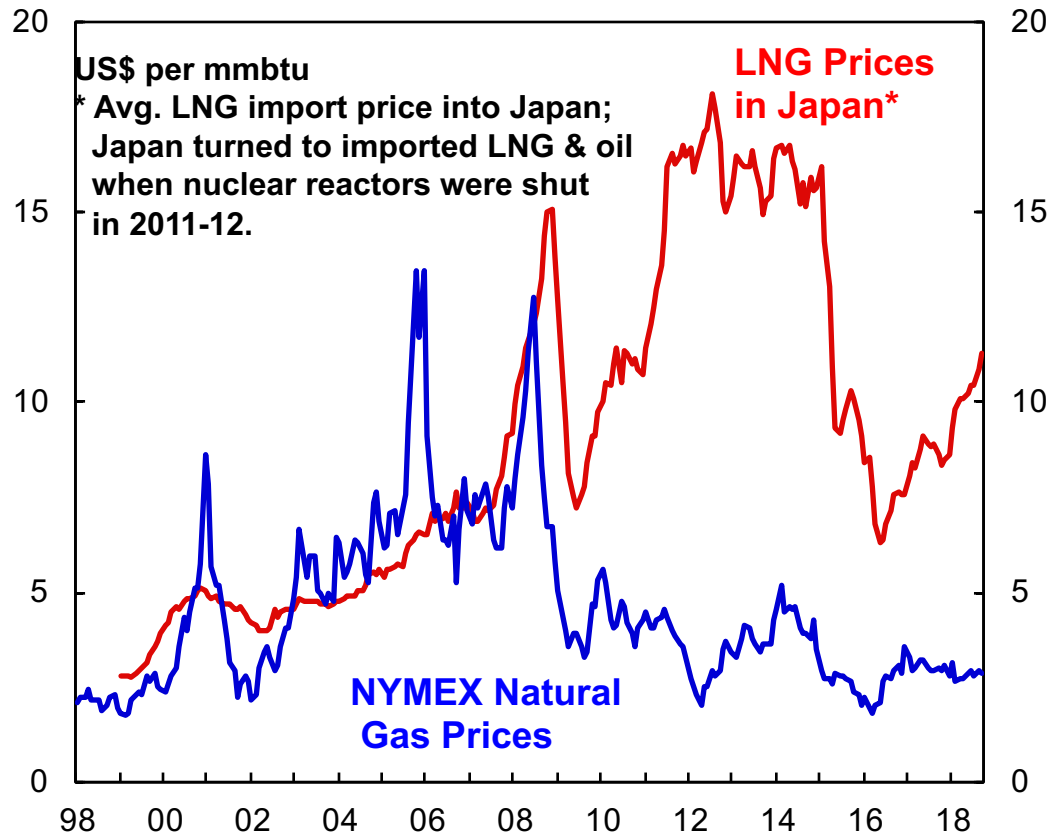


LNG Prices Delivered to Japan Recover Alongside Stronger Crude Oil



*LNG prices, landed in Japan (term & spot prices); Oct 2018:US\$11.30. Peak price US\$18.11 in July 2012, low price US\$6.27 in May 2016; Data Source: World Bank, NYMEX.

Spot LNG delivered to Japan US\$10.60 per mmbtu in Sept 2018 – up from US\$6.90 a year earlier (actual transactions prices).

Patricia M. Mohr,
 Economist/Commodity Market Specialist

LNG CANADA -- STRATEGIC ADVANTAGES:

Access to low-cost prolific Montney natural gas; shorter marine shipping distance from Kitimat to Japan, South Korea & China than from competing projects in US Gulf;

CHALLENGE: High capital cost associated with 'greenfield' development compared with some 'brownfield' projects in US Gulf.

Need to bring project on stream 'on budget and on time'.

RECENT DEVELOPMENTS

Demand: LNG imports into China rose 50% in 2018:H1 due to coal-to-gas switching in industrial sector, warm summer weather and China's "Blue Skies Policy"; India will also be a 'growth' market alongside start-up of 6 regasification plants in late 2018 and 2020.

Supply: Large capacity expansion in USA in 2018-20, with Corpus Christi (Nov '18), Elba Island (Dec'18), Sabine Pass T5 (Jan' 19), Freeport T1 ('19), Cameron LNG T1 & T2 ('19), final expansion in US Gulf in 2020 -- Freeport T3 & Cameron T3. Last two Australian projects: (Ichthys (Oct '18) & Prelude (Jan '19).

Top Five Suppliers in 2018: Qatar, Australia, Malaysia, U.S. Gulf & Nigeria.

November 14, 2018