APPENDIX A – PROJECT DESCRIPTION

I. Project Overview

1. Stolt LNGaz Inc. ("SLNGaz"), headquartered in Montreal, Canada, is part of a joint venture structure formed by Stolt-Nielsen Gas Limited, SunLNG Holding Limited, and LNGaz Inc. (collectively the "Sponsors") for the purpose of building and operating a medium-scale liquefied natural gas ("LNG") production and distribution facility in Bécancour, Québec. This project is entitled North-Shore LNG (the "Project"). A map of the Project site is provided below.



- 2. The Project will be located in the Bécancour Industrial Park in Bécancour, Québec next to the St. Lawrence Seaway, and 10 kilometers from the city of Trois-Rivières. The Project site is estimated to be approximately 7.4 hectares (the "Site"). This location was selected for the purpose of establishing an LNG production hub due to its accessibility to natural gas, hydro-electricity, and existing deep water port facilities with year round access to the St. Lawrence Seaway. The Project will also benefit from existing utilities and jetty infrastructure in the industrial park, low ambient temperature—which will improve facility efficiency— and access to a skilled labour pool.
- 3. The Project will include a natural gas liquefaction facility (the "Facility"), supporting infrastructure and facilities that will facilitate the supply of LNG to off-grid industrial customers in Eastern Canada as well as LNG distributors and utilities in Europe, the United States, the Caribbean and South America.
- 4. At full build-out, the Facility is expected to include two LNG processing units (or "Trains") each with a production capacity of 500,000 tons of LNG per year, equivalent in gaseous

terms to a total of about 1.4 billion cubic meters ("Bcm"), or 51.3 billion cubic feet ("Bcf"), of which 0.7 Bcm (equivalent to 25.63 Bcf) will be dedicated for export. Comprehensive engineering studies are under way with the Facility's first Train expected to begin operations in January 2018. The second Train will be added once the North-Shore market and LNG bunkering demand further develops. The Project design incorporates one LNG full containment tank with a planned storage capacity of 50,000 m³, a pre-treatment facility, support building, feed gas pipeline, flare and metering equipment. The Project will use existing marine facilities at the Bécancour Industrial Park, where loading times are expected to be favorable given the port's present underutilization. The Project will include a cryogenic pipeline to the jetty as well as a loading arm to transfer LNG onto carriers. The distance between the storage tank and the jetty is approximately 1.5 km.

- 5. Construction of the Project is expected to commence in August 2015, following receipt of the Environment Permit Certificate from the Minister of Sustainable Development, Environment, and the Fight Against Climate Change ("MDDELCC"). It is expected to take less than 2 ½ years to complete the construction of the Facility.
- 6. The Project will be positioned to take advantage of Hydro Québec's vast supply of hydroelectric power, which will enable the Project to achieve significantly lower gas emissions than most existing and proposed LNG projects in the world; thereby, lowering SLNGaz's domestic and export customers' carbon footprint.
- 7. SLNGaz's management and technical team have years of combined experience and industry knowledge by virtue of having successfully pioneered small-scale LNG developments in Scandinavia and energy infrastructure development in other locations around the world. This is an important and unique advantage that SLNGaz has over many of its competitors, because the world-wide knowledge pool of expertise and experience in small-scale LNG operations is very limited.

II. Gas Supply and Transportation Arrangements

8. Natural gas supply for the Project is expected to be sourced from the Union Gas Dawn Hub receipt point located 35 kilometers southeast of Sarnia, Ontario. The Dawn Hub is one of North America's most liquid natural gas trading hubs given its interconnectivity with numerous pipelines and its large underground storage facility of 160 Bcf. The Dawn-Parkway System currently has a capability to transport 6.4 Bcf/d. SLNGaz understands that Union Gas expects its capacity to grow to more than 8 Bcf/d by 2020. This is due to the fact that Eastern Canadian local natural gas distribution companies continue to shift from long haul transportation (i.e., the Empress Hub) towards short haul transportation (i.e., the Dawn Hub). The Dawn Hub's interconnectivity with numerous pipelines provides direct access to most North American major supply basins (western Canada, mid-continent, the Rockies, Utica, Marcellus and the Gulf of Mexico). Given the integrated nature of the North American gas markets and extensive pipeline networks accessing the Dawn Hub, supply of natural gas to the Dawn Hub and ultimately to the Project may originate from any of the Canadian or American supply basins over the life of the Project. Sourcing gas at the Dawn Hub will ensure an adequate, stable, secure and cost-efficient source of the supply needed by the Project.

- 9. Feed natural gas is expected to be sourced at the Dawn Hub through a combination of longterm supply contracts and short-term spot purchases administered by a third-party natural gas broker with extensive experience at the Dawn Hub. Natural gas supply contracts will match LNG customer offtake and natural gas transportation contract tenures and volumes.
- 10. The Project will rely on existing pipeline infrastructure in Eastern Canada. Feed natural gas sourced from the Dawn Hub will be transported to Bécancour Industrial Park via Union Gas Pipeline ("UGPL"), TransCanada PipeLines ("TCPL") and the Trans Québec and Maritimes Pipeline ("TQM"). SLNGaz intends to enter into long-term agreements with UGPL, TCPL and TQM for the transportation of natural gas to the Facility.

III. Project Ownership:

- 11. SLNGaz is part of a joint venture structure formed by the Sponsors for the purpose of building and operating a medium-scale LNG liquefaction and distribution supply chain. The cost of the Project is expected to total approximately USD 570 million, of which the Sponsors will contribute USD 170 million in equity. The remaining USD 400 million will be raised through project finance debt sources.
- 12. Stolt-Nielsen Gas Limited is a wholly-owned subsidiary of Stolt-Nielsen Limited ("SNL"), the world's leading provider of integrated transportation and storage solutions for specialty and bulk liquid chemicals as well as a wide range of other liquid products.
- 13. SNL employs more than 5,000 staff in 42 offices around the world, and is listed on the Oslo Stock Exchange (Oslo Børs: SNI). In 2013, the company generated operating revenues of USD 2.1 billion and USD 195 million in operating profit. The main subsidiaries of the company are:
 - *Stolt Tankers* operates the world's largest and most sophisticated global fleet of deepsea, regional, coastal, and inland parcel tankers, providing safe, reliable, high quality transportation services to the world's leading manufacturers of chemicals and other bulk liquids.
 - *Stolthaven Terminals'* global network of state-of-the-art terminals provides high quality storage and distribution services to customers worldwide.
 - *Stolt Tank Containers* operates the world's largest fleet of stainless steel ISO tank containers and is the leading global provider of logistics and transportation services for door-to-door shipments of bulk-liquid chemicals and food-grade products.
 - *Stolt-Nielsen Gas* entered the market for the transportation of liquefied petroleum gas ("LPG") in late 2009, building on the company's global expertise in the safe and efficient transportation of cargoes with specialized handling requirements.
 - *Stolt Bitumen Services* focuses on the high quality, safe and reliable distribution of bitumen using modern bitumen tankers, bitutainers and storage terminals in Asia Pacific.

• *Stolt Sea Farm* is one of the world's most advanced high-tech aquaculture companies, specializing in the production of high quality turbot, sole, sturgeon and caviar.

SNL views its investment in Stolt LNGaz as strategic and an important adjunct to its existing logistics business.

- 14. SunLNG Holding Limited is 100% owned by SunTrust, a trust established by Dr Al-Rashid, founder and Chairman of Rashid Engineering, a full-service consulting engineering firm based in Riyadh, Saudi Arabia. The company's sole purpose is to invest in Stolt LNGaz Inc.
- 15. LNGaz Inc. was founded by Bjørn Torkildsen and Rodney Semotiuk, entrepreneurs from the energy sector. The company is a specialized developer of medium-scale LNG production and distribution.

IV. Project Operating Arrangements

- 16. The Project will be owned and operated by SLNGaz. At this stage of the Project, SLNGaz has partnered with many experienced LNG industry leaders—specializing in domains such as engineering, marketing, and logistics—in order to ensure the Project's successful implementation. SLNGaz will enter into a long-term agreement with Hydro-Québec to acquire the approximately 50 MW of hydro-electricity required to power the Project.
- 17. All initial offtake agreements and service contracts will be under long-term agreements with SLNGaz. Both domestic and export clients of SLNGaz may also request to trade/swap/hedge their LNG prices to different commodities or indexes with third parties.

V. Regulatory Status of the Project

- 18. At this stage, the Project's environmental permitting process is currently underway with Québec's provincial MDDELCC. The Project's final Environmental Impact Assessment ("EIA") was submitted to the MDDELCC on September 19th, 2014. The public information and consultation period of the EIA began on November 4th, 2014 at which point the Bureau d'audiences publiques sur l'environement ("BAPE") informed the public that it has been mandated to inform and consult the public on the Project. Within the 45 day period, a group of citizens submitted a written request to the MDDELCC demanding to hold public hearings in order to obtain additional information on the Project. The public hearing process will begin on February 2nd.
- 19. SLNGaz has voluntarily begun the TERMPOL Review Process to assess the safety and risk associated with the Project's LNG tanker movements to, from, and around Canada's marine terminals.
- 20. SLNGaz expects to have all necessary regulatory approvals in place to commence construction in August 2015.