

Assumptions used in the development of potential revenue

| Income | Volume | Price | Amount (\$ millions) | Assumption |
|-------------|--------|----------|-------------------------|--|
| LNG Revenue | 600 | \$ 12.50 | \$ 7,500 | Based on Japanese/Korean Marker (JKM) as reported in LNG Platt's Daily. Price is adjusted to estimate value of LNG at the LNG Facility outlet. |

Expenses

| | | | | |
|--|-----|---------|----------|--|
| Natural Gas Cost | 625 | \$ 4.00 | \$ 2,500 | Based on spot natural gas prices as reported in the Canadian Gas Price Reporter |
| Natural Gas Transportation | 625 | \$ 0.83 | \$ 515 | Based on estimated cost of pipelines delivering gas to the LNG facilities |
| LNG Plant Operating Cost | 625 | \$ 0.60 | \$ 375 | Based on estimated operating cost rate of approximately \$0.60/mmbtu |
| Carbon Tax | 25 | \$ 1.49 | \$ 40 | Based on shrinkage rate of 4% and carbon tax rate of \$1.4898/gj |
| Other Taxes (PST, Motor Fuel, Property Tax) | | | \$ 185 | High level assumption to reflect estimated cost of these taxes (PST, Motor Fuel, Property Tax) |
| Carbon Offset Costs | | | \$ 25 | Estimated cost of carbon offsets |
| Total Operating Cost | | | \$ 3,640 | Total Operating Costs |
| Net Operating Income before Investment Allowance | | | \$ 3,860 | Revenue less operating costs |

| | | | | |
|----------------------|--|--|----------|---|
| Investment Allowance | | | \$ 281 | Estimated investment allowance |
| Net Operating Income | | | \$ 3,579 | Revenue less operating costs and investment allowance |

| Income for BC Corporate Income Tax Purposes | Amount | Assumption |
|---|----------|---|
| Net Operating Income | \$ 3,860 | From Net Operating Income before Investment Allowance |
| Less: Depreciation | \$ 417 | Straight line - 30 years |
| Interest | \$ 360 | Estimated annual eligible interest cost |
| Net Taxable income | \$ 3,083 | |

| | | | |
|------------------------------|--|-----|--------------------------------------|
| BC Corporate Income Tax Rate | | 10% | Estimated tax rate in effect in 2018 |
|------------------------------|--|-----|--------------------------------------|

| | | |
|-----------------------------|--------|--|
| BC Corporate Income Tax | \$ 308 | BC Corporate Income Tax before credit |
| Natural Gas Tax Credit | \$ 15 | 0.5% of delivered cost of natural gas (cost plus transportation) |
| Net BC Corporate Income Tax | \$ 293 | Net Corporate Income Tax after credit |

Other Assumptions

| | | |
|------------------------------|-----------------------------|---|
| Capital Cost of LNG Facility | \$ 12,500 | Estimated construction cost of LNG Facility |
| LNG Facility Outlet Volume | 12 million tonnes per annum | |
| LNG Facility Outlet Volume | 600 million mmbtu | |
| LNG Facility Inlet Volume | 625 million mmbtu | |
| LNG Facility Shrinkage | 4% | Estimated shrinkage at LNG Plant |
| Natural Gas Royalty Rate | 10% | Estimated effective Royalty Rate |
| Natural Gas Royalty Revenue | \$ 250 | Natural Gas Cost times effective royalty rate above |

Assumptions held constant over the period.

October 2014 Results

\$Millions

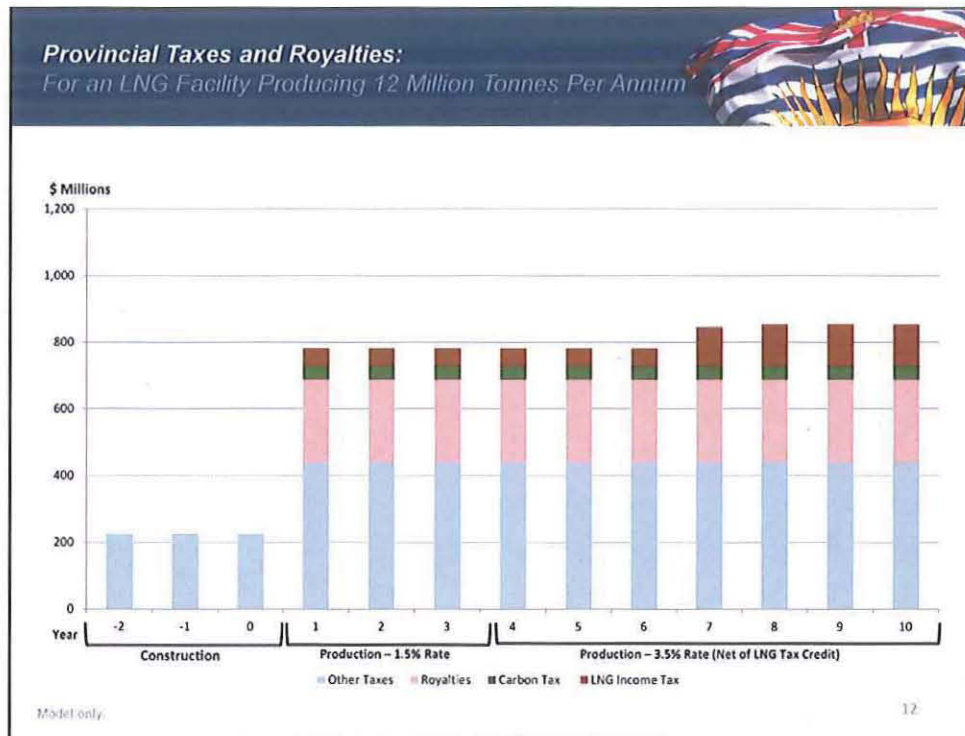
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Revenue | 7500 | 7500 | 7500 | 7500 | 7500 | 7500 | 7500 | 7500 | 7500 | 7500 |
| Interest Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Expenses | 3640 | 3640 | 3640 | 3640 | 3640 | 3640 | 3640 | 3640 | 3640 | 3640 |
| Total Expenses | 3640 | 3640 | 3640 | 3640 | 3640 | 3640 | 3640 | 3640 | 3640 | 3640 |
| Investment Allowance | 281 | 281 | 281 | 281 | 281 | 281 | 281 | 281 | 281 | 281 |
| Net current proceeds | 3579 | 3579 | 3579 | 3579 | 3579 | 3579 | 3579 | 3579 | 3579 | 3579 |
| LNG Tax Paid Eligible for Credit | 54 | 54 | 54 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital pool deduction | 3579 | 3579 | 3579 | 1764 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net income | 0 | 0 | 0 | 1815 | 3579 | 3579 | 3579 | 3579 | 3579 | 3579 |
| Tier 2 Tax Revenue | 0 | 0 | 0 | 64 | 125 | 125 | 125 | 125 | 125 | 125 |
| Capital cost pool | 12500 | 8921 | 5343 | 1764 | 0 | 0 | 0 | 0 | 0 | 0 |
| tier 1 tax pool | 54 | 107 | 161 | 161 | 151 | 80 | 8 | 0 | 0 | 0 |
| Credit for Prior LNG Tax Paid | 0 | 0 | 0 | 10 | 72 | 72 | 8 | 0 | 0 | 0 |
| tier 2 minus credit | 0 | 0 | 0 | 54 | 54 | 54 | 117 | 125 | 125 | 125 |
| Total tax | 54 | 54 | 54 | 54 | 54 | 54 | 117 | 125 | 125 | 125 |
| LNG Tax After Credit Applied | 0 | 0 | 0 | 54 | 54 | 54 | 117 | 125 | 125 | 125 |
| Royalties | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 |
| B.C. Corporate Income Tax | 308 | 308 | 308 | 308 | 308 | 308 | 308 | 308 | 308 | 308 |
| CIT Natural Gas Credit | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| B.C. Corporate Income Tax | 293 | 293 | 293 | 293 | 293 | 293 | 293 | 293 | 293 | 293 |
| LNG Tax After Credit Applied | 0 | 0 | 0 | 54 | 54 | 54 | 117 | 125 | 125 | 125 |
| Other Taxes | 225 | 225 | 225 | 225 | 225 | 225 | 225 | 225 | 225 | 225 |

Assumptions

| | |
|---------------------|---------------------------------|
| Natural Gas Cost | \$4.00 per MMBtu of Natural Gas |
| Pipeline Cost | \$0.83 per mmbtu of LNG |
| Operating Expenses | \$0.60 per mmbtu of LNG |
| Plant Inlet Volume | 625 Million MMBtu |
| Plant Outlet Volume | 600 Million MMBtu |
| LNG Price | \$12.50 per mmbtu of LNG |
| Capital Cost | 12500 \$ million |
| Royalty Rate | 10% |

New for October 2014

| | |
|-----------------------|-----------------------------|
| Tangible Capital cost | 7500 |
| CIT Credit | cost of natural gas \$3,019 |
| | 0.5 percent 15.09375 |
| | CIT at 8% 224 |
| | savings 84 |



Comprehensive revenue profile shows a 10 year estimate of what provincial taxes and royalties might look like for a typical LNG facility. In the first 3 years the facility is under construction and revenue is from provincial sales tax, motor fuel tax and property tax. In year 4 the facility comes on stream and royalties, corporate income tax, carbon tax and LNG Income Tax are payable. Once investment costs are recovered the LNG tax rate increases to 3.5% further increasing total taxes.

- Total Other Tax includes: property taxes, Provincial Sales Tax, and Motor Fuel Tax, and corporate income taxes
- Does not include any amounts for BC or Federal personal income tax, Federal corporate income taxes or municipal/local taxes.
- Assumes a Corporate Income Tax Credit of \$15 million per year based the estimated cost of gas delivered to the LNG facility.

Not Responsive