

INFOCUS

LNG Canada's community newsletter

February 2017



Investing in the future

LNG Canada's commitment to providing lasting benefits for the community

LNG CANADA

Opportunity for British Columbia. Energy for the world

Joint venture companies



Message from Andy Calitz, CEO of LNG Canada



Since announcing our project delay in July 2016 due to global industry market challenges impacting affordability, LNG Canada has continued to complete outstanding site preparation work, advance permit applications, and maintain the value already invested in our project.

Conscious to ensure we deliver an affordable and competitive project, during this period of delay, we reduced internal costs and scaled back our on-site work to only that which is necessary to ensure the project is ready to begin construction following a positive FID.

LNG Canada has been a company of firsts, and we would like to continue this performance by being amongst the first LNG projects in British Columbia to receive a positive Final Investment Decision and move into construction. We recognize that in this market, it won't be easy, but we have all embraced a laser-like focus on ensuring every activity we undertake in 2017 gets us one-step closer to FID.

Together with our Joint Venture Participants (JVPs), we have decided to use the delay period to go back to market to identify a single Engineering, Procurement and Construction Contractor to reduce risk and bring more certainty to the project.

The cost to engineer, procure and construct the LNG Canada project makes up a significant part of a Final Investment Decision. Going back to market to identify a single Engineering, Procurement and Construction Contractor who will deliver the project on a lump sum basis, reduces the project risk for our JVPs, brings more certainty to the costs, and delivers the best outcome from a schedule basis and lowest capital expenditure.

At the end of January 2017, LNG Canada issued a Request for Proposal for the entire main plant engineering, procurement and construction scope. Given the complexity of our project, it will take some time for contractors to work through their plans and numbers, and submit their proposals to LNG Canada. It will also take some time for us to review the proposals and identify a preferred contractor.

“We recognize that in this market, it won't be easy, but we have all embraced a laser-like focus on ensuring every activity we undertake in 2017 gets us one-step closer to FID.”

While the gas industry in Canada, and globally, is in the midst of a difficult period, LNG Canada is taking a long-term view. Ours is a 40-year project and predictions are for a strong gas market in the future, particularly in Asia. We believe that LNG is the best vehicle to access the Asian market, although we know we have our work cut out for us and need to continue to focus on cost competitiveness with the US and other global gas basins.

Affordability remains a challenge, as LNG projects require very significant upfront capital investment. Contributing to affordability issues is the relatively high cost of Canadian developments given the remoteness of Kitimat and Prince Rupert, and the geography our gas pipeline needs to cross, and cost uncertainty related to labour.

LNG Canada has worked diligently to bring the costs down on the design of our project, while keeping performance targets for GHG emissions and environmental performance at world-class levels. We always have more to do around affordability, but the support First Nations and the local community have shown for our project has helped us meet our regulatory timelines, and keeping to schedule, helps manage costs.

I have often said that our philosophy from the outset was to build relationships with First Nations and community stakeholders and residents, before building the project. We credit the community's willingness to engage with us and support our project as the reasons our project has advanced so far.

Over 2017, you will continue to see LNG Canada in your community – whether hosting a pizza night where more than 400 people stop by for a slice and a chat about what's happening on the project, to information sessions on safety, to the social investments we continue to make as a member of your community. I encourage you to attend our events, or reach out with questions, comments or concerns. We are continually grateful for your support. The best to all for 2017.

Andy Calitz - CEO, LNG Canada

Investing in a future **skilled workforce**



LNG Canada provides Mount Elizabeth Secondary School with new trades equipment

LNG Canada understands the importance of contributing to the development of a skilled trades workforce in British Columbia. What better place to start than with young people in high school, as they consider a career in the skilled trades.

At the end of 2016, LNG Canada announced its investment in new trades tools and equipment for three local northwest high schools – Hazelton Secondary, Veritas School in Terrace and Mount Elizabeth Middle School in Kitimat. The three schools received a \$100,000 contribution through LNG Canada’s Project Shop Class, a partnership with the BC Construction Association and the Construction Foundation of BC, to help schools in BC revitalize their shop classes with new tools and equipment.

According to Tracey MacKinnon, LNG Canada’s Workforce Development Manager, the new machines and tools installed at the schools will prepare students for the workforce and a career in the skilled trades.

For Ms. Lawlor, principal of Mount Elizabeth Secondary School, LNG Canada’s donation “helps to enrich the educational experience for our youth and allows us to provide training that is both authentic and relevant to today’s industry.”

And for the students, Quinn Elaine Amado, a 17 year-old in grade 12 who has plans to become a millwright and mechanic, summed it up when saying, “Project Shop Class is important because the machines in the school are more out dated than ones you will see when getting into the career. It also brings awareness and more kids interested in metal work.”



Access to modern trades equipment gets students ready for a career in the trades



Hands-on skill development with modern equipment is the perfect combination for encouraging skills training

“It is critical that we start investing in young people to build the capacity of the workforce long term,” says MacKinnon. “We expect to be in the community for many years, and some of these young people training today, could well work on our site in the future.”

SOCIAL INVESTMENT

LNG Canada defines Social Investment as making strategic investments in the social needs and infrastructures of the communities in which it operates.



Kitimat Fire Department
Deputy Fire Chief, Derek Collier

When looking at the kind of activities LNG Canada supports through social investment funding, we look at what is useful, desirable and beneficial for the community, what aligns with our core values, and what is also of benefit to our employees who will be living in the community.

When Fire Chief Trent Bossence first raised the idea of LNG Canada supporting a Kitimat-wide notification system, the idea seemed a perfect fit for our social investment portfolio.

According to the Fire Chief, the idea for a notification system came after the 7.7 magnitude earthquake that occurred in 2012 off B.C.'s north central coast. Tsunami warnings were issued for the North Coast, the Haida Gwaii islands, parts of the central B.C. coast, the coast of Alaska and as far away as Hawaii.

"During an emergency, we realized we had limited means of getting accurate information out to the general public in a timely manner," says Bossence. To make matters even more complicated, inaccurate information was being shared via social media among the general public, and the

Fire Chief felt he had limited means to either correct or respond to the misinformation.

Bossence's idea for a notification system met each of LNG Canada's social investment priorities. The notification system would be of great benefit to the local community, it aligned with LNG Canada's core value of safety, and LNG Canada's own employees living and working in Kitimat would also benefit.

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The idea of having a central source of accurate information in an emergency gained traction quickly. Recently installed outside of the Fire Hall, the notification system consists of an outdoor display board, as well as email notifications sent directly to subscribers. Subscribing to the notification system is free, and as of the end of January, 5000 individuals had signed up for the service.

According to Bossence, “the notification system is strictly used for “community impact” events only. It would be activated when a significant event, whether natural or human caused, either has occurred or could occur that has the potential to impact the community negatively.” This could range from a major earthquake to severe weather warnings, to boil water advisories, road closures or significant traffic delays.

LNG Canada agreed with Bossence that the biggest advantage to the community would be accurate and timely information being distributed on a mass scale on a consistent basis when required. The more recent fires that occurred in Fort McMurray

made a notification system like the one recently installed in Kitimat of even greater importance.

The signboard in front of the Fire Hall will be used in parallel to the email notification system. Any potential community impact will be displayed on the sign. For the majority of time that the community is not at risk, the sign board will be used to display both provincial and national safety campaign messaging such as during Fire Prevention Week, Road Safety Week, Health and Safety Week, Holiday Safety Campaigns, Motorcycle Awareness Week, Forest Fire danger ratings and Camp Fire bans, to name but a few.



Fire Chief Trent Bossence focuses on safety for the community

For LNG Canada, a company for which safety is core to everything we do, being a financial supporter of the notification display and system makes perfect sense. “Without the contribution from LNG Canada,” says Bossence, “the completion of the project would not have been successful. It is very clear how important community health and safety are to LNG Canada.”

Every year, LNG Canada invests in a wide range of programs, services and community initiatives in British Columbia. Since 2012, we have invested close to \$2.3 million, from supporting the Kitimat Community Foundation to the LNG Canada Trades Training Fund, a fund designed specifically to support apprenticeship and industry training.

This graphic represents 2016: our total investment and a snapshot of the groups that received funding.



LNG Canada in the community

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01: For a fourth consecutive year, LNG Canada was a proud sponsor of the Annual Kitimat River Clean Up event. This year's event took place on September 25, 2016, with a whopping 110 volunteers.

02 & 03: On October 18, 2016 over 400 people joined us at the Riverlodge Recreation Centre in Kitimat for our community pizza night. We had fun catching up with you, sharing information about our project and answering questions.

04: On October 18, 2016 a short reception was held at Mount Elizabeth Middle/Secondary School to celebrate us sponsoring Project Shop Class, an initiative organized through the British Columbia Construction Association and the Construction Foundation of BC. Project Shop Class is designed to help schools in BC revitalize their shop classes with new tools and equipment.

05: Local Kitimat RCMP officers with District of Kitimat snow plow operators at our Shift into Winter community event on November 4, 2016.

04



05



Check out our new website

If you haven't visited the LNG Canada website lately, we invite you to drop by to see our new look and updated information at Ingcanada.ca. We hope you'll find the information easy to access, and that it answers your questions about our project.

Please click on the video links that tell the story of our relationship with First Nations and the community, on topics ranging from why we chose Kitimat for the site

of our project, to the work that went into ensuring the project is as environmentally sustainable as possible.

Our plan going forward is to use our Facebook page to provide timely project updates, and we have programmed our Facebook feed onto each page of the website, so you can stay up-to-date with project news.

We'd love to hear your feedback.

Community feedback

LNG Canada is committed to providing open and transparent means for the community to seek information, raise concerns, and have inquiries addressed in a timely manner.

We will make every effort to respond to you as quickly as possible, and it is our commitment that all inquiries will receive a response within two business days.

Provide your feedback: If you have questions, concerns or feedback you would like addressed, please contact us through one of the following methods:



Local and toll-free telephone number: 1-855-248-3631 or 250-639-3229



feedback@lngcanada.ca



Questions, concerns and feedback can be made in person in many ways, i.e. at open houses, directly to LNG Canada staff, through the Kitimat Community Advisory Group, and through appointments. Please call 250-639-3229 to book an appointment.



Additionally, sometimes the best way to get immediate answers to your questions is to visit our website at Ingcanada.ca or follow us on Facebook.

Learn more and get involved

LNG Canada is committed to ensuring local communities and First Nations have meaningful opportunities to learn about, and provide input on, the proposed project. We believe that by working together and understanding what is important to you, we can design, build and operate a project that considers community interests, and provides benefits to north coast communities and all British Columbians. A number of ways exist for you to learn more and provide feedback.

- **In person:** Please call 250-639-3229 to book an appointment. Periodic open houses or community meetings will be held throughout the year.
- **Call:** Toll free 1-855-248-3631 or local 250-639-3229
- **Email:** Specific feedback or concerns about our operations – feedback@lngcanada.ca
Contracting and procurement inquiries – contracting@lngcanada.ca
- **Website:** lngcanada.ca
- **Facebook:** facebook.com/lngcanada
- **YouTube:** youtube.com/lngcanada

