

Joint venture companies



FOR IMMEDIATE RELEASE

LNG Canada Announces a Positive Final Investment Decision *First large-scale LNG export facility in Canada receives a green light*

VANCOUVER, October 1, 2018 – LNG Canada today announced that its joint venture participants – Shell, PETRONAS, PetroChina, Mitsubishi Corporation and KOGAS – have taken a Final Investment Decision (FID) to build the LNG Canada export facility in Kitimat, British Columbia, in the traditional territory of the Haisla Nation.

“The Final Investment Decision taken by our joint venture participants shows that British Columbia and Canada, working with First Nations and local communities, can deliver competitive energy projects,” said Andy Calitz, CEO of LNG Canada. “This decision showcases how industrial development can co-exist with environmental stewardship and Indigenous interests.”

The Rt. Hon. Justin Trudeau, Prime Minister of Canada said, “Today’s announcement by LNG Canada represents the single largest private sector investment project in Canadian history. It is a vote of confidence in a country that recognizes the need to develop our energy in a way that takes the environment into account, and that works in meaningful partnership with Indigenous communities.”

Each joint venture participant will be responsible to provide its own natural gas supply and will individually offtake and market its share of LNG. The FID is for two processing units or “trains,” with first LNG expected before the middle of the next decade.

"The project LNG Canada is bringing to northern B.C. symbolizes the kind of balanced and sustainable path forward British Columbians are looking for," said B.C. Premier John Horgan. "We welcome the unprecedented commitment shown by the LNG Canada partners to work within our province's ambitious climate goals. The critical importance of this project is what it represents – the intersecting of economic development, jobs for local workers, partnerships with Indigenous communities and forward-looking climate leadership. We're delighted the global business community sees British Columbia as a natural home for this kind of investment." LNG Canada has



worked towards FID since it first identified Kitimat from a list of 500 potential sites in British Columbia as the ideal location for an LNG export facility.

LNG Canada's export plant has been designed to achieve the lowest carbon intensity of any large-scale LNG plant operating in the world today. LNG Canada achieved this through a combination of using renewable hydropower from BC Hydro and highly-efficient gas turbine engines. With demand for LNG expected to double by 2035 compared with today as a result of global commitments to reduce greenhouse gas emissions and improve air quality, LNG Canada will provide natural gas to countries where imported gas could displace more carbon intensive energy sources and help to address global climate change and air pollution.

"We look forward to helping Canada take its place on the global map of LNG exporting countries and want to recognize the important role played by all levels of government, First Nations and the many people that supported LNG Canada to help us get to an FID," said Calitz. "We also thank our joint venture participants for their trust in our ability to deliver a cost-competitive and reliable source of LNG for their global portfolios."

LNG Canada is advantaged by access to abundant, low-cost natural gas from British Columbia's vast reserves and the relatively short shipping distance to North Asia, which is about 50% shorter than from the US Gulf of Mexico and avoids the Panama Canal. The LNG Plant will be constructed on a large, partially-developed industrial site with existing deep-water port, roads, rail and power supplies.

Comments from Joint Venture Participants

Shell

"LNG Canada is an attractive investment opportunity in a strong joint venture, with companies that have deep LNG industry experience," said Maarten Wetselaar, Integrated Gas and New Energies Director, Royal Dutch Shell. "In the last two years, LNG Canada has improved its competitiveness, reduced execution uncertainty and gained significant stakeholder support. Together with our joint venture participants and contractors, we look forward to working with the local community, First Nations, government and the LNG Canada team to build and operate this game changing project for Canada's energy industry."

PETRONAS

"The final investment decision with our joint venture participants is a significant milestone for PETRONAS and for the energy industry in Canada. The decision is a testimony of the strong collaboration among our partners and stakeholders who share the same aspiration of delivering



long-term value via LNG, in line with our commitment to sustainable and responsible development of resources,” said PETRONAS President and Group CEO Tan Sri Wan Zulkiflee Wan Ariffin.

PetroChina Company Limited (PetroChina)

“PetroChina is proud to be amongst the experienced joint venture participants that approved the Canada-based LNG Canada project today,” said Mr. Wei Gao, CFO of the China National Oil and Gas Exploration and Development (CNODC). “As PetroChina strives to build a diversified oil and gas portfolio, the LNG Canada project is an attractive investment opportunity. The project’s competitiveness, low carbon emissions and relatively short shipping distance to China mean LNG Canada can help supply the increasing demand for gas in China.”

Mitsubishi Corporation

“By launching this project, Mitsubishi Corporation will diversify its LNG supply portfolio, which contributes to enabling more stable energy supply to Asian customers,” said Hidenori Takaoka, Group CEO, Energy Business Group, Mitsubishi Corporation. “At the same time, this project will contribute to expanding local employment and economic development opportunities and will have the lowest GHG emissions of any LNG export facility in operations today. This is consistent with Mitsubishi’s goal of generating economic, societal and environmental value.”

KOGAS

"LNG Canada is Korea's first major project in Canada," said Jongkook Lim, Senior Executive Vice President, KOGAS. "LNG Canada is a significant and meaningful opportunity for Canada, as well as for the participants in the Joint Venture. It will provide a great opportunity for Korea to diversify its LNG supply sources and will be an example of LNG projects in Canada that value safety, environment and the local community in the years to come."

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Notes to Editors

About LNG Canada

The LNG Canada joint venture is building a liquefied natural gas (LNG) export facility in Kitimat, British Columbia, Canada, which will initially consist of two LNG processing units, referred to as “trains.”



LNG Canada is a joint venture comprised of Royal Dutch Shell plc, through its affiliate Shell Canada Energy (40%); PETRONAS, through its wholly-owned entity, North Montney LNG Limited Partnership (25%); PetroChina Company Limited, through its subsidiary PetroChina Canada Limited (15%); Mitsubishi Corporation, through its subsidiary Diamond LNG Canada Ltd. (15%); and Korea Gas Corporation, through its wholly-owned subsidiary Kogas Canada LNG Ltd (5%). It is operated through LNG Canada Development Inc.

About LNG Canada's Joint Venture Participants

Shell has been a pioneer in LNG for more than 50 years and is involved in every stage of the LNG value chain: from finding the fields, extracting the gas and liquefying it; to shipping LNG and turning it back into gas; to distributing it to customers. Shell has LNG supply projects around the world, as well as interests in and long-term capacity access to regasification plants. Shell Canada Energy is a wholly owned subsidiary of Royal Dutch Shell plc

PETRONAS is a fully integrated energy company with extensive experience in LNG. Through its wholly owned upstream energy company, Progress Energy Canada Ltd and its partners, PETRONAS is one of the largest natural gas reserves owner in Canada – with the majority of these reserves in the North Montney natural gas formation in northeast British Columbia. The North Montney LNG Limited Partnership is a wholly-owned entity of PETRONAS.

Mitsubishi Corporation is a global integrated business enterprise which has been invested in the LNG business since 1969 and currently participates in 11 producing LNG projects contributing to more than half of Japan's LNG import.

PetroChina Company Limited (PetroChina) is China's largest oil and gas producer and distributor, playing a dominant role in the oil and gas industry in China. PetroChina is one of the largest oil companies in the world, and amongst the Chinese companies with the highest sales revenue in China. PetroChina's wholly owned and Canada-based subsidiary is PetroChina Canada Ltd., headquartered in Calgary, Alberta.

KOGAS is one of the world's largest LNG importers and South Korea's principal LNG provider, operating four LNG import terminals and a nationwide pipeline network. KOGAS has taken a new path of seeking opportunities to participate in the development of international upstream projects, as well as downstream businesses.



Additional facts:

- Each joint venture participant will be responsible to provide its own natural gas supply and will individually offtake and market its share of LNG.
- TransCanada Corporation will build, own and operate the 670-km Coastal GasLink (CGL) pipeline that will connect natural gas from northeastern British Columbia to the export plant in Kitimat.
- The joint venture of JGC-Fluor Corporation will be the engineering, procurement and construction (EPC) contractor for LNG Canada and will construct the project on a lump sum basis.
- The LNG plant and CGL pipeline will together employ approximately 10,000 people at peak construction with up to 900 people at the plant during the operations of the first phase.

