC contractors as bid milestones are achieved (“Invitation to bid contract costs”). As of September 30, 2018, we incurred approximately \$4.4 million of Invitation to bid contract costs, no such costs were incurred during the comparable periods in 2017.

Gain on common stock warrant liabilities for the three and nine months ended September 30, 2018 is primarily due to a decrease in the share price of Company common stock from the date the warrants were issued to the remeasurement date at September 30, 2018.

Interest income, net during the three and nine months ended September 30, 2018 increased \$0.1 million and \$0.2 million, respectively, compared to the same periods in 2017 due to increased yield and higher average balances maintained in our cash and cash equivalent and investment securities accounts.

Deemed dividends on the Series A Preferred Stock for the three and nine months ended September 30, 2018 represents the accretion of the beneficial conversion feature associated with the Series A Preferred Stock issued in the third quarter of 2018.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of September 30, 2018.

Summary of Critical Accounting Estimates

The preparation of our Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make certain estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. There have been no significant changes to our critical accounting estimates from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017.

Recent Accounting Standards

For descriptions of recently issued accounting standards, see [Note 11 – Recent Accounting Pronouncements](#) of our Notes to Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of "our disclosure controls and procedures," as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the fiscal quarter ended September 30, 2018. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of September 30, 2018, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

During the most recent fiscal quarter, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION**Item 1. Legal Proceedings**

None.

Item 1A. Risk Factors

Not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**Purchase of Equity Securities by the Issuer**

The following table summarizes stock repurchases for the three months ended September 30, 2018:

<u>Period</u>	<u>Total Number of Shares Purchased⁽¹⁾</u>	<u>Average Price Paid Per Share⁽²⁾</u>	<u>Total Number of Shares Purchased as a Part of Publicly Announced Plans</u>	<u>Maximum Number of Units That May Yet Be Purchased Under the Plans</u>
July 2018	—	—	—	—
August 2018	—	—	—	—
September 2018	3,202	\$ 5.90	—	—

- (1) Represents shares of Company common stock surrendered to us by participants in our 2017 Omnibus Incentive Plan (the “2017 Plan”) to settle the participants’ personal tax liabilities that resulted from the lapsing of restrictions on shares awarded to the participants under the 2017 Plan.
- (2) The price paid per share of Company common stock was based on the closing trading price of our common stock on the dates on which we repurchased shares of Company common stock from the participants under the 2017 Plan.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
3.1 ⁽¹⁾	Second Amended and Restated Certificate of Incorporation of NextDecade Corporation, dated July 24, 2017
3.2 ⁽²⁾	Amended and Restated Bylaws of NextDecade Corporation, dated July 24, 2017
3.3*	Certificate of Designation of Series A Convertible Preferred Stock, dated August 9, 2018
3.4*	Certificate of Designation of Series B Convertible Preferred Stock, dated September 28, 2018
4.1 ⁽³⁾	Specimen Common Share Certificate
4.2 ⁽⁴⁾	Specimen Unit Certificate
4.3 ⁽⁵⁾	Specimen Warrant Certificate
4.4 ⁽⁶⁾	Form of Warrant Agreement between Harmony Merger Corp. and Continental Stock Transfer & Trust Company
4.5 ⁽⁷⁾	Form of Warrant Agreement
4.6 ⁽⁸⁾	Form of Warrant Agreement
10.1 ⁽⁹⁾	Series A Convertible Preferred Stock Purchase Agreement, dated as of August 3, 2018, by and between NextDecade Corporation and York Capital Management Global Advisors, LLC, severally on behalf of certain funds or accounts advised by it or its affiliates
10.2 ⁽¹⁰⁾	Series A Convertible Preferred Stock Purchase Agreement, dated as of August 3, 2018, by and between NextDecade Corporation and Valinor Management, L.P., severally on behalf of certain funds or accounts for which it is investment manager
10.3 ⁽¹¹⁾	Series A Convertible Preferred Stock Purchase Agreement, dated as of August 3, 2018, by and between NextDecade Corporation and Halcyon Capital Management LP, severally on behalf of certain funds or accounts advised by it or its affiliates
10.4 ⁽¹²⁾	Series A Convertible Preferred Stock Purchase Agreement, dated as of August 3, 2018, by and between NextDecade Corporation and HGC Next Inv LLC
10.5 ⁽¹³⁾	Registration Rights Agreement
10.6 ⁽¹⁴⁾	Purchaser Rights Agreement between by and between NextDecade Corporation and HGC Next Inv LLC
10.7 ⁽¹⁵⁾	Amendment No. 1 to Backstop Commitment Agreement, effective August 3, 2018 between NextDecade Corporation and York Capital Management Global Advisors, LLC, severally on behalf of the certain funds or accounts advised by it or its affiliates
10.8 ⁽¹⁶⁾	Amendment No. 1 to Backstop Commitment Agreement, effective August 3, 2018 between NextDecade Corporation and Valinor Management, LP, severally on behalf of the certain funds for which it is investment manager
10.9 ⁽¹⁷⁾	Amendment No. 1 to Backstop Commitment Agreement, effective August 3, 2018 between NextDecade Corporation and Halcyon Capital Management LP, severally on behalf of certain funds or accounts advised by it or its affiliates
10.10 ⁽¹⁸⁾	Series B Convertible Preferred Stock Purchase Agreement, dated as of August 23, 2018, entered into by and between NextDecade Corporation and the Purchasers named therein.
10.11 ⁽¹⁹⁾	Form of Registration Rights Agreement
10.12 ⁽²⁰⁾	Form of Purchaser Rights Agreement.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.

(1) Incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K, filed July 28, 2017.

(2) Incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K, filed July 28, 2017.

(3) Incorporated by reference to Exhibit 4.2 of the Amendment No. 2 to the Registrant's Registration Statement on Form S-1, filed October 10, 2014

(4) Incorporated by reference to Exhibit 4.1 of the Amendment No. 7 to the Registrant's Registration Statement on Form S-1, filed March 13, 2015.

- (5) Incorporated by reference to Exhibit 4.3 of the Amendment No. 7 to the Registrant's Registration Statement on Form S-1, filed March 13, 2015.
- (6) Incorporated by reference to Exhibit 4.4 of the Amendment No. 7 to the Registrant's Registration Statement on Form S-1, filed March 13, 2015.
- (7) Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed August 7, 2018.
- (8) Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed August 24, 2018.
- (9) Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed August 7, 2018.
- (10) Incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K, filed August 7, 2018.
- (11) Incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K, filed August 7, 2018.
- (12) Incorporated by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K, filed August 7, 2018.
- (13) Incorporated by reference to Exhibit 10.5 of the Registrant's Current Report on Form 8-K, filed August 7, 2018.
- (14) Incorporated by reference to Exhibit 10.6 of the Registrant's Current Report on Form 8-K, filed August 7, 2018.
- (15) Incorporated by reference to Exhibit 10.7 of the Registrant's Current Report on Form 8-K, filed August 7, 2018.
- (16) Incorporated by reference to Exhibit 10.8 of the Registrant's Current Report on Form 8-K, filed August 7, 2018.
- (17) Incorporated by reference to Exhibit 10.9 of the Registrant's Current Report on Form 8-K, filed August 7, 2018.
- (18) Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed August 24, 2018.
- (19) Incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K, filed August 24, 2018.
- (20) Incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K, filed August 24, 2018.

* Filed herewith.

** Furnished herewith.

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.

NEXTDECADE CORPORATION

Date: November 9, 2018

By: /s/ Matthew K. Schatzman
Matthew K. Schatzman
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 9, 2018

By: /s/ Benjamin A. Atkins
Benjamin A. Atkins
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATE OF DESIGNATIONS
OF
SERIES A CONVERTIBLE PREFERRED STOCK
OF
NEXTDECADE CORPORATION**

NEXTDECADE CORPORATION, a Delaware corporation (the “Corporation”), certifies that, pursuant to the authority contained in Article Fourth of its Second Amended and Restated Certificate of Incorporation, as amended prior to the date hereof (the “Certificate of Incorporation”), and in accordance with the provisions of Section 151 of the Delaware General Corporation Law (the “DGCL”), the special committee of the board of directors of the Corporation (the “Special Committee”) duly approved and adopted on 1, 2018 the following resolution, which resolution remains in full force and effect on the date hereof:

WHEREAS, the Certificate of Incorporation authorizes the issuance of up to 480,000,000 shares of Common Stock and up to 1,000,000 shares of preferred stock, par value \$.0001 per share, of the Corporation (“Preferred Stock”) in one or more series, and expressly authorizes the board of directors of the Corporation, subject to limitations prescribed by law, to establish and fix for each such series such voting powers, full or limited, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations and restrictions of the shares of such series; and

WHEREAS, pursuant to Section 3.10 of the Amended and Restated Bylaws of the Corporation (the “Bylaws”), the board of directors of the Corporation may designate one or more committees, each such committee to consist of one or more of the directors of the Corporation in compliance with the Bylaws and all applicable laws, rules and regulations, including, but not limited to, the rules of the exchange on which the Corporation’s common stock is listed. Any such committee, to the extent provided by law and in the resolution of the board of directors of the Corporation establishing such committee, shall have and may exercise all the powers and authority of the board of directors of the Corporation in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it and, so long as the resolutions expressly so provides, such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock; and

WHEREAS, the board of directors of the Corporation has established the Special Committee by resolutions upon a determination by the board of directors of the Corporation that doing so was in the best interests of the Corporation and its stockholders, and by resolutions expressly authorized the Special Committee to issue Preferred Stock; and

WHEREAS, the Special Committee desires to establish and fix such voting powers, full or limited, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations and restrictions of the Series A Preferred Stock defined below.

NOW, THEREFORE, BE IT RESOLVED, that the Series A Preferred Stock be, and hereby is, created, and that the number of shares thereof, the voting powers thereof and the designations, preferences and relative, participating, optional and other special rights thereof and the qualifications, limitations and restrictions thereof be, and hereby are, as follows:

1. General.

(a) The shares of such series are designated the Series A Convertible Preferred Stock (hereinafter referred to as the "Series A Preferred Stock"). The number of authorized shares constituting the Series A Preferred Stock shall be fifty thousand (50,000) shares of Series A Preferred Stock; provided, that such authorized number of shares constituting Series A Preferred Stock shall be increased automatically by the amount of shares representing the origination fee contemplated to be issued pursuant to any Series A Purchase Agreement or Backstop Commitment Agreement and PIK Dividends (as defined below) payable to the holders of such Series A Preferred Stock. Subject to Section 6, that number from time to time may be increased or decreased (but not below the number of shares of Series A Preferred Stock then outstanding) by (i) further resolution duly adopted by the board of directors of the Corporation, or any duly authorized committee thereof, and (ii) the filing of amendments to the Certificate of Incorporation pursuant to the provisions of the DGCL stating that such increase or decrease, as applicable, has been so authorized. The Corporation shall not have the authority to issue fractional shares of Series A Preferred Stock.

(b) Each share of Series A Preferred Stock will be identical in all respects to the other shares of Series A Preferred Stock.

(c) Shares of Series A Preferred Stock converted into Common Stock (as defined below) will be cancelled and will revert to authorized but unissued Preferred Stock, undesignated as to series.

(d) In any case where any Dividend Payment Date is not a Business Day, then (notwithstanding any other provision of this Certificate of Designations) payment of dividends need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Dividend Payment Date; provided, however, that no interest will accrue on such amount of dividends for the period from and after such Dividend Payment Date, as the case may be.

(e) The Series A Preferred Stock, with respect to payment of dividends and rights upon a Liquidation (defined below), ranks: (i) senior in all respects to all Junior Stock; (ii) on a parity in all respects with all Parity Stock; and (iii) junior in all respects to all Senior Stock.

2. Certain Defined Terms.

As used in this Certificate of Designations, the following terms have the respective meanings set forth below:

(a) “Affiliate” shall have the meaning ascribed to such term as of the date hereof in Rule 405 under the Securities Act.

(b) “Backstop Commitment Agreements” means those certain Backstop Commitment Agreements, dated as of April 11, 2018 and as amended on August 3, 2018, by and between the Corporation and each of York Capital Management Global Advisors, LLC, Valinor Management, L.P. and Halcyon Capital Management LP.

(c) “Business Day” means any day other than a Saturday, Sunday, any federal legal holiday or day on which banking institutions in the State of New York or the State of Texas are authorized or required by law or other governmental action to close.

(d) “Cash Dividends” has the meaning specified in Section 3(a).

(e) “Certificate of Designations” means this Certificate of Designations of the Series A Convertible Preferred Stock of the Corporation.

(f) “Certificate of Incorporation” has the meaning specified in the first paragraph of this Certificate of Designations.

(g) “Change of Control” means the occurrence of any of the following: (i) any sale, lease or transfer or series of sales, leases or transfers of all or substantially all of the assets of the Corporation and its Subsidiaries; (ii) any direct or indirect transfer of the Corporation’s securities (including pursuant to any merger, consolidation, share exchange, recapitalization or reorganization of the Corporation in which the Corporation is the surviving corporation) such that after such transfer a Person or group of Persons (other than the holders of the Corporation’s capital stock immediately prior to such transfer and their respective Affiliates) would own, directly or indirectly, 50% or more of the outstanding voting stock of the Corporation; (iii) any merger, consolidation, share exchange, recapitalization or reorganization of the Corporation with or into another Person where the Corporation is not the surviving corporation; or (iv) a majority of the board of directors of the Corporation ceases to be comprised of Incumbent Directors.

(h) “Common Stock” means common stock of the Corporation, par value \$.0001 per share.

(i) “Conversion Price” means \$7.50 (Seven Dollars and Fifty Cents), subject to adjustment in accordance with the provisions of Section 5(g).

(j) “Conversion Ratio” means, with respect to any share of Series A Preferred Stock, an amount (subject to adjustment in accordance with the provisions of Section 5(g)) equal to the quotient of (i) the sum of (A) the Series A Issue Price, plus (B) any accrued but unpaid dividends on such share of Series A Preferred Stock as of immediately prior to the conversion thereof in accordance with Section 5, divided by (ii) the Conversion Price.

(k) “Corporation” has the meaning specified in the first paragraph of this Certificate of Designations.

(l) “DGCL” has the meaning specified in the first paragraph of this Certificate of Designations.

(m) “Dividend Payment Date” means January 15, April 15, July 15 and October 15 of each year, commencing on the date stipulated in Section 3(c).

(n) “Dividend Rate” means a rate per annum equal to 12.0%.

(o) “Dividend Record Date” means, with respect to any Dividend Payment Date, the March 15, June 15, September 15 or December 15, as applicable, immediately preceding such Dividend Payment Date.

(p) “FID Event” means (i) the issuance of the notice to proceed in accordance with the engineering, procurement and construction contract for the Terminal with all conditions precedent thereunder for the issuance of such notice to proceed having been satisfied, and (ii) the procurement of all necessary debt or equity financing arrangements to engineer, procure and construct the Terminal under said agreement, with all conditions precedent thereunder for initial draw of funds having been satisfied.

(q) “Holder” means, with respect to shares of Series A Preferred Stock, the stockholder in whose name such Series A Preferred Stock is registered in the stock books of the Corporation.

(r) “Incumbent Directors” means the individuals who, as of the Original Issue Date, are directors of the Corporation and any individual becoming a director subsequent to the Original Issue Date whose election, nomination for election by the Corporation’s stockholders, or appointment was approved by a vote of at least a majority of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Corporation in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual shall not be an Incumbent Director if such individual’s election or appointment to the board of directors of the Corporation occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) under the Securities Exchange Act of 1934, as amended) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the board of directors of the Corporation.

(s) “Junior Stock” means the Common Stock and any other class or series of shares of capital stock of the Corporation hereafter authorized or established by the board of directors of the Corporation over which the Series A Preferred Stock has priority in the payment of dividends and in the distribution of assets upon any Liquidation.

(t) “Liquidation” means: (A) any voluntary or involuntary liquidation, dissolution, winding up of the Corporation; or (B) a Change of Control; provided, however, that for the purposes of this definition and Section 4, the following shall not be deemed a Liquidation: (i) a

consolidation of the Corporation with a Subsidiary, so long as the ownership of the Corporation remains substantially the same immediately following such consolidation; (ii) a merger effected to change the jurisdiction of incorporation of the Corporation so long as the ownership of the Corporation remains substantially the same immediately the merger; or (iii) a public or private equity offering by the Corporation that does not result in a Change of Control.

- (u) “Mandatory Conversion Date” has the meaning specified in Section 5(b)(i).
- (v) “NASDAQ” shall mean any of the national securities exchanges owned or operated by NASDAQ, Inc.
- (w) “Optional Conversion Date” has the meaning specified in Section 5(a)(ii).
- (x) “Original Issue Date” means the date of this Certificate of Designations.
- (y) “Parity Stock” means any class or series of shares of the Corporation that have *pari passu* priority with the Series A Preferred Stock in the payment of dividends or in the distribution of assets upon any Liquidation.
- (z) “Person” means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity.
- (aa) “PIK Dividend” has the meaning specified in Section 3(b).
- (bb) “PIK Dividend Amount” has the meaning specified in Section 3(b).
- (cc) “PIK Share” has the meaning specified in Section 3(b).
- (dd) “Preferred Holder” has the meaning specified in Section 4(a).
- (ee) “Preferred Stock” has the meaning specified in the recitals to this Certificate of Designations.
- (ff) “Quarter” means the three-month period ending on each of March 31, June 30, September 30 and December 31 of each year, provided that, with respect to the first period following the Original Issue Date, such Quarter shall be deemed to include solely the portion of such period after the Original Issue Date.
- (gg) “Quarterly Dividends” has the meaning specified in Section 3(b).
- (hh) “Securities Act” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.
- (ii) “Senior Stock” means each class of capital stock or series of preferred stock established after the Original Issue Date by the board of directors of the Corporation, the terms of

which expressly provide that such class or series will rank senior to the Series A Preferred Stock as to payment of dividends or in the distribution of assets upon any Liquidation.

(jj) “Series A Issue Price” means an amount per share of Series A Preferred Stock equal to \$1,000.00.

(kk) “Series A Liquidation Preference” means, with respect to each share of Series A Preferred Stock outstanding as of immediately prior to any Liquidation, an amount equal to the greater of (i) an amount equal to the sum of (A) the Series A Issue Price, plus (B) any accrued but unpaid dividends on such share of Series A Preferred Stock as of immediately prior to such Liquidation in accordance with Section 3, and (ii) the amount that would be distributable pursuant to such Liquidation in respect of the shares of Common Stock into which such share of Series A Preferred Stock would be converted pursuant to Section 5 (without regard to any of the limitations on convertibility contained therein and plus any payment in respect of any fractional interest pursuant to Section 5(c)) if all outstanding shares of the Corporation’s Series A Preferred Stock were converted into shares of Common Stock as of immediately prior to such Liquidation.

(ll) “Series A Preferred Stock” has the meaning specified in Section 1(a).

(mm) “Series A Purchase Agreements” means those certain Series A Convertible Preferred Stock Purchase Agreements, each dated as of August 3, 2018, by and among the Corporation and each of HGC NEXT INV LLC, a Delaware limited liability company, York Capital Management Global Advisors, LLC, Valinor Management, L.P. and Halcyon Capital Management LP.

(nn) “Series B Preferred Stock” means Parity Stock (other than Series C Preferred Stock) in an aggregate amount not to exceed \$50,000,000, subject to the authorization and issuance of such Series B Preferred Stock by the board of directors of the Corporation and stockholders of the Corporation.

(oo) “Series C Preferred Stock” means Parity Stock (other than Series B Preferred Stock) in an aggregate amount not to exceed \$50,000,000 that is issued at any time on or after the date that is eighteen (18) months after the Original Issue Date, subject to the authorization and issuance of such Series C Preferred Stock by the board of directors of the Corporation and stockholders of the Corporation.

(pp) “Special Committee” has the meaning specified in the first paragraph of this Certificate of Designations.

(qq) “Subsidiary” means, with respect to any Person, any other Person of which a majority of the outstanding shares or other equity interests having the power to vote for directors or comparable managers are owned, directly or indirectly, by the first Person.

(rr) “Terminal” means two or more liquefaction trains at the Rio Grande LNG terminal facility at the Port of Brownsville in southern Texas.

(ss) “Trading Day” means a day during which trading in securities generally occurs on NASDAQ or, if the Common Stock is not listed on NASDAQ, on the New York Stock Exchange or, if the Common Stock is not listed on NASDAQ or the New York Stock Exchange, on the principal other market on which the Common Stock is then traded. If the Common Stock is not so listed or traded, “Trading Day” means a Business Day.

(tt) “Transfer Agent” means Continental Stock Transfer & Trust Company, acting as the Corporation’s duly appointed transfer agent, registrar, conversion agent, dividend disbursing agent and paying agent for any securities of the Corporation, and its successors and assigns, or any other Person appointed to serve as transfer agent, registrar, conversion agent, dividend disbursing agent or paying agent by the Corporation.

3. Dividends.

(a) Dividends will, with respect to each share of Series A Preferred Stock, accrue on the Series A Issue Price at the Dividend Rate for each Quarter for the portion of such Quarter for which such share is outstanding, to and including the last day of such Quarter. Dividends on the Series A Preferred Stock will accrue on a daily basis (at the Dividend Rate assuming a 365 day year), whether or not declared. Subject to the rights of holders of any Senior Stock, Holders will be entitled to receive, prior to any distributions made in respect of any Junior Stock in respect of the same Quarter, out of funds legally available for payment, cash dividends (“Cash Dividends”) on the Series A Issue Price at the Dividend Rate on each Dividend Payment Date in arrears in respect of the Quarter ending immediately prior to such Dividend Payment Date, provided that such Cash Dividends will be payable only when, as and if declared by the board of directors of the Corporation, and with respect to any Quarter, no Cash Dividend will be declared or payable to any holder of Junior Stock or Parity Stock unless a Cash Dividend is declared or paid to Holders of Series A Preferred Stock in such Quarter.

(b) Notwithstanding anything to the contrary in Section 3(a), if, at the election of the board of directors of the Corporation, the Corporation does not declare and pay all or any portion of a Cash Dividend payable on any Dividend Payment Date in accordance with Section 3(a) (with respect to each share of Series A Preferred Stock, the unpaid portion of such Cash Dividend, the “PIK Dividend Amount”), then the Corporation will deliver to each Holder of shares of Series A Preferred Stock, on such Dividend Payment Date, a number of shares of Series A Preferred Stock (each, a “PIK Share”) equal to the quotient of (i) the PIK Dividend Amount payable in respect of the shares of Series A Preferred Stock held by such Holder, divided by (ii) the Series A Issue Price (such dividend, a “PIK Dividend” and together with Cash Dividends, “Quarterly Dividends”). Any PIK Dividend declared and paid in accordance with this Section 3(b) will reduce, on a dollar-for-dollar basis, the amount of Cash Dividends otherwise required to be paid under Section 3(a) with respect to any Quarter. No fractional shares of Series A Preferred Stock shall be issued to any Holder pursuant to this Section 3(b) (after taking into account all shares of Series A Preferred Stock held by such Holder) and in lieu of any such fractional share, the Corporation shall pay to such Holder, at the Corporation’s option, either (1) an amount in cash equal to the applicable fraction of a share of Series A Preferred Stock multiplied by the Series A Liquidation Preference

per share of Series A Preferred Stock or (2) one additional whole share of Series A Preferred Stock. Each share of Series A Preferred Stock paid as a PIK Dividend under this Section 3(b) shall have a deemed value equal to the Series A Issue Price. Notwithstanding anything to the contrary in this Section 3(b), the Corporation shall not declare or pay a Cash Dividend to any holder of shares of Junior Stock or Parity Stock in any Quarter if, during such Quarter, the Corporation declares or pays a PIK Dividend to any Holder of Series A Preferred Stock.

(c) Quarterly Dividends will be payable in arrears on each Dividend Payment Date (commencing on the first Dividend Payment Date occurring at least forty-five (45) days after the Original Issue Date) for the Quarter ending immediately prior to such Dividend Payment Date, to the Holders of Series A Preferred Stock as they appear on the Corporation's stock register at the close of business on the relevant Dividend Record Date. Notwithstanding the foregoing, the Corporation will not be required to pay Cash Dividends on the Series A Preferred Stock to the extent prohibited by any indebtedness of the Corporation or to pay any Quarterly Dividend on the Series A Preferred Stock to the extent not consistent with applicable law, but in such case, such unpaid amounts will be cumulative and will compound Quarterly on each Dividend Payment Date in arrears.

(d) Subject to this Section 3, dividends (payable in cash, securities or other property) as may be determined by the board of directors of the Corporation may be declared and paid on any of the Corporation's securities, including the Common Stock, from time to time out of funds legally available for such payment, provided, that in the event that the Corporation declares or pays any dividends upon the Common Stock, other than non-cash dividends that give rise to an adjustment to the Conversion Price pursuant to Section 5(g), the Corporation shall also declare and pay to the Holders of the Series A Preferred Stock at the same time that it declares and pays such dividends to the holders of the Common Stock, the dividends which would have been declared and paid with respect to the Common Stock issuable upon conversion of the Series A Preferred Stock had all of the outstanding Series A Preferred Stock been converted immediately prior to the record date for such dividend, or if no record date is fixed, the date as of which the record holders of Common Stock entitled to such dividends are to be determined.

(e) The Corporation covenants that, so long as any shares of Series A Preferred Stock remain outstanding:

(i) the Corporation will, from time to time, take all steps necessary to increase the authorized number of shares of its Preferred Stock or Series A Preferred Stock, as applicable, if at any time the authorized number of shares of Preferred Stock or Series A Preferred Stock remaining unissued would otherwise be insufficient to allow delivery of all PIK Shares deliverable as of the next applicable Dividend Payment Date, assuming that the Quarterly Dividends then payable would be paid in their entirety as PIK Dividends; and

(ii) all PIK Shares will, upon issuance, be duly and validly issued, fully paid and nonassessable and will be free of restrictions on transfer (other than restrictions on

transfer arising under federal and state securities laws and under the Series A Purchase Agreement) and will be free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously or otherwise specified herein and liens created by the Holder thereof).

4. Liquidation.

(a) In the event of any Liquidation, subject to the rights of holders of any Senior Stock and before any distribution is made to holders of shares of Junior Stock, the Holders of the Series A Preferred Stock and Parity Stock (the "Preferred Holders") will be entitled to receive in respect of each share of Series A Preferred Stock and Parity Stock held by such Preferred Holder as of immediately prior to such Liquidation, from the assets of the Corporation, or proceeds thereof, distributable among the holders of the Corporation's then-outstanding shares of capital stock, an amount equal to their respective liquidation preference applicable to such share of Series A Preferred Stock or Parity Stock, as the case may be. If, upon such Liquidation, the assets of the Corporation, or proceeds thereof, are insufficient to pay the full liquidation preference of each Preferred Holder, then all such assets and proceeds of the Corporation so distributable will be distributed ratably in respect of the then-outstanding shares of Series A Preferred Stock and Parity Stock, in proportion to their respective liquidation preferences.

(b) Notice of any Liquidation will be given by mail, postage prepaid, not less than thirty (30) days prior to the distribution or payment date stated therein, to each Preferred Holder appearing on the stock books of the Corporation as of the date of such notice at the address of said Preferred Holder shown therein. Such notice will state a distribution or payment date, the aggregate liquidation preference distributable in respect of all shares of Series A Preferred Stock and Parity Stock then held by such Preferred Holder and the place where such amount will be distributable or payable.

(c) After the payment to the Preferred Holders of all amounts distributable pursuant to Section 4(a), the Holders of outstanding shares of Series A Preferred Stock will have no right or claim, based on their ownership of shares of Series A Preferred Stock, to any of the remaining assets of the Corporation.

5. Conversion.

(a) Optional Conversion by the Corporation. The Corporation shall have the option to force the conversion of all, but not less than all, of the Series A Preferred Stock at the Conversion Price on any date with respect to which the volume weighted average trading price of the Common Stock for each Trading Day during any sixty (60) of the prior ninety (90) Trading Days is equal to or greater than 175% of the Conversion Price, subject to the following terms and conditions:

(i) The Corporation shall give written notice to each Holder of its election to force conversion of the Series A Preferred Stock plus any accrued but unpaid dividends on the Series A Preferred Stock as of immediately prior to the conversion thereof.

(ii) Each share of Series A Preferred Stock will be convertible pursuant to this Section 5(a) into a number of shares of Common Stock equal to the Conversion Ratio applicable to such share of Series A Preferred Stock as of immediately prior to the close of business on the day of surrender (or, if not a Business Day, then the next Business Day thereafter) of the certificate for such share for conversion in accordance with Section 5(a)(iii) or the day designated by the Corporation which is no more than ten Business Days after the date on which the optional conversion is triggered pursuant to clause (a) above (the “Optional Conversion Date”).

(iii) Each Holder agrees to surrender at the office of the Corporation the certificate(s) therefor, duly endorsed or assigned to the Corporation or in blank.

(iv) Shares of Series A Preferred Stock will be deemed to have been converted immediately prior to the close of business on the Optional Conversion Date, and at such time the rights of the Holder of such shares of Series A Preferred Stock as a holder thereof will cease and from and after such time the Person entitled to receive the Common Stock issuable upon such conversion will be treated for all purposes as the record holder of such Common Stock. As promptly as practicable on or after the Optional Conversion Date, the Corporation will issue and deliver at such office a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion, together with payment in lieu of any fraction of a share, as provided in Section 5(c), to the Person or Persons entitled to receive the same.

(b) Mandatory Conversion. The Corporation must convert all, but not less than all, of the Series A Preferred Stock into shares of Common Stock, on and subject to the following terms and conditions:

(i) The Corporation must convert all of the Series A Preferred Stock into shares of Common Stock on the date that is the earlier of (i) the tenth (10th) Business Day following an FID Event, or (ii) the tenth anniversary of the Original Issue Date (the “Mandatory Conversion Date”).

(ii) Each share of Series A Preferred Stock will be convertible pursuant to this Section 5(b) into a number of shares of Common Stock equal to the Conversion Ratio applicable to such share of Series A Preferred Stock as of immediately prior to the close of business on the Mandatory Conversion Date.

(iii) Each share of Series A Preferred Stock will be deemed to have been converted immediately prior to the close of business on the Mandatory Conversion Date, and at such time the rights of the Holder of such shares of Series A Preferred Stock as a Holder thereof will cease and from and after such time the Person entitled to receive the Common Stock issuable upon such conversion will be treated for all purposes as the record holder of such Common Stock. As promptly as practicable on or after the conversion date and after surrender of the certificate(s) representing the converted Series A Preferred Stock,

the Corporation will issue and deliver a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion, together with payment in lieu of any fraction of a share, as provided in Section 5(c), to the Person or Persons entitled to receive the same.

(c) Fractional Interests. If more than one share of Series A Preferred Stock is presented for conversion at the same time by the same Holder (either pursuant to Section 5(a) or Section 5(b)), the number of full shares of Common Stock which will be issuable upon such conversion thereof will be computed on the basis of the aggregate number of shares of Series A Preferred Stock to be converted by such Holder. The Corporation will not be required upon the conversion of any shares of Series A Preferred Stock to issue any fractional shares of Common Stock, but may, in lieu of issuing any fractional share of Common Stock that would otherwise be issuable upon such conversion, pay a cash adjustment in respect of such fraction in an amount equal to the product of (i) such fraction, multiplied by (ii) the volume-weighted average trading price of the Common Stock for the ten (10) Trading Days immediately prior to the Mandatory Conversion Date. No Holder of Series A Preferred Stock will be entitled to receive any fraction of a share of Common Stock or a stock certificate representing a fraction of a share of Common Stock if such amount of cash is paid in lieu thereof.

(d) Reservation and Authorization of Common Stock. The Corporation covenants that, so long as any shares of Series A Preferred Stock remain outstanding:

(i) the Corporation will at all times reserve and keep available, from its authorized and unissued Common Stock solely for issuance and delivery upon the conversion of the shares of Series A Preferred Stock, such number of shares of Common Stock as from time to time will be issuable upon the conversion in full of all outstanding shares of Series A Preferred Stock;

(ii) the Corporation will, from time to time, take all steps necessary to increase the authorized number of shares of its Common Stock if at any time the authorized number of shares of Common Stock remaining unissued would otherwise be insufficient to allow delivery of all the shares of Common Stock then deliverable upon the conversion of all outstanding shares of Series A Preferred Stock; and

(iii) all shares of Common Stock issuable upon conversion of shares of Series A Preferred Stock will, upon issuance, be duly and validly issued, fully paid and nonassessable and will be free of restrictions on transfer (other than restrictions on transfer arising under federal and state securities laws and the Series A Purchase Agreements) and will be free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously or otherwise specified herein and liens created by the Holder thereof).

The Corporation hereby authorizes and directs the Transfer Agent for the Common Stock at all times to reserve stock certificates of deposit such stock certificates on behalf of the Corporation

with the Depository Trust Company for such number of authorized shares of Common Stock as are required for such purpose.

(e) Notwithstanding anything to the contrary contained in this Certificate of Designations, the number of shares of Common Stock or PIK Shares that may be issued under this Certificate of Designations, for any reason, may not exceed the maximum number of shares which the Corporation may issue without obtaining shareholder approval under applicable law (including, for the avoidance of doubt, the shareholder approval rules of NASDAQ or any other national securities exchange on which the shares of Common Stock are then listed) unless such shareholder approval has been obtained. Additionally, the Corporation will not issue any shares of Common Stock or PIK Shares under this Certificate of Designations, unless at the time of such issuance, the maximum number of shares then issuable may be issued under such rules without any shareholder approval, unless the requisite shareholder approval has been obtained. The foregoing restriction shall continue notwithstanding any failure of the Common Stock to continue to be listed on NASDAQ. In the event the Corporation is restricted from issuing shares of Common Stock or PIK Shares pursuant to this Certificate of Designations in accordance with the preceding sentence, the Corporation will be required to satisfy its obligations with respect to PIK Shares by paying cash in respect of such dividend payment obligation.

(f) Payment of Taxes. The Corporation will pay any and all taxes (other than income taxes) that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of shares of Series A Preferred Stock pursuant hereto. The Corporation also will not impose any service charge in connection with any conversion of the shares of Series A Preferred Stock to shares of Common Stock. The Corporation will not be required, however, to pay any tax or other charge imposed in respect of any transfer involved in the issue and delivery of any certificates for shares of Common Stock or payment of cash or other property to any recipient other than any such Holder of a share of Series A Preferred Stock converted, and in the case of, any such transfer or payment, the Transfer Agent for the Series A Preferred Stock and the Corporation will not be required to issue or deliver any certificate or pay any cash until (i) such tax or charge has been paid or an amount sufficient for the payment thereof has been delivered to the Transfer Agent for the Series A Preferred Stock or the Corporation, or (ii) it has been established to the Corporation's satisfaction that any such tax or other charge that is or may become due has been paid.

(g) Conversion Price Adjustment. The Conversion Price and the number and kind of shares of stock of the Corporation issuable on conversion shall be adjusted from time to time as follows:

(i) Subdivisions and Combinations.

If the Corporation (a) subdivides its outstanding Common Stock into a greater number of shares or (b) combines its outstanding Common Stock into a smaller number of shares of Common Stock, then the Conversion Price in effect immediately after the effectiveness of such subdivision or combination shall be adjusted as follows:

$$CP^1 = CP^0 \times (OS^0 / OS^1)$$

Where:

CP¹ = the Conversion Price in effect immediately after the effectiveness of such subdivision or combination;

CP⁰ = the Conversion Price in effect immediately before the effectiveness of such subdivision or combination;

OS⁰ = the number of shares of Common Stock outstanding immediately before the effectiveness of such subdivision or combination; and

OS¹ = the number of shares of Common Stock outstanding immediately after the effectiveness of such subdivision or combination.

(ii) Dividends Payable in Shares of Common Stock.

If the Corporation pays a dividend or otherwise makes a distribution payable in shares of Common Stock to all or substantially all of the holders of the outstanding shares of any class or series of stock of the Corporation, the Conversion Price shall be adjusted as follows:

$$CP^1 = CP^0 \times (OS^0 / OS^1)$$

Where:

CP¹ = the Conversion Price in effect immediately after the close of business on the record date for such dividend or distribution;

CP⁰ = the Conversion Price in effect immediately before the close of business on the record date for such dividend or distribution;

OS⁰ = the number of shares of Common Stock outstanding immediately before the close of business on the record date for such dividend or distribution; and

OS¹ = the number of shares of Common Stock outstanding immediately after payment of such dividend or distribution.

If the total number of shares constituting the dividend or distribution does not exceed 1.0% of the number of shares of Common Stock outstanding immediately before the close of business on the record date for such dividend or distribution, then unless adjustment is earlier required pursuant to Section 5(g)(v), no adjustment shall be made to the Conversion Price, but such shares constituting the dividend or distribution shall be included in the next succeeding dividend or other distribution for purposes of determining whether an adjustment to the Conversion Price shall occur in accordance with this sentence. In case shares of Common Stock are not issued

after a record date has been fixed, the Conversion Price shall be readjusted to the Conversion Price that would have been in effect if the record date had not been fixed.

(iii) Common Stock Issuances. (A) If the Corporation shall at any time or from time to time, issue, sell or otherwise dispose of any additional shares of Common Stock (including shares owned or held by or for the account of the Corporation), however designated (other than (t) Common Stock or warrants or options to purchase such additional number of shares of Common Stock, in each case issued in connection with a *bona fide* acquisition, merger or similar transaction between the Corporation and a non-Affiliated third party; (u) shares of Common Stock issued pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation's securities or the investment of additional optional amounts in shares of Common Stock under any such plan; (v) the issuance of any shares of Common Stock or options or rights to purchase such shares designated for such issuance as of the date hereof pursuant to any of the Corporation's employee, director, trustee, or consultant benefit plans, employment agreements, or similar arrangements or programs; (w) the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable or convertible security outstanding as of the date shares of Series A Preferred Stock were first issued; (x) the issuance of any shares of Common Stock in connection with a conversion of shares of Series B Preferred Stock after the date hereof; (y) a change (by merger, reclassification, or otherwise) in the par value of the Common Stock; or (z) the issuance of up to 7,500,000 shares of Common Stock or any securities convertible into or exchangeable or exercisable for up to 7,500,000 shares of Common Stock in one or more public offerings) then the Conversion Price shall be adjusted as follows:

$$CP^1 = CP^0 - (CP^0 \times SI / OS^1)$$

Where:

CP¹ = the Conversion Price in effect immediately after the issuance of additional shares of Common Stock;

CP⁰ = the Conversion Price in effect immediately prior to the issuance of additional shares of Common Stock;

SI = the number of additional shares of Common Stock issued (excluding any shares described in clauses (t) – (z) above);

OS¹ = the number of shares of Common Stock outstanding immediately after the issuance of additional shares of Common Stock.

(iv) Deferral of Issuance of Additional Shares in Connection with Conversions between a Record Date and Occurrence of Triggering Event.

In any case in which this Section 5(g) requires that an adjustment as a result of any event become effective from and after a record date, the Corporation may elect to defer until after the occurrence of the event (a) issuing to the Holder of any shares of Series A Preferred Stock converted after the record date and before the occurrence of the event the additional shares of Common Stock issuable upon such conversion over and above the shares issuable on the basis of the Conversion Price in effect immediately before adjustment, and (b) paying to such Holder any amount in cash in lieu of a fractional share of Common Stock under Section 5(c) above. In any such case, the Corporation shall issue or cause a transfer agent to issue evidence, in a form reasonably satisfactory to the Holders of such shares of Series A Preferred Stock, of the right to receive the shares as to which the issuance is deferred.

(v) Postponement of Small Adjustments.

Any adjustment in the Conversion Price otherwise required to be made by this Section 5 may be postponed until the earlier of (x) the day prior to the Optional Conversion Date or Mandatory Conversion Date, if applicable, or (y) the date of the next adjustment otherwise required to be made up to, but not beyond, one year from the date on which it would otherwise be required to be made, if such adjustment (together with any other adjustments postponed under this Section 5(g)(v) and not theretofore made) would not require an increase or decrease of more than 1% in such price and would not, if made, entitle the Holders of all then outstanding shares of Series A Preferred Stock upon conversion to receive additional shares of Common Stock equal in the aggregate to one-tenth of one percent (0.1%) or more of the then issued and outstanding shares of Common Stock. All calculations under this Section 5(g)(v) shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be.

(vi) Reductions in Conversion Price to Avoid Tax Effects.

The board of directors of the Corporation may make such reductions in the Conversion Price, in addition to those required by this Section 5(g), as shall be determined by the board of directors of the Corporation in good faith to be advisable in order to avoid taxation to the recipients so far as practicable of any dividend of stock or stock rights or any event treated as such for federal income tax purposes.

(vii) No Adjustment for Participating Transactions.

The Corporation shall not make any adjustment pursuant to this Section 5(g) if Holders of shares of Series A Preferred Stock are permitted to participate, concurrently with the holders of Common Stock and on an as-converted basis, in any transaction described in this Section 5(g).

(viii) No Adjustment for Other Actions or Transactions.

No adjustment shall be made to the conversion rights of the Series A Preferred Stock except as specifically set forth in this Section 5(g).

(ix) Successive Adjustments; Multiple Adjustments.

After an adjustment is made to the Conversion Price under this Section 5, any subsequent event requiring an adjustment under this Section 5 shall cause an adjustment to such Conversion Price, as so adjusted.

6. Voting.

(a) The Holders of shares of Series A Preferred Stock shall only have such voting rights as provided for in this Section 6 or as otherwise specifically required by law, the Certificate of Incorporation or the Bylaws.

(b) As to matters upon which Holders of shares of Series A Preferred Stock are entitled to vote as a class, the Holders of Series A Preferred Stock will be entitled to a number of votes equal to the largest number of whole shares of Common Stock into which such shares of Series A Preferred Stock are convertible as if such shares of Series A Preferred Stock were converted at “market value” on the date the shares of Series A Preferred Stock were issued as of the record date for such vote or written consent or, if there is no specified record date, as of the date such vote is taken or such written consent is first executed. The approval of any such matters required to be submitted to such vote will be determined by the Holders holding a majority of the issued and outstanding shares of the Series A Preferred Stock. Each Holder of outstanding shares of Series A Preferred Stock shall be entitled to notice of all stockholder meetings (or requests for written consent), including any meetings where the Holders of shares of Series A Preferred Stock are entitled to vote as a class, in each case, in accordance with the Bylaws.

(c) Each Holder of outstanding shares of Series A Preferred Stock shall be entitled to vote with holders of outstanding shares of Common Stock, voting together as a single class, with respect to any and all matters presented to the stockholders of the Corporation for their action or consideration (whether at a meeting of stockholders of the Corporation, by written action of stockholders in lieu of a meeting or otherwise), except as provided by law. In any such vote, each share of Series A Preferred Stock shall be entitled to a number of votes equal to the largest number of whole shares of Common Stock into which such share of Series A Preferred Stock is convertible as if such share of Series A Preferred Stock was converted at “market value” on the date the share of Series A Preferred Stock was issued as of the record date for such vote or written consent or, if there is no specified record date, as of the date such vote is taken or such written consent is first executed.

(d) So long as 50% of the Series A Preferred Stock originally issued at the Original Issue Date (for the avoidance of doubt, not taking into account any subsequent additional authorizations by the board of directors of the Corporation) remain outstanding, in addition to any other vote or consent of stockholders required by law, the Certificate of Incorporation, or the Bylaws, the Corporation will not, directly or indirectly, without the affirmative vote at a meeting (or the written consent with or without a meeting) of the Holders of at least a majority of the number of shares of Series A Preferred Stock then outstanding:

(i) Authorize, create (by reclassification or otherwise) or approve the issuance of any shares of, or of any security convertible into, or convertible or exchangeable for shares of, any Senior Stock (or amend the terms of any existing shares to provide for such ranking);

(ii) Authorize, create (by reclassification or otherwise) or approve the issuance of any shares of, or of any security convertible into, or convertible or exchangeable for shares of, Series A Preferred Stock or Parity Stock (or amend the terms of any existing shares to provide for such ranking) except for (i) any outstanding balance of authorized Series A Preferred Stock, (ii) Series B Preferred Stock or (iii) Series C Preferred Stock; or

(iii) take any other corporate action that adversely affects any of the rights, preferences or privileges of the Series A Preferred Stock; provided, however, that for the avoidance of doubt this Section 6(d)(iii) shall not refer to any commercial or business decision made by the Corporation that may affect the value of the Series A Preferred Stock but does not change its rights, preferences or privileges (such as the incurrence of debt) or the issuance of Parity Stock permitted by Section 6(d)(ii).

(e) So long as any of the Series A Preferred Stock remains outstanding, in addition to any other vote or consent of stockholders required by law, the Certificate of Incorporation, or the Bylaws, the Corporation will not, directly or indirectly, without the affirmative vote at a meeting (or the written consent with or without a meeting) of the Holders of at least a majority of the number of shares of Series A Preferred Stock then outstanding, (i) amend, alter or repeal any of the provisions of the Certificate of Incorporation so as to affect adversely the powers, designations, preferences or rights of the Series A Preferred Stock or the Holders thereof; provided, however, that, for the avoidance of doubt, an amendment to the Certificate of Incorporation to authorize or create, or to increase the authorized amount of, any Junior Stock or Parity Stock will not be deemed to affect adversely the powers, designations, preferences or rights of the Series A Preferred Stock or the Holders thereof, or (ii) amend, alter or repeal any of the provisions of this Certificate of Designations.

For the avoidance of doubt, nothing herein limits the ability of the Corporation to issue Common Stock or incur indebtedness (other than indebtedness convertible or exchangeable for shares of Senior Stock, Series A Preferred Stock or Parity Stock).

7. Share Certificates; Transfer of Shares; Record Holders.

(a) Restrictive Legends.

(i) *Legends.* Until such time as the Series A Preferred Stock and Common Stock issued upon the conversion of Series A Preferred Stock, as applicable, have been sold pursuant to an effective registration statement under the Securities Act, or the Series A Preferred Stock or Common Stock issued upon the conversion of Series A Preferred Stock, as applicable, 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, each certificate issued with respect to a share of Series A Preferred Stock or any Common Stock issued upon the conversion of Series A Preferred Stock will, in addition to any legend required in respect of the Series A Purchase Agreements or any other agreement applicable to such shares, bear 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 MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT 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 APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS, IF ANY. IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, PRIOR TO THE REGISTRATION OF ANY TRANSFER OTHER THAN TO A QUALIFIED INSTITUTIONAL BUYER IN RELIANCE ON RULE 144A PROMULGATED UNDER THE SECURITIES ACT OR A TRANSFER TO THE CORPORATION, THE CORPORATION RESERVES THE RIGHT TO REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT AND SUCH OTHER APPLICABLE SECURITIES LAWS, IF ANY.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO LIMITATIONS ON TRANSFER CONTAINED IN THAT CERTAIN SERIES A CONVERTIBLE PREFERRED STOCK PURCHASE AGREEMENT DATED AS OF AUGUST 3, 2018, BY AND BETWEEN NEXTDECADE CORPORATION, A DELAWARE CORPORATION (THE “CORPORATION”) AND THE PURCHASER (AS DEFINED THEREIN).

(ii) *Removal of Legend.* In connection with a sale of the Series A Preferred Stock or Common Stock issued upon the conversion of Series A Preferred Stock, as applicable, in reliance on Rule 144 promulgated under the Securities Act, the applicable holder or its broker shall deliver to the Corporation a broker representation letter providing to the Corporation any information the Corporation reasonably deems necessary to determine that such sale is made in compliance with Rule 144 promulgated under the Securities Act, including, as may be appropriate, a certification that such holder is not an affiliate of the Corporation (as defined in Rule 144 promulgated under the Securities Act) and a certification as to the length of time the applicable equity interests have been held. Upon receipt of such representation letter, the Corporation shall promptly remove the restrictive legend, and the Corporation shall bear all costs associated with the removal of

such legend. At such time as the Series A Preferred Stock and Common Stock issued upon the conversion of Series A Preferred Stock, as applicable, (A) have been sold pursuant to an effective registration statement under the Securities Act, (B) have been held by the applicable holder for more than one year where the holder is not, and has not been in the preceding three months, an affiliate of the Corporation (as defined in Rule 144 promulgated under the Securities Act), or (C) no longer require such restrictive legend, as set forth in an opinion of counsel reasonably satisfactory to the Corporation, if the restrictive legend is still in place, the Corporation agrees, upon request of such holder, to take all steps necessary to promptly effect the removal of such legend, and the Corporation shall bear all costs associated with such removal of such legend. The Corporation shall cooperate with the applicable holder to effect the removal of such legend at any time such legend is no longer appropriate.

(b) Certificates Representing Shares of Series A Preferred Stock.

(i) *Form and Dating.* Certificates representing shares of Series A Preferred Stock and the Transfer Agent's certificate of authentication will be substantially in the form set forth in Exhibit A, which is hereby incorporated in and expressly made a part of this Certificate of Designations. The Series A Preferred Stock certificate may have notations, legends or endorsements required by law or stock exchange rules, provided that any such notation, legend or endorsement is in a form acceptable to the Corporation. Each Series A Preferred Stock certificate will be dated the date of its authentication.

(ii) *Execution and Authentication.* Two officers of the Corporation shall sign each Series A Preferred Stock certificate for the Corporation by manual or facsimile signature.

(A) If an officer of the Corporation whose signature is on a Series A Preferred Stock certificate no longer holds that office at the time the Transfer Agent authenticates the Series A Preferred Stock certificate, the Series A Preferred Stock certificate will be valid nevertheless.

(B) A Series A Preferred Stock certificate will not be valid until an authorized signatory of the Transfer Agent manually signs the certificate of authentication on the Series A Preferred Stock certificate. The signature will be conclusive evidence that the Series A Preferred Stock certificate has been authenticated under this Certificate of Designations.

(C) The Transfer Agent shall authenticate and deliver certificates for shares of Series A Preferred Stock for original issue upon a written order of the Corporation signed by two officers of the Corporation. Such order will specify the number of shares of Series A Preferred Stock to be authenticated and the date on which the original issue of the Series A Preferred Stock is to be authenticated.

(D) The Transfer Agent may appoint an authenticating agent reasonably acceptable to the Corporation to authenticate the certificates for the Series A Preferred Stock. Unless limited by the terms of such appointment, an authenticating agent may authenticate certificates for the Series A Preferred Stock whenever the Transfer Agent may do so. Each reference in this Certificate of Designations to authentication by the Transfer Agent includes authentication by such agent. An authenticating agent has the same rights as the Transfer Agent or agent for service of notices and demands.

(iii) *Transfer.* When any certificate representing shares of Series A Preferred Stock is presented to the Transfer Agent with a request to register the transfer of such shares, the Transfer Agent shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that such shares being surrendered for transfer will be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Corporation and the Transfer Agent, duly executed by the Holder thereof or its attorney duly authorized in writing, and accompanied by a certification in substantially the form of Exhibit B hereto.

(iv) *Replacement Certificates.* If any of the Series A Preferred Stock certificates are mutilated, lost, stolen or destroyed, the Corporation shall issue, in exchange and in substitution for and upon cancellation of the mutilated Series A Preferred Stock certificate, or in lieu of and substitution for the Series A Preferred Stock certificate lost, stolen or destroyed, a new Series A Preferred Stock certificate of like tenor and representing an equivalent amount of shares of Series A Preferred Stock, but only upon receipt of evidence of such loss, theft or destruction of such Series A Preferred Stock certificate and indemnity, if requested, satisfactory to the Corporation and the Transfer Agent.

(v) *Cancellation.* In the event the Corporation purchases or otherwise acquires certificates representing shares of Series A Preferred Stock, the same will thereupon be delivered to the Transfer Agent for cancellation. The Transfer Agent and no one else shall cancel and destroy all Series A Preferred Stock certificates surrendered for transfer, exchange, replacement or cancellation and deliver a certificate of such destruction to the Corporation unless the Corporation directs the Transfer Agent to deliver canceled Series A Preferred Stock certificates to the Corporation. The Corporation may not issue new Series A Preferred Stock certificates to replace Series A Preferred Stock certificates to the extent they evidence Series A Preferred Stock which the Corporation has purchased or otherwise acquired.

(c) Record Holders. Prior to due presentment for registration of transfer of any shares of Series A Preferred Stock, the Transfer Agent and the Corporation may deem and treat the Person in whose name such shares are registered as the absolute owner of such Series A Preferred Stock, and neither the Transfer Agent nor the Corporation shall be affected by notice to the contrary.

(d) No Obligation of the Transfer Agent. The Transfer Agent will have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Certificate of Designations or under applicable law with respect to any transfer of any interest in any Series A Preferred Stock other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Certificate of Designations, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

8. No Other Rights.

Without limiting the rights and obligations of the Corporation and any Holder of Series A Preferred Stock pursuant to any contract or agreement between the Corporation and any such Holder of Series A Preferred Stock, the shares of Series A Preferred Stock will not have any powers, designations, preferences or relative, participating, optional or other special rights, nor will there be any qualifications, limitations or restrictions or any powers, designations, preferences or rights of such shares, other than as set forth in this Certificate of Designations, the Certificate of Incorporation, the Bylaws or as may be provided by law.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designations to be signed and attested this day of 9, 2018.

THE CORPORATION:

NEXTDECADE CORPORATION

By: /s/ Matthew Schatzman
Name: Matthew Schatzman
Title: President and Chief Executive Officer

Attest: /s/ Leanne Ross-Ebow
Name: Leanne Ross-Ebow
Title: Notary

*Signature page to Certificate of Designations of
Series A Convertible Preferred Stock of NextDecade Corporation*

EXHIBIT A

FORM OF SERIES A CONVERTIBLE PREFERRED STOCK

FACE OF SECURITY

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 MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT 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 APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS, IF ANY. IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, PRIOR TO THE REGISTRATION OF ANY TRANSFER OTHER THAN TO A QUALIFIED INSTITUTIONAL BUYER IN RELIANCE ON RULE 144A PROMULGATED UNDER THE SECURITIES ACT OR A TRANSFER TO THE CORPORATION, THE CORPORATION RESERVES THE RIGHT TO REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT AND SUCH OTHER APPLICABLE SECURITIES LAWS, IF ANY.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO LIMITATIONS ON TRANSFER CONTAINED IN THAT CERTAIN SERIES A CONVERTIBLE PREFERRED STOCK PURCHASE AGREEMENT DATED AS OF AUGUST 3, 2018, BY AND BETWEEN NEXTDECADE CORPORATION, A DELAWARE CORPORATION (THE "CORPORATION"), AND THE PURCHASER (AS DEFINED THEREIN).

EXHIBIT A-1

**Series A Convertible Preferred Stock
of
NEXTDECADE CORPORATION**

NEXTDECADE CORPORATION, a Delaware corporation (the "Corporation"), hereby certifies that [●] (the "Holder") is the registered owner of [●] fully paid and non-assessable shares of preferred stock, par value \$.0001 per share, of the Corporation designated as the Series A Convertible Preferred Stock (the "Series A Preferred Stock"). The shares of Series A Preferred Stock are transferable on the books and records of the Transfer Agent, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Series A Preferred Stock represented hereby are issued and will in all respects be subject to the provisions of the Certificate of Designations adopted by the Corporation on [●], 2018, as the same may be amended from time to time (the "Certificate of Designations"). Capitalized terms used but not otherwise defined herein will have the respective meanings given to such terms in the Certificate of Designations. The Corporation will provide a copy of the Certificate of Designations to a Holder without charge upon written request to the Corporation at its principal place of business.

Reference is hereby made to select provisions of the Series A Preferred Stock set forth on the reverse hereof, and to the Certificate of Designations, which provisions and the Certificate of Designations will for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by the Certificate of Designations and is entitled to the benefits thereunder.

Unless the Transfer Agent's Certificate of Authentication hereon has been properly executed, these shares of Series A Preferred Stock will not be entitled to any benefit under the Certificate of Designations or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has executed this certificate this [____] day of [____], 20[____].

NEXTDECADE CORPORATION

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION

These are shares of the Series A Preferred Stock referred to in the within-mentioned Certificate of Designations.

Dated: [_____], 20[__]

**[Continental Stock Transfer & Trust Company],
as Transfer Agent,**

By: _____
Authorized Signatory

EXHIBIT A-3

REVERSE OF SECURITY

The shares of Series A Preferred Stock will be convertible into shares of the Corporation's Common Stock at the option of the Holder or the Corporation and redeemable by the Corporation, in each case, upon the satisfaction of the respective conditions and in the respective manner and according to the respective terms set forth in the Certificate of Designations.

The Corporation will furnish without charge to each Holder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock and the qualifications, limitations or restrictions of such preferences or rights.

EXHIBIT A-4

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of Series A Preferred Stock evidenced hereby to:

(Insert assignee's social security or tax identification number)

(Insert address and zip code of assignee)

and irrevocably appoints:

agent to transfer the shares of Series A Preferred Stock evidenced hereby on the books of the Transfer Agent. The agent may substitute another to act for him or her.

Date: _____

Signature: _____
(Sign exactly as your name appears on the other side of this Series A Preferred Stock Certificate)

Signature Guarantee: _____¹

¹ Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

**CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR
REGISTRATION OF TRANSFER OF PREFERRED STOCK**

Re: *Series A Convertible Preferred Stock (the “Series A Preferred Stock”) of NextDecade Corporation, a Delaware corporation (the “Corporation”)*

This Certificate relates to [●] shares of Series A Preferred Stock held by [_____] (the “Transferor”).

The Transferor has requested the Transfer Agent by written order to exchange or register the transfer of Series A Preferred Stock.

In connection with such request and in respect of such Series A Preferred Stock, the Transferor does hereby certify that the Transferor is familiar with the Certificate of Designations relating to the above-captioned Series A Preferred Stock and that the transfer of this Series A Preferred Stock does not require registration under the Securities Act of 1933, as amended (the “Securities Act”), because (please check the applicable box):

- such shares of Series A Preferred Stock are being acquired for the Transferor’s own account without transfer;
- such shares of Series A Preferred Stock are being transferred to the Corporation;
- such shares of Series A Preferred Stock are being transferred to a qualified institutional buyer (as defined in Rule 144A under the Securities Act), in reliance on Rule 144A; or
- such shares of Series A Preferred Stock are being transferred in reliance on, and in compliance with, another exemption from the registration requirements of the Securities Act (and based on an opinion of counsel if the Corporation so requests).

[●]

By: _____

Date:

**CERTIFICATE OF DESIGNATIONS
OF
SERIES B CONVERTIBLE PREFERRED STOCK
OF
NEXTDECADE CORPORATION**

NEXTDECADE CORPORATION, a Delaware corporation (the “Corporation”), certifies that, pursuant to the authority contained in Article Fourth of its Second Amended and Restated Certificate of Incorporation, as amended prior to the date hereof (the “Certificate of Incorporation”), and in accordance with the provisions of Section 151 of the Delaware General Corporation Law (the “DGCL”), the board of directors of the Corporation duly approved and adopted on August 15, 2018 the following resolution, which resolution remains in full force and effect on the date hereof:

WHEREAS, the Certificate of Incorporation authorizes the issuance of up to 480,000,000 shares of Common Stock and up to 1,000,000 shares of preferred stock, par value \$.0001 per share, of the Corporation (“Preferred Stock”) in one or more series, and expressly authorizes the board of directors of the Corporation, subject to limitations prescribed by law, to establish and fix for each such series such voting powers, full or limited, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations and restrictions of the shares of such series; and

WHEREAS, the board of directors of the Corporation desires to establish and fix such voting powers, full or limited, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations and restrictions of the Series B Preferred Stock defined below.

NOW, THEREFORE, BE IT RESOLVED, that the Series B Preferred Stock be, and hereby is, created, and that the number of shares thereof, the voting powers thereof and the designations, preferences and relative, participating, optional and other special rights thereof and the qualifications, limitations and restrictions thereof be, and hereby are, as follows:

1. General.

(a) The shares of such series are designated the Series B Convertible Preferred Stock (hereinafter referred to as the “Series B Preferred Stock”). The number of authorized shares constituting the Series B Preferred Stock shall be fifty thousand (50,000) shares of Series B Preferred Stock; provided, that such authorized number of shares constituting Series B Preferred Stock shall be increased automatically by the amount of shares representing the origination fee contemplated to be issued pursuant to the Series B Purchase Agreements and PIK Dividends (as defined below) payable to the holders of such Series B Preferred Stock. Subject to Section 6, that number from time to time may be increased or decreased (but not below the number of shares of Series B Preferred Stock then outstanding) by (i) further resolution duly adopted by the board of directors of the Corporation, or any duly authorized committee thereof, and (ii) the filing of

amendments to the Certificate of Incorporation pursuant to the provisions of the DGCL stating that such increase or decrease, as applicable, has been so authorized. The Corporation shall not have the authority to issue fractional shares of Series B Preferred Stock.

(b) Each share of Series B Preferred Stock will be identical in all respects to the other shares of Series B Preferred Stock.

(c) Shares of Series B Preferred Stock converted into Common Stock (as defined below) will be cancelled and will revert to authorized but unissued Preferred Stock, undesignated as to series.

(d) In any case where any Dividend Payment Date is not a Business Day, then (notwithstanding any other provision of this Certificate of Designations) payment of dividends need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Dividend Payment Date; provided, however, that no interest will accrue on such amount of dividends for the period from and after such Dividend Payment Date, as the case may be.

(e) The Series B Preferred Stock, with respect to payment of dividends and rights upon Liquidation (defined below), ranks: (i) senior in all respects to all Junior Stock; (ii) on a parity in all respects with all Parity Stock; and (iii) junior in all respects to all Senior Stock.

2. Certain Defined Terms.

As used in this Certificate of Designations, the following terms have the respective meanings set forth below:

(a) “Affiliate” shall have the meaning ascribed to such term as of the date hereof in Rule 405 under the Securities Act.

(b) “Business Day” means any day other than a Saturday, Sunday, any federal legal holiday or day on which banking institutions in the State of New York or the State of Texas are authorized or required by law or other governmental action to close.

(c) “Cash Dividends” has the meaning specified in Section 3(a).

(d) “Certificate of Designations” means this Certificate of Designations of the Series B Convertible Preferred Stock of the Corporation.

(e) “Certificate of Incorporation” has the meaning specified in the first paragraph of this Certificate of Designations.

(f) “Change of Control” means the occurrence of any of the following: (i) any sale, lease or transfer or series of sales, leases or transfers of all or substantially all of the assets of the Corporation and its Subsidiaries; (ii) any direct or indirect transfer of the Corporation’s securities (including pursuant to any merger, consolidation, share exchange, recapitalization or reorganization of the Corporation in which the Corporation is the surviving corporation) such that

after such transfer a Person or group of Persons (other than the holders of the Corporation's capital stock immediately prior to such transfer and their respective Affiliates) would own, directly or indirectly, 50% or more of the outstanding voting stock of the Corporation; (iii) any merger, consolidation, share exchange, recapitalization or reorganization of the Corporation with or into another Person where the Corporation is not the surviving corporation; or (iv) a majority of the board of directors of the Corporation ceases to be comprised of Incumbent Directors.

(g) "Common Stock" means common stock of the Corporation, par value \$.0001 per share.

(h) "Conversion Price" means \$7.50 (Seven Dollars and Fifty Cents), subject to adjustment in accordance with the provisions of Section 5(g).

(i) "Conversion Ratio" means, with respect to any share of Series B Preferred Stock, an amount (subject to adjustment in accordance with the provisions of Section 5(g)) equal to the quotient of (i) the sum of (A) the Series B Issue Price, plus (B) any accrued but unpaid dividends on such share of Series B Preferred Stock as of immediately prior to the conversion thereof in accordance with Section 5, divided by (ii) the Conversion Price.

(j) "Corporation" has the meaning specified in the first paragraph of this Certificate of Designations.

(k) "DGCL" has the meaning specified in the first paragraph of this Certificate of Designations.

(l) "Dividend Payment Date" means January 15, April 15, July 15 and October 15 of each year, commencing on the date stipulated in Section 3(c).

(m) "Dividend Rate" means a rate per annum equal to 12.0%.

(n) "Dividend Record Date" means, with respect to any Dividend Payment Date, the March 15, June 15, September 15 or December 15, as applicable, immediately preceding such Dividend Payment Date.

(o) "FID Event" means (i) the issuance of the notice to proceed in accordance with the engineering, procurement and construction contract for the Terminal with all conditions precedent thereunder for the issuance of such notice to proceed having been satisfied, and (ii) the procurement of all necessary debt or equity financing arrangements to engineer, procure and construct the Terminal under said agreement, with all conditions precedent thereunder for initial draw of funds having been satisfied.

(p) "Holder" means, with respect to shares of Series B Preferred Stock, the stockholder in whose name such Series B Preferred Stock is registered in the stock books of the Corporation.

(q) "Incumbent Directors" means the individuals who, as of the Original Issue Date, are directors of the Corporation and any individual becoming a director subsequent to the Original Issue Date whose election, nomination for election by the Corporation's stockholders, or

appointment was approved by a vote of at least a majority of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Corporation in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual shall not be an Incumbent Director if such individual's election or appointment to the board of directors of the Corporation occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) under the Securities Exchange Act of 1934, as amended) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the board of directors of the Corporation.

(r) "Junior Stock" means the Common Stock and any other class or series of shares of capital stock of the Corporation hereafter authorized or established by the board of directors of the Corporation over which the Series B Preferred Stock has priority in the payment of dividends and in the distribution of assets upon any Liquidation.

(s) "Liquidation" means: (A) any voluntary or involuntary liquidation, dissolution, winding up of the Corporation; or (B) a Change of Control; provided, however, that for the purposes of this definition and Section 4, the following shall not be deemed a Liquidation: (i) a consolidation of the Corporation with a Subsidiary, so long as the ownership of the Corporation remains substantially the same immediately following such consolidation; (ii) a merger effected to change the jurisdiction of incorporation of the Corporation so long as the ownership of the Corporation remains substantially the same immediately the merger; or (iii) a public or private equity offering by the Corporation that does not result in a Change of Control.

(t) "Mandatory Conversion Date" has the meaning specified in Section 5(b)(i).

(u) "NASDAQ" means any of the national securities exchanges owned or operated by NASDAQ, Inc.

(v) "Optional Conversion Date" has the meaning specified in Section 5(a)(ii).

(w) "Original Issue Date" means the date of this Certificate of Designations.

(x) "Parity Stock" means any class or series of shares of the Corporation that have *pari passu* priority with the Series B Preferred Stock in the payment of dividends or in the distribution of assets upon any Liquidation (including, for the avoidance of doubt, Series A Preferred Stock and Series C Preferred Stock).

(y) "Person" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity.

(z) "PIK Dividend" has the meaning specified in Section 3(b).

(aa) "PIK Dividend Amount" has the meaning specified in Section 3(b).

(bb) "PIK Share" has the meaning specified in Section 3(b).

(cc) "Preferred Holder" has the meaning specified in Section 4(a).

(dd) “Preferred Stock” has the meaning specified in the recitals to this Certificate of Designations.

(ee) “Purchasers” means the purchasers of Series B Preferred Stock pursuant to the Series B Purchase Agreements and their respective successors and permitted assigns.

(ff) “Quarter” means the three-month period ending on each of March 31, June 30, September 30 and December 31 of each year, provided that, with respect to the first period following the Original Issue Date, such Quarter shall be deemed to include solely the portion of such period after the Original Issue Date.

(gg) “Quarterly Dividends” has the meaning specified in Section 3(b).

(hh) “Securities Act” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(ii) “Senior Stock” means each class of capital stock or series of preferred stock established after the Original Issue Date by the board of directors of the Corporation, the terms of which expressly provide that such class or series will rank senior to the Series B Preferred Stock as to payment of dividends or in the distribution of assets upon any Liquidation.

(jj) “Series B Issue Price” means an amount per share of Series B Preferred Stock equal to \$1,000.00.

(kk) “Series B Liquidation Preference” means, with respect to each share of Series B Preferred Stock outstanding as of immediately prior to any Liquidation, an amount equal to the greater of (i) an amount equal to the sum of (A) the Series B Issue Price, plus (B) any accrued but unpaid dividends on such share of Series B Preferred Stock as of immediately prior to such Liquidation in accordance with Section 3, and (ii) the amount that would be distributable pursuant to such Liquidation in respect of the shares of Common Stock into which such share of Series B Preferred Stock would be converted pursuant to Section 5 (without regard to any of the limitations on convertibility contained therein and plus any payment in respect of any fractional interest pursuant to Section 5(c)) if all outstanding shares of the Corporation’s Series B Preferred Stock were converted into shares of Common Stock as of immediately prior to such Liquidation.

(ll) “Series A Preferred Stock” means Parity Stock (other than Series C Preferred Stock) in an aggregate amount not to exceed \$50,000,000.

(mm) “Series B Preferred Stock” has the meaning specified in Section 1(a).

(nn) “Series B Purchase Agreements” means those certain Series B Convertible Preferred Stock Purchase Agreements by and among the Corporation and the Purchasers for the purchase of Series B Preferred Stock governed by this Certificate of Designations.

(oo) “Series C Preferred Stock” means Parity Stock (other than Series A Preferred Stock or Series B Preferred Stock) in an aggregate amount not to exceed \$50,000,000 that is issued at any time on or after the date that is eighteen (18) months after the Original Issue Date, subject to

the authorization and issuance of such Series C Preferred Stock by the board of directors of the Corporation and stockholders of the Corporation.

(pp) “Subsidiary” means, with respect to any Person, any other Person of which a majority of the outstanding shares or other equity interests having the power to vote for directors or comparable managers are owned, directly or indirectly, by the first Person.

(qq) “Terminal” means two or more liquefaction trains at the Rio Grande LNG terminal facility at the Port of Brownsville in southern Texas.

(rr) “Trading Day” means a day during which trading in securities generally occurs on NASDAQ or, if the Common Stock is not listed on NASDAQ, on the New York Stock Exchange or, if the Common Stock is not listed on NASDAQ or the New York Stock Exchange, on the principal other market on which the Common Stock is then traded. If the Common Stock is not so listed or traded, “Trading Day” means a Business Day.

(ss) “Transfer Agent” means Continental Stock Transfer & Trust Company, acting as the Corporation’s duly appointed transfer agent, registrar, conversion agent, dividend disbursing agent and paying agent for any securities of the Corporation, and its successors and assigns, or any other Person appointed to serve as transfer agent, registrar, conversion agent, dividend disbursing agent or paying agent by the Corporation.

3. Dividends.

(a) Dividends will, with respect to each share of Series B Preferred Stock, accrue on the Series B Issue Price at the Dividend Rate for each Quarter for the portion of such Quarter for which such share is outstanding, to and including the last day of such Quarter. Dividends on the Series B Preferred Stock will accrue on a daily basis (at the Dividend Rate assuming a 365-day year), whether or not declared. Subject to the rights of holders of any Senior Stock, Holders will be entitled to receive, prior to any distributions made in respect of any Junior Stock in respect of the same Quarter, out of funds legally available for payment, cash dividends (“Cash Dividends”) on the Series B Issue Price at the Dividend Rate on each Dividend Payment Date in arrears in respect of the Quarter ending immediately prior to such Dividend Payment Date, provided that such Cash Dividends will be payable only when, as and if declared by the board of directors of the Corporation, and with respect to any Quarter, no Cash Dividend will be declared or payable to any holder of Junior Stock or Parity Stock unless a Cash Dividend is declared or paid to Holders of Series B Preferred Stock in such Quarter.

(b) Notwithstanding anything to the contrary in Section 3(a), if, at the election of the board of directors of the Corporation, the Corporation does not declare and pay all or any portion of a Cash Dividend payable on any Dividend Payment Date in accordance with Section 3(a) (with respect to each share of Series B Preferred Stock, the unpaid portion of such Cash Dividend, the “PIK Dividend Amount”), then the Corporation will deliver to each Holder of shares of Series B Preferred Stock, on such Dividend Payment Date, a number of shares of Series B Preferred Stock (each, a “PIK Share”) equal to the quotient of (i) the PIK Dividend Amount payable in respect of the shares of Series B Preferred Stock held by such Holder, divided by (ii) the Series B Issue Price

(such dividend, a “PIK Dividend” and together with Cash Dividends, “Quarterly Dividends”). Any PIK Dividend declared and paid in accordance with this Section 3(b) will reduce, on a dollar-for-dollar basis, the amount of Cash Dividends otherwise required to be paid under Section 3(a) with respect to any Quarter. No fractional shares of Series B Preferred Stock shall be issued to any Holder pursuant to this Section 3(b) (after taking into account all shares of Series B Preferred Stock held by such Holder) and in lieu of any such fractional share, the Corporation shall pay to such Holder, at the Corporation’s option, either (1) an amount in cash equal to the applicable fraction of a share of Series B Preferred Stock multiplied by the Series B Liquidation Preference per share of Series B Preferred Stock or (2) one additional whole share of Series B Preferred Stock. Each share of Series B Preferred Stock paid as a PIK Dividend under this Section 3(b) shall have a deemed value equal to the Series B Issue Price. Notwithstanding anything to the contrary in this Section 3(b), the Corporation shall not declare or pay a Cash Dividend to any holder of shares of Junior Stock or Parity Stock in any Quarter if, during such Quarter, the Corporation declares or pays a PIK Dividend to any Holder of Series B Preferred Stock.

(c) Quarterly Dividends will be payable in arrears on each Dividend Payment Date (commencing on the first Dividend Payment Date occurring at least forty-five (45) days after the Original Issue Date) for the Quarter ending immediately prior to such Dividend Payment Date, to the Holders of Series B Preferred Stock as they appear on the Corporation’s stock register at the close of business on the relevant Dividend Record Date. Notwithstanding the foregoing, the Corporation will not be required to pay Cash Dividends on the Series B Preferred Stock to the extent prohibited by any indebtedness of the Corporation or to pay any Quarterly Dividend on the Series B Preferred Stock to the extent not consistent with applicable law, but in such case, such unpaid amounts will be cumulative and will compound Quarterly on each Dividend Payment Date in arrears.

(d) Subject to this Section 3, dividends (payable in cash, securities or other property) as may be determined by the board of directors of the Corporation may be declared and paid on any of the Corporation’s securities, including the Common Stock, from time to time out of funds legally available for such payment, provided, that in the event that the Corporation declares or pays any dividends upon the Common Stock, other than non-cash dividends that give rise to an adjustment to the Conversion Price pursuant to Section 5(g), the Corporation shall also declare and pay to the Holders of the Series B Preferred Stock at the same time that it declares and pays such dividends to the holders of the Common Stock, the dividends which would have been declared and paid with respect to the Common Stock issuable upon conversion of the Series B Preferred Stock had all of the outstanding Series B Preferred Stock been converted immediately prior to the record date for such dividend, or if no record date is fixed, the date as of which the record holders of Common Stock entitled to such dividends are to be determined.

(e) The Corporation covenants that, so long as any shares of Series B Preferred Stock remain outstanding:

(i) the Corporation will, from time to time, take all steps necessary to increase the authorized number of shares of its Preferred Stock or Series B Preferred Stock, as applicable, if at any time the authorized number of shares of Preferred Stock or Series B Preferred Stock remaining unissued would otherwise be insufficient to allow delivery of

all PIK Shares deliverable as of the next applicable Dividend Payment Date, assuming that the Quarterly Dividends then payable would be paid in their entirety as PIK Dividends; and

(ii) all PIK Shares will, upon issuance, be duly and validly issued, fully paid and nonassessable and will be free of restrictions on transfer (other than restrictions on transfer arising under federal and state securities laws and under the Series B Purchase Agreements) and will be free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously or otherwise specified herein and liens created by the Holder thereof).

4. Liquidation.

(a) In the event of any Liquidation, subject to the rights of holders of any Senior Stock and before any distribution is made to holders of shares of Junior Stock, the Holders of the Series B Preferred Stock and Parity Stock (the "Preferred Holders") will be entitled to receive in respect of each share of Series B Preferred Stock and Parity Stock held by such Preferred Holder as of immediately prior to such Liquidation, from the assets of the Corporation, or proceeds thereof, distributable among the holders of the Corporation's then-outstanding shares of capital stock, an amount equal to their respective liquidation preference applicable to such share of Series B Preferred Stock or Parity Stock, as the case may be. If, upon such Liquidation, the assets of the Corporation, or proceeds thereof, are insufficient to pay the full liquidation preference of each Preferred Holder, then all such assets and proceeds of the Corporation so distributable will be distributed ratably in respect of the then-outstanding shares of Series B Preferred Stock and Parity Stock, in proportion to their respective liquidation preferences.

(b) Notice of any Liquidation will be given by mail, postage prepaid, not less than thirty (30) days prior to the distribution or payment date stated therein, to each Preferred Holder appearing on the stock books of the Corporation as of the date of such notice at the address of said Preferred Holder shown therein. Such notice will state a distribution or payment date, the aggregate liquidation preference distributable in respect of all shares of Series B Preferred Stock and Parity Stock then held by such Preferred Holder and the place where such amount will be distributable or payable.

(c) After the payment to the Preferred Holders of all amounts distributable pursuant to Section 4(a), the Holders of outstanding shares of Series B Preferred Stock will have no right or claim, based on their ownership of shares of Series B Preferred Stock, to any of the remaining assets of the Corporation.

5. Conversion.

(a) Optional Conversion by the Corporation. Subject to the terms and conditions of this Section 5(a), the Corporation shall have the option to force the conversion of all, but not less than all, of the Series B Preferred Stock at the Conversion Price on any date with respect to which the volume weighted average trading price of the Common Stock for each Trading Day during any

sixty (60) of the prior ninety (90) Trading Days is equal to or greater than 175% of the Conversion Price, subject to the following terms and conditions:

(i) The Corporation shall give written notice to each Holder of its election to force conversion of the Series B Preferred Stock plus any accrued but unpaid dividends on the Series B Preferred Stock as of immediately prior to the conversion thereof.

(ii) Each share of Series B Preferred Stock will be convertible pursuant to this Section 5(a) into a number of shares of Common Stock equal to the Conversion Ratio applicable to such share of Series B Preferred Stock as of immediately prior to the close of business on the day of surrender (or, if not a Business Day, then the next Business Day thereafter) of the certificate for such share for conversion in accordance with Section 5(a)(iii) or the day designated by the Corporation which is no more than ten Business Days after the date on which the optional conversion is triggered pursuant to clause (a) above (the "Optional Conversion Date").

(iii) Each Holder agrees to surrender at the office of the Corporation the certificate(s) therefor, duly endorsed or assigned to the Corporation or in blank.

(iv) Shares of Series B Preferred Stock will be deemed to have been converted immediately prior to the close of business on the Optional Conversion Date, and at such time the rights of the Holder of such shares of Series B Preferred Stock as a holder thereof will cease and from and after such time the Person entitled to receive the Common Stock issuable upon such conversion will be treated for all purposes as the record holder of such Common Stock. As promptly as practicable on or after the Optional Conversion Date, the Corporation will issue and deliver at such office a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion, together with payment in lieu of any fraction of a share, as provided in Section 5(c), to the Person or Persons entitled to receive the same.

(v) In the event that the Corporation elects to force the conversion of the Series B Preferred Stock pursuant to this Section 5(a), then the Corporation must also convert each series of then-issued and outstanding Parity Stock at the same time, except to the extent, with respect to any Parity Stock issued after the Original Issue Date, such forced conversion is not permitted in accordance with the terms of and with respect to such Parity Stock.

(b) Mandatory Conversion. The Corporation must convert all, but not less than all, of the Series B Preferred Stock into shares of Common Stock, on and subject to the following terms and conditions:

(i) The Corporation must convert all of the Series B Preferred Stock into shares of Common Stock on the date that is the earlier of (i) the tenth (10th) Business Day following an FID Event, or (ii) the tenth anniversary of the Original Issue Date (the "Mandatory Conversion Date").

(ii) Each share of Series B Preferred Stock will be convertible pursuant to this Section 5(b) into a number of shares of Common Stock equal to the Conversion Ratio applicable to such share of Series B Preferred Stock as of immediately prior to the close of business on the Mandatory Conversion Date.

(iii) Each share of Series B Preferred Stock will be deemed to have been converted immediately prior to the close of business on the Mandatory Conversion Date, and at such time the rights of the Holder of such shares of Series B Preferred Stock as a Holder thereof will cease and from and after such time the Person entitled to receive the Common Stock issuable upon such conversion will be treated for all purposes as the record holder of such Common Stock. As promptly as practicable on or after the conversion date and after surrender of the certificate(s) representing the converted Series B Preferred Stock, the Corporation will issue and deliver a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion, together with payment in lieu of any fraction of a share, as provided in Section 5(c), to the Person or Persons entitled to receive the same.

(c) Fractional Interests. If more than one share of Series B Preferred Stock is presented for conversion at the same time by the same Holder (either pursuant to Section 5(a) or Section 5(b)), the number of full shares of Common Stock which will be issuable upon such conversion thereof will be computed on the basis of the aggregate number of shares of Series B Preferred Stock to be converted by such Holder. The Corporation will not be required upon the conversion of any shares of Series B Preferred Stock to issue any fractional shares of Common Stock, but may, in lieu of issuing any fractional share of Common Stock that would otherwise be issuable upon such conversion, pay a cash adjustment in respect of such fraction in an amount equal to the product of (i) such fraction, multiplied by (ii) the volume-weighted average trading price of the Common Stock for the ten (10) Trading Days immediately prior to the Mandatory Conversion Date. No Holder of Series B Preferred Stock will be entitled to receive any fraction of a share of Common Stock or a stock certificate representing a fraction of a share of Common Stock if such amount of cash is paid in lieu thereof.

(d) Reservation and Authorization of Common Stock. The Corporation covenants that, so long as any shares of Series B Preferred Stock remain outstanding:

(i) the Corporation will at all times reserve and keep available, from its authorized and unissued Common Stock solely for issuance and delivery upon the conversion of the shares of Series B Preferred Stock, such number of shares of Common Stock as from time to time will be issuable upon the conversion in full of all outstanding shares of Series B Preferred Stock;

(ii) the Corporation will, from time to time, take all steps necessary to increase the authorized number of shares of its Common Stock if at any time the authorized number of shares of Common Stock remaining unissued would otherwise be insufficient to allow delivery of all the shares of Common Stock then deliverable upon the conversion of all outstanding shares of Series B Preferred Stock; and

(iii) all shares of Common Stock issuable upon conversion of shares of Series B Preferred Stock will, upon issuance, be duly and validly issued, fully paid and nonassessable and will be free of restrictions on transfer (other than restrictions on transfer arising under federal and state securities laws and any applicable Series B Purchase Agreement) and will be free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously or otherwise specified herein and liens created by the Holder thereof).

The Corporation hereby authorizes and directs the Transfer Agent for the Common Stock at all times to reserve stock certificates of deposit such stock certificates on behalf of the Corporation with the Depository Trust Company for such number of authorized shares of Common Stock as are required for such purpose.

(e) Notwithstanding anything to the contrary contained in this Certificate of Designations, the number of shares of Common Stock or PIK Shares that may be issued under this Certificate of Designations, for any reason, may not exceed the maximum number of shares which the Corporation may issue without obtaining shareholder approval under applicable law (including, for the avoidance of doubt, the shareholder approval rules of NASDAQ or any other national securities exchange on which the shares of Common Stock are then listed) unless such shareholder approval has been obtained. Additionally, the Corporation will not issue any shares of Common Stock or PIK Shares under this Certificate of Designations, unless at the time of such issuance, the maximum number of shares then issuable may be issued under such rules without any shareholder approval, unless the requisite shareholder approval has been obtained. The foregoing restriction shall continue notwithstanding any failure of the Common Stock to continue to be listed on NASDAQ. In the event the Corporation is restricted from issuing shares of Common Stock or PIK Shares pursuant to this Certificate of Designations in accordance with the preceding sentence, the Corporation will be required to satisfy its obligations with respect to PIK Shares by paying cash in respect of such dividend payment obligation.

(f) Payment of Taxes. The Corporation will pay any and all taxes (other than income taxes) that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of shares of Series B Preferred Stock pursuant hereto. The Corporation also will not impose any service charge in connection with any conversion of the shares of Series B Preferred Stock to shares of Common Stock. The Corporation will not be required, however, to pay any tax or other charge imposed in respect of any transfer involved in the issue and delivery of any certificates for shares of Common Stock or payment of cash or other property to any recipient other than any such Holder of a share of Series B Preferred Stock converted, and in the case of, any such transfer or payment, the Transfer Agent for the Series B Preferred Stock and the Corporation will not be required to issue or deliver any certificate or pay any cash until (i) such tax or charge has been paid or an amount sufficient for the payment thereof has been delivered to the Transfer Agent for the Series B Preferred Stock or the Corporation, or (ii) it has been established to the Corporation's satisfaction that any such tax or other charge that is or may become due has been paid.

(g) Conversion Price Adjustment. The Conversion Price and the number and kind of shares of stock of the Corporation issuable on conversion shall be adjusted from time to time as follows:

(i) Subdivisions and Combinations.

If the Corporation (a) subdivides its outstanding Common Stock into a greater number of shares or (b) combines its outstanding Common Stock into a smaller number of shares of Common Stock, then the Conversion Price in effect immediately after the effectiveness of such subdivision or combination shall be adjusted as follows:

$$CP^1 = CP^0 \times (OS^0 / OS^1)$$

Where:

CP¹ = the Conversion Price in effect immediately after the effectiveness of such subdivision or combination;

CP⁰ = the Conversion Price in effect immediately before the effectiveness of such subdivision or combination;

OS⁰ = the number of shares of Common Stock outstanding immediately before the effectiveness of such subdivision or combination; and

OS¹ = the number of shares of Common Stock outstanding immediately after the effectiveness of such subdivision or combination.

(ii) Dividends Payable in Shares of Common Stock.

If the Corporation pays a dividend or otherwise makes a distribution payable in shares of Common Stock to all or substantially all of the holders of the outstanding shares of any class or series of stock of the Corporation, the Conversion Price shall be adjusted as follows:

$$CP^1 = CP^0 \times (OS^0 / OS^1)$$

Where:

CP¹ = the Conversion Price in effect immediately after the close of business on the record date for such dividend or distribution;

CP⁰ = the Conversion Price in effect immediately before the close of business on the record date for such dividend or distribution;

OS⁰ = the number of shares of Common Stock outstanding immediately before the close of business on the record date for such dividend or distribution; and

OS¹ = the number of shares of Common Stock outstanding immediately after payment of such dividend or distribution.

If the total number of shares constituting the dividend or distribution does not exceed 1.0% of the number of shares of Common Stock outstanding immediately before the close of business on the record date for such dividend or distribution, then unless adjustment is earlier required pursuant to Section 5(g)(v), no adjustment shall be made to the Conversion Price, but such shares constituting the dividend or distribution shall be included in the next succeeding dividend or other distribution for purposes of determining whether an adjustment to the Conversion Price shall occur in accordance with this sentence. In case shares of Common Stock are not issued after a record date has been fixed, the Conversion Price shall be readjusted to the Conversion Price that would have been in effect if the record date had not been fixed.

(iii) Common Stock Issuances. (A) If the Corporation shall at any time or from time to time, issue, sell or otherwise dispose of any additional shares of Common Stock (including shares owned or held by or for the account of the Corporation), however designated (other than (t) Common Stock or warrants or options to purchase such additional number of shares of Common Stock, in each case issued in connection with a *bona fide* acquisition, merger or similar transaction between the Corporation and a non-Affiliated third party; (u) shares of Common Stock issued pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation's securities or the investment of additional optional amounts in shares of Common Stock under any such plan; (v) the issuance of any shares of Common Stock or options or rights to purchase such shares designated for such issuance as of the date hereof pursuant to any of the Corporation's employee, director, trustee, or consultant benefit plans, employment agreements, or similar arrangements or programs; (w) the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable or convertible security outstanding as of the date shares of Series B Preferred Stock were first issued; (x) the issuance of any shares of Common Stock in connection with a conversion of shares of Series A Preferred Stock after the date hereof; (y) a change (by merger, reclassification, or otherwise) in the par value of the Common Stock; or (z) the issuance of up to 7,500,000 shares of Common Stock or any securities convertible into or exchangeable or exercisable for up to 7,500,000 shares of Common Stock in one or more public offerings) then the Conversion Price shall be adjusted as follows:

$$CP^1 = CP^0 - (CP^0 \times SI / OS^1)$$

Where:

CP¹ = the Conversion Price in effect immediately after the issuance of additional shares of Common Stock;

CP⁰ = the Conversion Price in effect immediately prior to the issuance of additional shares of Common Stock;

SI = the number of additional shares of Common Stock issued (excluding any shares described in clauses (t) – (z) above);

OS¹ = the number of shares of Common Stock outstanding immediately after the issuance of additional shares of Common Stock.

(iv) Deferral of Issuance of Additional Shares in Connection with Conversions between a Record Date and Occurrence of Triggering Event.

In any case in which this Section 5(g) requires that an adjustment as a result of any event become effective from and after a record date, the Corporation may elect to defer until after the occurrence of the event (a) issuing to the Holder of any shares of Series B Preferred Stock converted after the record date and before the occurrence of the event the additional shares of Common Stock issuable upon such conversion over and above the shares issuable on the basis of the Conversion Price in effect immediately before adjustment, and (b) paying to such Holder any amount in cash in lieu of a fractional share of Common Stock under Section 5(c) above. In any such case, the Corporation shall issue or cause a transfer agent to issue evidence, in a form reasonably satisfactory to the Holders of such shares of Series B Preferred Stock, of the right to receive the shares as to which the issuance is deferred.

(v) Postponement of Small Adjustments.

Any adjustment in the Conversion Price otherwise required to be made by this Section 5 may be postponed until the earlier of (x) the day prior to the Optional Conversion Date or Mandatory Conversion Date, if applicable, or (y) the date of the next adjustment otherwise required to be made up to, but not beyond, one year from the date on which it would otherwise be required to be made, if such adjustment (together with any other adjustments postponed under this Section 5(g)(v) and not theretofore made) would not require an increase or decrease of more than 1% in such price and would not, if made, entitle the Holders of all then outstanding shares of Series B Preferred Stock upon conversion to receive additional shares of Common Stock equal in the aggregate to one-tenth of one percent (0.1%) or more of the then issued and outstanding shares of Common Stock. All calculations under this Section 5(g)(v) shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be.

(vi) Reductions in Conversion Price to Avoid Tax Effects.

The board of directors of the Corporation may make such reductions in the Conversion Price, in addition to those required by this Section 5(g), as shall be determined by the board of directors of the Corporation in good faith to be advisable in order to avoid taxation to the recipients so far as practicable of any dividend of stock or stock rights or any event treated as such for federal income tax purposes.

(vii) No Adjustment for Participating Transactions.

The Corporation shall not make any adjustment pursuant to this Section 5(g) if Holders of shares of Series B Preferred Stock are permitted to participate, concurrently with the

holders of Common Stock and on an as-converted basis, in any transaction described in this Section 5(g).

(viii) No Adjustment for Other Actions or Transactions.

No adjustment shall be made to the conversion rights of the Series B Preferred Stock except as specifically set forth in this Section 5(g).

(ix) Successive Adjustments; Multiple Adjustments.

After an adjustment is made to the Conversion Price under this Section 5, any subsequent event requiring an adjustment under this Section 5 shall cause an adjustment to such Conversion Price, as so adjusted.

6. Voting.

(a) The Holders of shares of Series B Preferred Stock shall only have such voting rights as provided for in this Section 6 or as otherwise specifically required by law, the Certificate of Incorporation or the Bylaws.

(b) As to matters upon which Holders of shares of Series B Preferred Stock are entitled to vote as a class, the Holders of Series B Preferred Stock will be entitled to a number of votes equal to the largest number of whole shares of Common Stock into which such shares of Series B Preferred Stock are convertible as if such shares of Series B Preferred Stock were converted at "market value" on the date the shares of Series B Preferred Stock were issued as of the record date for such vote or written consent or, if there is no specified record date, as of the date such vote is taken or such written consent is first executed. The approval of any such matters required to be submitted to such vote will be determined by the Holders holding a majority of the issued and outstanding shares of the Series B Preferred Stock. Each Holder of outstanding shares of Series B Preferred Stock shall be entitled to notice of all stockholder meetings (or requests for written consent), including any meetings where the Holders of shares of Series B Preferred Stock are entitled to vote as a class, in each case, in accordance with the Bylaws.

(c) Each Holder of outstanding shares of Series B Preferred Stock shall be entitled to vote with holders of outstanding shares of Common Stock, voting together as a single class, with respect to any and all matters presented to the stockholders of the Corporation for their action or consideration (whether at a meeting of stockholders of the Corporation, by written action of stockholders in lieu of a meeting or otherwise), except as provided by law. In any such vote, each share of Series B Preferred Stock shall be entitled to a number of votes equal to the largest number of whole shares of Common Stock into which such share of Series B Preferred Stock is convertible as if such share of Series B Preferred Stock was converted at "market value" on the date the share of Series B Preferred Stock was issued as of the record date for such vote or written consent or, if there is no specified record date, as of the date such vote is taken or such written consent is first executed.

(d) In addition to any other vote or consent of stockholders required by law, the Certificate of Incorporation, or the Bylaws, the Corporation will not, directly or indirectly, without

the affirmative vote at a meeting (or the written consent with or without a meeting) of the Holders of at least a majority of the number of shares of Series B Preferred Stock then outstanding:

(i) Authorize, create (by reclassification or otherwise) or approve the issuance of any shares of, or of any security convertible into, or convertible or exchangeable for shares of, any Senior Stock (or amend the terms of any existing shares to provide for such ranking);

(ii) Authorize, create (by reclassification or otherwise) or approve the issuance of any shares of, or of any security convertible into, or convertible or exchangeable for shares of, Series B Preferred Stock or Parity Stock (or amend the terms of any existing shares to provide for such ranking) except for (i) any outstanding balance of authorized Series A Preferred Stock existing as of the Original Issue Date, (ii) Series B Preferred Stock or (iii) Series C Preferred Stock, in each case, not to exceed an aggregate purchase price of \$50,000,000; or

(iii) take any other corporate action that adversely affects any of the rights, preferences or privileges of the Series B Preferred Stock; provided, however, that for the avoidance of doubt this Section 6(d)(iii) shall not refer to any commercial or business decision made by the Corporation that may affect the value of the Series B Preferred Stock but does not change its rights, preferences or privileges (such as the incurrence of debt) or the issuance of Parity Stock permitted by Section 6(d)(ii).

(e) In addition to any other vote or consent of stockholders required by law, the Certificate of Incorporation, or the Bylaws, the Corporation will not, directly or indirectly, without the affirmative vote at a meeting (or the written consent with or without a meeting) of the Holders of at least a majority of the number of shares of Series B Preferred Stock then outstanding: (i) amend, alter or repeal any of the provisions of the Certificate of Incorporation so as to affect adversely the powers, designations, preferences or rights of the Series B Preferred Stock or the Holders thereof; provided, however, that, for the avoidance of doubt, an amendment to the Certificate of Incorporation to authorize or create, or to increase the authorized amount of, any Junior Stock or Parity Stock will not be deemed to affect adversely the powers, designations, preferences or rights of the Series B Preferred Stock or the Holders thereof, or (ii) amend, alter or repeal any of the provisions of this Certificate of Designations.

For the avoidance of doubt, nothing herein limits the ability of the Corporation to issue Common Stock or incur indebtedness (other than indebtedness convertible or exchangeable for shares of Senior Stock, Series B Preferred Stock or Parity Stock).

7. Uncertificated Shares and Certificated Shares; Transfer of Shares; Record Holders.

(a) Restrictive Legends.

(i) *Legends.* Until such time as the Series B Preferred Stock and Common Stock issued upon the conversion of Series B Preferred Stock, as applicable, have been sold pursuant to an effective registration statement under the Securities Act, or the Series

B Preferred Stock or Common Stock issued upon the conversion of Series B Preferred Stock, as applicable, 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, each book-entry account or certificate issued with respect to a share of Series B Preferred Stock or any Common Stock issued upon the conversion of Series B Preferred Stock will, in addition to any legend required in respect of any applicable Series B Purchase Agreement or any other agreement applicable to such shares, contain a legend in substantially the following form:

THESE SECURITIES 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 MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT 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 APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS, IF ANY. IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, PRIOR TO THE REGISTRATION OF ANY TRANSFER OTHER THAN TO A QUALIFIED INSTITUTIONAL BUYER IN RELIANCE ON RULE 144A PROMULGATED UNDER THE SECURITIES ACT OR A TRANSFER TO THE CORPORATION, THE CORPORATION RESERVES THE RIGHT TO REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT AND SUCH OTHER APPLICABLE SECURITIES LAWS, IF ANY.

THESE SECURITIES ARE SUBJECT TO LIMITATIONS ON TRANSFER CONTAINED IN (A) THAT CERTAIN SERIES B CONVERTIBLE PREFERRED STOCK PURCHASE AGREEMENT BY AND BETWEEN NEXTDECADE CORPORATION, A DELAWARE CORPORATION (THE “CORPORATION”), AND THE PURCHASER(S) (AS DEFINED THEREIN) OF THESE SECURITIES.

(ii) *Removal of Legend.* In connection with a sale of the Series B Preferred Stock or Common Stock issued upon the conversion of Series B Preferred Stock, as applicable, in reliance on Rule 144 promulgated under the Securities Act, the applicable holder or its broker shall deliver to the Corporation a broker representation letter providing to the Corporation any information the Corporation reasonably deems necessary to determine that such sale is made in compliance with Rule 144 promulgated under the Securities Act, including, as may be appropriate, a certification that such holder is not an affiliate of the Corporation (as defined in Rule 144 promulgated under the Securities Act) and a certification as to the length of time the applicable equity interests have been held. Upon receipt of such representation letter, the Corporation shall promptly remove the restrictive legend, and the Corporation shall bear all costs associated with the removal of such legend. At such time as the Series B Preferred Stock and Common Stock issued upon

the conversion of Series B Preferred Stock, as applicable, (A) have been sold pursuant to an effective registration statement under the Securities Act, (B) have been held by the applicable holder for more than one year where the holder is not, and has not been in the preceding three months, an affiliate of the Corporation (as defined in Rule 144 promulgated under the Securities Act), or (C) no longer require such restrictive legend, as set forth in an opinion of counsel reasonably satisfactory to the Corporation, if the restrictive legend is still in place, the Corporation agrees, upon request of such holder, to take all steps necessary to promptly effect the removal of such legend, and the Corporation shall bear all costs associated with such removal of such legend. The Corporation shall cooperate with the applicable holder to effect the removal of such legend at any time such legend is no longer appropriate.

(b) Shares of Series B Preferred Stock.

(i) *Form and Dating.* Unless otherwise requested in writing by a Holder to the Company, the shares of Series B Preferred Stock and any shares of Common Stock issued upon conversion thereof shall be in uncertificated, book-entry form. If certificated shares of Series B Preferred Stock are requested by a Holder, then certificates representing shares of Series B Preferred Stock and the Transfer Agent's certificate of authentication will be substantially in the form set forth in Exhibit A, which is hereby incorporated in and expressly made a part of this Certificate of Designations. Each Series B Preferred Stock certificate may have notations, legends or endorsements required by law or stock exchange rules, provided that any such notation, legend or endorsement is in a form acceptable to the Corporation. Each Series B Preferred Stock certificate will be dated the date of its authentication.

(ii) *Execution and Authentication.* Two officers of the Corporation shall sign each Series B Preferred Stock certificate for the Corporation by manual or facsimile signature.

(A) If an officer of the Corporation whose signature is on a Series B Preferred Stock certificate no longer holds that office at the time the Transfer Agent authenticates the Series B Preferred Stock certificate, the Series B Preferred Stock certificate will be valid nevertheless.

(B) A Series B Preferred Stock certificate will not be valid until an authorized signatory of the Transfer Agent manually signs the certificate of authentication on the Series B Preferred Stock certificate. The signature will be conclusive evidence that the Series B Preferred Stock certificate has been authenticated under this Certificate of Designations.

(C) The Transfer Agent shall authenticate and deliver certificates for shares of Series B Preferred Stock for original issue upon a written order of the Corporation signed by two officers of the Corporation. Such order will specify the number of shares of Series B Preferred Stock to be authenticated and the date on which the original issue of the Series B Preferred Stock is to be authenticated.

(D) The Transfer Agent may appoint an authenticating agent reasonably acceptable to the Corporation to authenticate the certificates for the Series B Preferred Stock. Unless limited by the terms of such appointment, an authenticating agent may authenticate certificates for the Series B Preferred Stock whenever the Transfer Agent may do so. Each reference in this Certificate of Designations to authentication by the Transfer Agent includes authentication by such agent. An authenticating agent has the same rights as the Transfer Agent or agent for service of notices and demands.

(iii) *Transfer.* When any certificate representing shares of Series B Preferred Stock is presented to the Transfer Agent with a request to register the transfer of such shares, the Transfer Agent shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that such shares being surrendered for transfer will be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Corporation and the Transfer Agent, duly executed by the Holder thereof or its attorney duly authorized in writing, and accompanied by a certification in substantially the form of Exhibit B hereto.

(iv) *Replacement Certificates.* If any of the Series B Preferred Stock certificates are mutilated, lost, stolen or destroyed, the Corporation shall issue, in exchange and in substitution for and upon cancellation of the mutilated Series B Preferred Stock certificate, or in lieu of and substitution for the Series B Preferred Stock certificate lost, stolen or destroyed, a new Series B Preferred Stock certificate of like tenor and representing an equivalent amount of shares of Series B Preferred Stock, but only upon receipt of evidence of such loss, theft or destruction of such Series B Preferred Stock certificate and indemnity, if requested, satisfactory to the Corporation and the Transfer Agent.

(v) *Cancellation.* In the event the Corporation purchases or otherwise acquires certificates representing shares of Series B Preferred Stock, the same will thereupon be delivered to the Transfer Agent for cancellation. The Transfer Agent and no one else shall cancel and destroy all Series B Preferred Stock certificates surrendered for transfer, exchange, replacement or cancellation and deliver a certificate of such destruction to the Corporation unless the Corporation directs the Transfer Agent to deliver canceled Series B Preferred Stock certificates to the Corporation. The Corporation may not issue new Series B Preferred Stock certificates to replace Series B Preferred Stock certificates to the extent they evidence Series B Preferred Stock which the Corporation has purchased or otherwise acquired.

(c) Record Holders. Prior to due presentment for registration of transfer of any shares of Series B Preferred Stock, the Transfer Agent and the Corporation may deem and treat the Person in whose name such shares are registered as the absolute owner of such Series B Preferred Stock, and neither the Transfer Agent nor the Corporation shall be affected by notice to the contrary.

(d) No Obligation of the Transfer Agent. The Transfer Agent will have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Certificate of Designations or under applicable law with respect to any transfer of any

interest in any Series B Preferred Stock other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Certificate of Designations, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

8. No Other Rights.

Without limiting the rights and obligations of the Corporation and any Holder of Series B Preferred Stock pursuant to any contract or agreement between the Corporation and any such Holder of Series B Preferred Stock, the shares of Series B Preferred Stock will not have any powers, designations, preferences or relative, participating, optional or other special rights, nor will there be any qualifications, limitations or restrictions or any powers, designations, preferences or rights of such shares, other than as set forth in this Certificate of Designations, the Certificate of Incorporation, the Bylaws or as may be provided by law.

[Signature page follows]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designations to be signed and attested this day of September 28, 2018.

THE CORPORATION:

NEXTDECADE CORPORATION

By: /s/ Matthew Schatzman

Name: Matthew Schatzman

Title: President and Chief Executive Officer

Attest: /s/ Krysta De Lima

Name: Krysta De Lima

Title: General Counsel and Corporate Secretary

*Signature page to Certificate of Designations of
Series B Convertible Preferred Stock of NextDecade Corporation*

EXHIBIT A

FORM OF SERIES B CONVERTIBLE PREFERRED STOCK

FACE OF SECURITY

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 MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT 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 APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS, IF ANY. IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, PRIOR TO THE REGISTRATION OF ANY TRANSFER OTHER THAN TO A QUALIFIED INSTITUTIONAL BUYER IN RELIANCE ON RULE 144A PROMULGATED UNDER THE SECURITIES ACT OR A TRANSFER TO THE CORPORATION, THE CORPORATION RESERVES THE RIGHT TO REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT AND SUCH OTHER APPLICABLE SECURITIES LAWS, IF ANY.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO LIMITATIONS ON TRANSFER CONTAINED IN THAT CERTAIN SERIES B CONVERTIBLE PREFERRED STOCK PURCHASE AGREEMENT BY AND BETWEEN NEXTDECADE CORPORATION, A DELAWARE CORPORATION (THE “CORPORATION”), AND THE PURCHASER(S) (AS DEFINED THEREIN) OF THESE SECURITIES.

EXHIBIT A-1

Certificate Number
[•]

[•] Shares of
Series B Convertible Preferred Stock

**Series B Convertible Preferred Stock
of
NEXTDECADE CORPORATION**

NEXTDECADE CORPORATION, a Delaware corporation (the "Corporation"), hereby certifies that [•] (the "Holder") is the registered owner of [•] fully paid and non-assessable shares of preferred stock, par value \$.0001 per share, of the Corporation designated as the Series B Convertible Preferred Stock (the "Series B Preferred Stock"). The shares of Series B Preferred Stock are transferable on the books and records of the Transfer Agent, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Series B Preferred Stock represented hereby are issued and will in all respects be subject to the provisions of the Certificate of Designations adopted by the Corporation on [•], 2018, as the same may be amended from time to time (the "Certificate of Designations"). Capitalized terms used but not otherwise defined herein will have the respective meanings given to such terms in the Certificate of Designations. The Corporation will provide a copy of the Certificate of Designations to a Holder without charge upon written request to the Corporation at its principal place of business.

Reference is hereby made to select provisions of the Series B Preferred Stock set forth on the reverse hereof, and to the Certificate of Designations, which provisions and the Certificate of Designations will for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by the Certificate of Designations and is entitled to the benefits thereunder.

Unless the Transfer Agent's Certificate of Authentication hereon has been properly executed, these shares of Series B Preferred Stock will not be entitled to any benefit under the Certificate of Designations or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has executed this certificate this [•] day of [•], 2018.

NEXTDECADE CORPORATION

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION

These are shares of the Series B Preferred Stock referred to in the within-mentioned Certificate of Designations.

Dated: [•], 2018

**[Continental Stock Transfer & Trust Company],
as Transfer Agent,**

By: _____
Authorized Signatory

EXHIBIT A-3

REVERSE OF SECURITY

The shares of Series B Preferred Stock will be convertible into shares of the Corporation's Common Stock at the option of the Holder or the Corporation and redeemable by the Corporation, in each case, upon the satisfaction of the respective conditions and in the respective manner and according to the respective terms set forth in the Certificate of Designations.

The Corporation will furnish without charge to each Holder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock and the qualifications, limitations or restrictions of such preferences or rights.

EXHIBIT A-4

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of Series B Preferred Stock evidenced hereby to:

(Insert assignee's social security or tax identification number)

(Insert address and zip code of assignee)

and irrevocably appoints:

agent to transfer the shares of Series B Preferred Stock evidenced hereby on the books of the Transfer Agent. The agent may substitute another to act for him or her.

Date: _____

Signature: _____
(Sign exactly as your name appears on the other side of this Series B Preferred Stock Certificate)

Signature Guarantee: _____¹

¹ Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

**CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR
REGISTRATION OF TRANSFER OF PREFERRED STOCK**

Re: *Series B Convertible Preferred Stock (the “Series B Preferred Stock”) of NextDecade Corporation, a Delaware corporation (the “Corporation”)*

This Certificate relates to [•] shares of Series B Preferred Stock held by [•] (the “Transferor”).

The Transferor has requested the Transfer Agent by written order to exchange or register the transfer of Series B Preferred Stock.

In connection with such request and in respect of such Series B Preferred Stock, the Transferor does hereby certify that the Transferor is familiar with the Certificate of Designations relating to the above-captioned Series B Preferred Stock and that the transfer of this Series B Preferred Stock does not require registration under the Securities Act of 1933, as amended (the “Securities Act”), because (please check the applicable box):

- such shares of Series B Preferred Stock are being acquired for the Transferor’s own account without transfer;
- such shares of Series B Preferred Stock are being transferred to the Corporation;
- such shares of Series B Preferred Stock are being transferred to a qualified institutional buyer (as defined in Rule 144A under the Securities Act), in reliance on Rule 144A; or
- such shares of Series B Preferred Stock are being transferred in reliance on, and in compliance with, another exemption from the registration requirements of the Securities Act (and based on an opinion of counsel if the Corporation so requests).

[]

By: _____

Date:

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

I, Matthew K. Schatzman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NextDecade Corporation;
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;
 - 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 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: November 9, 2018

/s/ Matthew K. Schatzman
Matthew K. Schatzman
President and Chief Executive Officer
(Principal Executive Officer)

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

I, Benjamin A. Atkins, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NextDecade Corporation;
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;
 - 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 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: November 9, 2018

/s/ Benjamin A. Atkins
Benjamin A. Atkins
Chief Financial Officer
(Principal Financial Officer)

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

I, Matthew K. Schatzman, President and Chief Executive Officer of NextDecade Corporation (the "Company"), hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2018 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 9, 2018

/s/ Matthew K. Schatzman
Matthew K. Schatzman
President and Chief Executive Officer
(Principal Executive Officer)

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

I, Benjamin A. Atkins, Chief Financial Officer of NextDecade Corporation (the "Company"), hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2018 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 9, 2018

/s/ Benjamin A. Atkins

Benjamin A. Atkins
Chief Financial Officer
(Principal Financial Officer)
