

Joint venture companies



## Companies Behind LNG Canada Formalize Joint Venture; Milestone for Proposed Project

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**Vancouver, British Columbia, April 30, 2014** – Shell Canada Energy (Shell), PetroChina Corporation, Korea Gas Corporation (KOGAS) and Mitsubishi Corporation have today announced, in the presence of Honourable Christy Clark, Premier of British Columbia and Honourable Rich Coleman, Minister of Natural Gas Development and Minister Responsible for Housing and Deputy Premier, the signing of a joint venture agreement to develop a proposed liquefied natural gas (LNG) export project – LNG Canada. The new operating entity, LNG Canada Development Inc., is incorporated and registered under the federal laws of Canada. The proposed project, to be located in Kitimat, British Columbia, is subject to regulatory approvals and a Final Investment Decision by the joint venture.

LNG Canada continues to bring together the four companies' extensive development experience, technical depth, financial strength and access to markets required to be a leading LNG developer in Canada. The signing of the joint venture agreement is an important milestone for the project as it formalizes the joint venture and creates an operating entity that enables LNG Canada to progress the project and enter into agreements with potential suppliers and contractors. The project's corporate offices will continue to be located in Vancouver, British Columbia and Calgary, Alberta, with the project office based in Kitimat, British Columbia.

“While we are in the early evaluation process and a decision to build the project is still a while away, this agreement reinforces our commitment to developing an LNG facility in British Columbia and allows us to proceed with the next steps in our project

assessment,” said Andy Calitz, CEO LNG Canada. “We will need to continue to work closely with the provincial and federal government to ensure that the project is economically viable, as well as working closely with First Nations, the local communities, and regulatory agencies, and move forward on a number of commercial agreements and contracts. We remain cautiously enthusiastic about the potential opportunity in B.C. and look forward to exploring it further.”

The demand for natural gas, the cleanest burning fossil fuel, remains high in Asia and other global markets. LNG Canada would deliver a project that offers a new source of competitively priced LNG to global markets, while providing benefits to Canada, British Columbia and its coastal region.

“These four companies are working together to realize the immense potential of B.C.’s LNG – an industry that could create up to 100,000 jobs overall in our province by exporting clean, reliable energy to the growing economies across the Pacific,” said Premier Christy Clark. “There’s more work to do, but momentum is clearly on our side.”

While there is considerable work that still needs to be done prior to the four companies making a Final Investment Decision, the initial technical work has now been completed, land has been acquired, the Project Description has been submitted and the Environmental Assessment is currently underway.

“Today is an important step forward for LNG Canada and we are pleased to join PetroChina, KOGAS and Mitsubishi – strong LNG companies in their own right – to move this project forward together. LNG Canada must compete across a portfolio of global options, but we remain optimistic that with the continued co-operation of all interested parties LNG Canada can offer a valuable global market for Canadian natural gas,” commented Jorge Santos Silva, Executive Vice President Shell Upstream Americas Commercial, New Business Development and Integrated Gas.

“It is a great pleasure and honour to work closely with Shell, KOGAS and Mitsubishi Corporation. This milestone signifies our strong alignment and though we come from different corners of the world, we are confident that we will continue to step forward

together” said Bi Jingshuang, Director - Legal Department of China National Oil and Gas Exploration and Development Corporation (*CNODC*), who represents PetroChina.

“LNG Canada, if realized, has the potential to play an important role in meeting the energy needs of Japan and other countries that rely heavily on LNG, and we are pleased with this achievement,” stated Hiroki Haba, Vice President, Natural Gas Business Division, Mitsubishi Corporation. “Together with the significant investments we have been making in the upstream sectors in western Canada, Mitsubishi Corporation remains fully committed to making the project a success.”

“The project provides a great chance to enhance energy supply security for countries, including Korea, which are always in need of stable energy sources. LNG Canada is committed to the development of a sustainable project providing benefits to local and global communities alike,” added Jongkook Lim, Vice President, LNG Business Department, Korea Gas Corporation.

Upon signing the Joint Venture Agreement, the joint venture partners’ respective interests in the project have been updated, with Shell now holding 50%, PetroChina 20% and each of KOGAS and Mitsubishi Corporation holding 15%.

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### **About LNG Canada**

The proposed LNG Canada project includes the design, construction and operation of a gas liquefaction plant and facilities for the storage and export of liquefied natural gas (LNG), including marine facilities. LNG Canada will initially consist of two LNG processing units referred to as “trains,” each with the capacity to produce six million tonnes of LNG annually, with an option to expand the project in the future to four trains.

LNG Canada’s vision is to work collaboratively with the local community, First Nations and stakeholders, to deliver a project that is safe, reliable and reflective of community interests.

*Project milestones to date:*

2011 - The Joint Venture was assembled.

2012 - LNG Canada selected TransCanada to own, operate and construct the pipeline

2013 - LNG Canada also had its export license approved by the NEB and filed its Project Description.

2014 - LNG Canada secured its preferred site in Kitimat.

## **About the Joint Venture Companies**

### **Shell**

Shell Canada Energy is one of the largest upstream divisions of Royal Dutch Shell plc (“Shell”), which is a global leader in LNG and helped pioneer the liquefied natural gas (LNG) sector, providing the technology for the world's first commercial liquefaction plant in 1964. Shell currently has ten LNG projects in operation with approximately 26.1 million tonnes per annum (mtpa) operational LNG capacity, in nine countries, and two projects with an additional 7.5 mtpa under construction. Shell was a partner in the first-ever purpose built LNG carrier and has been delivering LNG safely for nearly half a century. Today, Shell is one of the largest LNG vessel operators in the world, with interests in around a quarter of the LNG vessels in operation. Shell has key positions in North America unconventional gas, including amongst others the Montney shale development in Canada.

### **PetroChina**

Phoenix Energy Holdings Limited (an affiliate of Petro-China Investment (Hong Kong) Limited) (“PetroChina”) is China's largest oil and gas producer and supplier, as well as one of the world's major oilfield service providers and a contractor in engineering construction. PetroChina officially launched three LNG projects in June 2004, two of which started operations in the first half of 2011.

## **KOGAS**

Kogas Canada LNG Ltd. (an affiliate of Korea Gas Corporation) (“KOGAS”) is the world's largest LNG importer. As the nation's sole LNG provider, KOGAS currently operates three LNG terminals and a nationwide pipeline network, supplying natural gas from around the world to power generation plants, gas-utility companies and city gas companies throughout the country. KOGAS has also diversified into LNG swapping and trading, and LNG terminal construction, operations and management.

## **Mitsubishi Corporation**

Diamond LNG Canada Ltd. (an affiliate of Mitsubishi Corporation) [“Mitsubishi Corporation”] is a global integrated business enterprise that develops and operates business across virtually every industry including industrial finance, energy, metals, machinery chemicals, foods, and environmental business. Since pioneering the first LNG import to Japan from Alaska in 1969, MC handles 40% of Japan's LNG imports and has successfully built a portfolio of LNG export investments across Australia, Indonesia, Malaysia, Brunei, Oman, Russia and North America.

## **About LNG**

Liquefied natural gas (LNG) is natural gas in its liquid form. LNG is an odourless, non-toxic and non-corrosive liquid and evaporates quickly and disperses, leaving no residue. Natural gas is converted to LNG by cooling the gas to approximately -162 degrees Celsius, at which point it becomes a liquid. This process reduces its volume by a factor of more than 600, making it efficient to be transported by sea to global markets. Transportation of LNG by marine carriers has a long record of safe operation. In LNG's more than 50-year shipping history, LNG carriers have traveled more than 150 million miles without a major incident.

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