LNG Canada

Final Investment Decision

The right project in the right place at the right time

Jessica Uhl
Chief Financial Officer

Maarten Wetselaar
Integrated Gas and New Energies Director

Definitions & cautionary note

Resources: Our use of the term "resources" in this presentation includes quantities of oil and gas not yet classified as SEC proved oil and gas reserves. Resources are consistent with the Society of Petroleum Engineers (SPE) 2P + 2C definitions.

Organic FCF: Organic free cash flow is defined as free cash flow excluding inorganic capital investment and divestment proceeds.

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Shell and JV participants have taken FID on LNG Canada

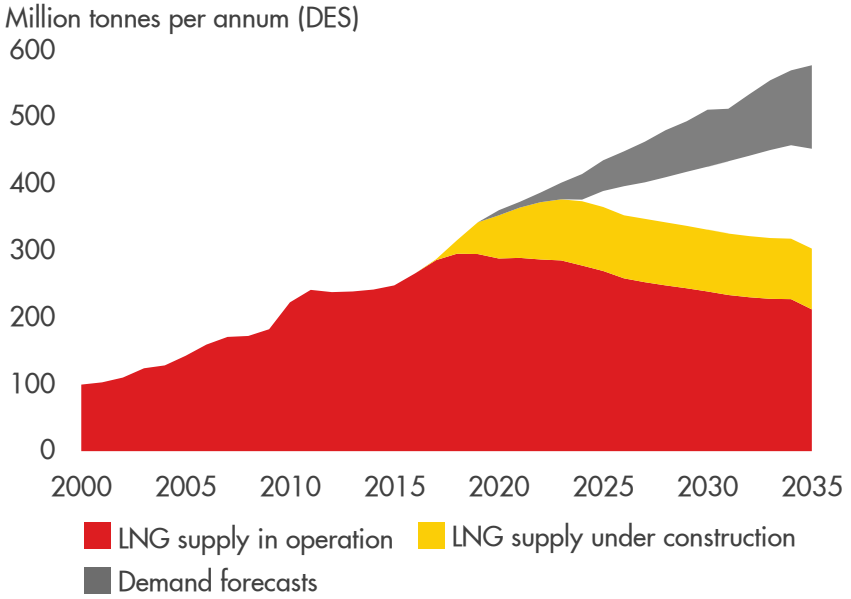
- Consistent with strategy and disciplined approach to capital investment
- Capital investment included within existing $25-30 billion guidance
- Estimated integrated project IRR[1] ~13%
- Upside with trains 3 & 4
- Competitive cost of supply into Asia
- Well placed for the energy transition
- Support from local communities, First Nations and Canadian Government

Connecting growing Asian demand with abundant low cost Canadian natural gas

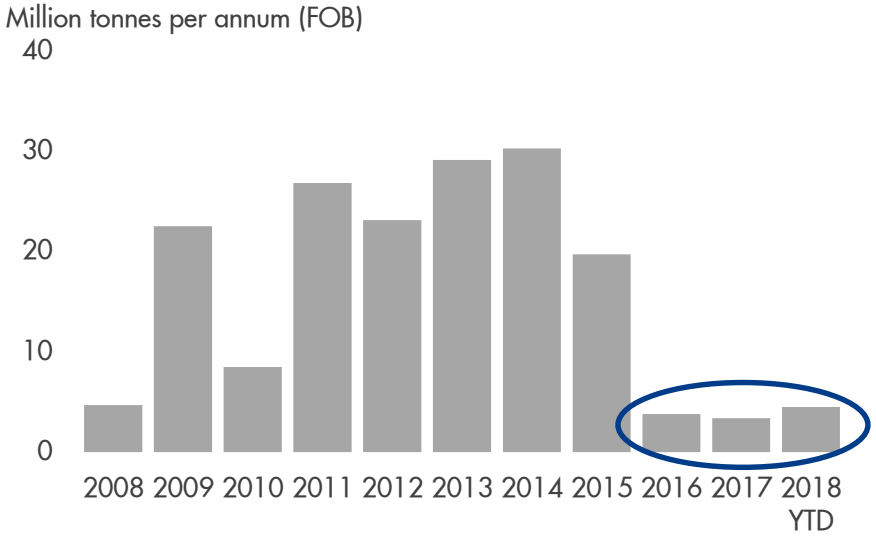
[1] IRR defined as the discount rate that results in an NPV of zero for future after-tax cash flows expected from investment in upstream, midstream and trading, at LNG price of $8.5/MMBtu (Tokyo DES, real terms 2018).

Emerging LNG supply gap

LNG market & outlook



Investment in liquefaction capacity[1]



LNG demand and supply

- LNG is the fastest-growing gas supply source
- Demand growth driven by Asia
- New FIDs lagging
- Early 2020s: supply gap

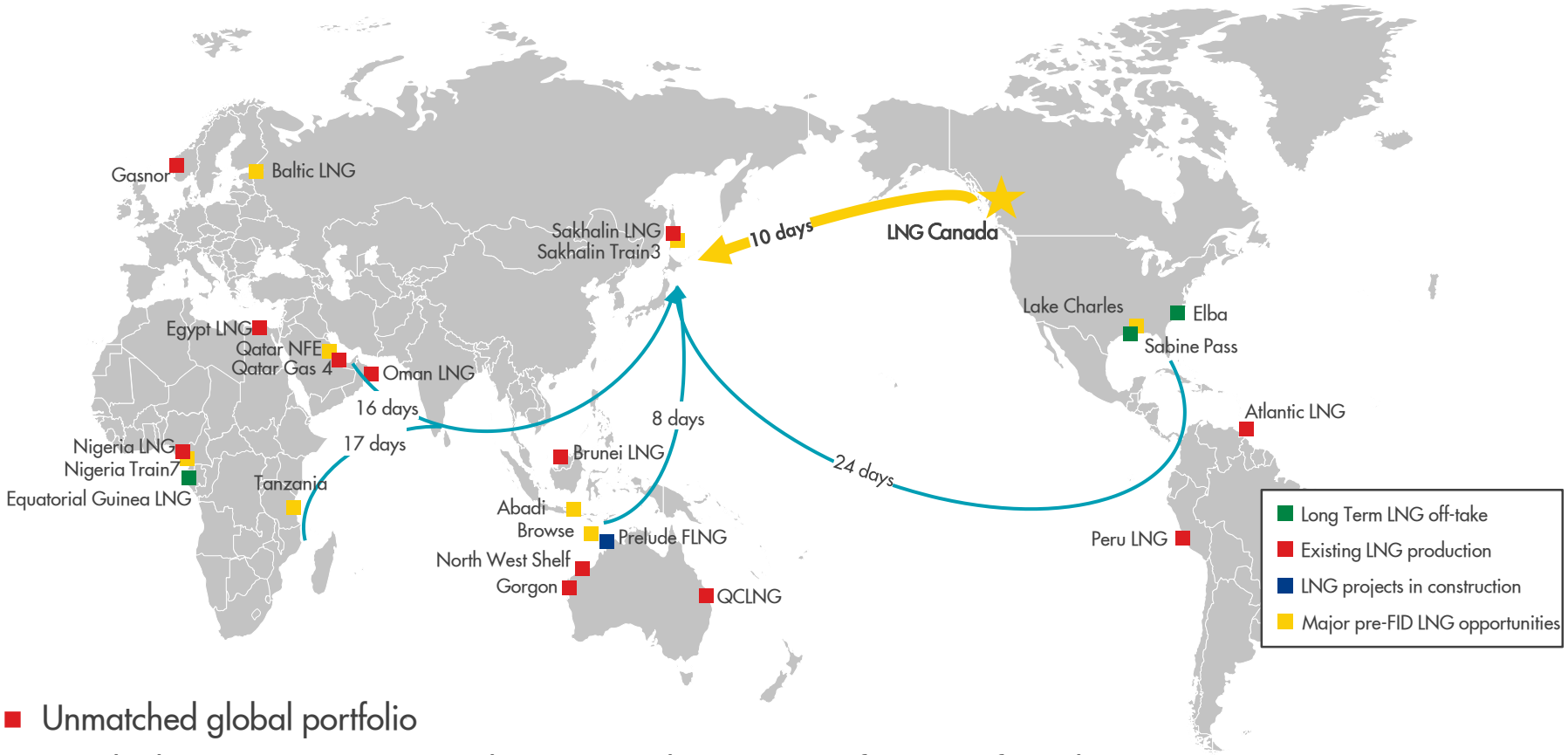
Shell response

- Globally balanced and resilient portfolio
- Competitive pre-FID opportunities in all supply basins
- Attractive and differentiated position in LNG Canada

[1] Global investment, based on the year of FID.

LNG Canada well positioned for Asian demand growth

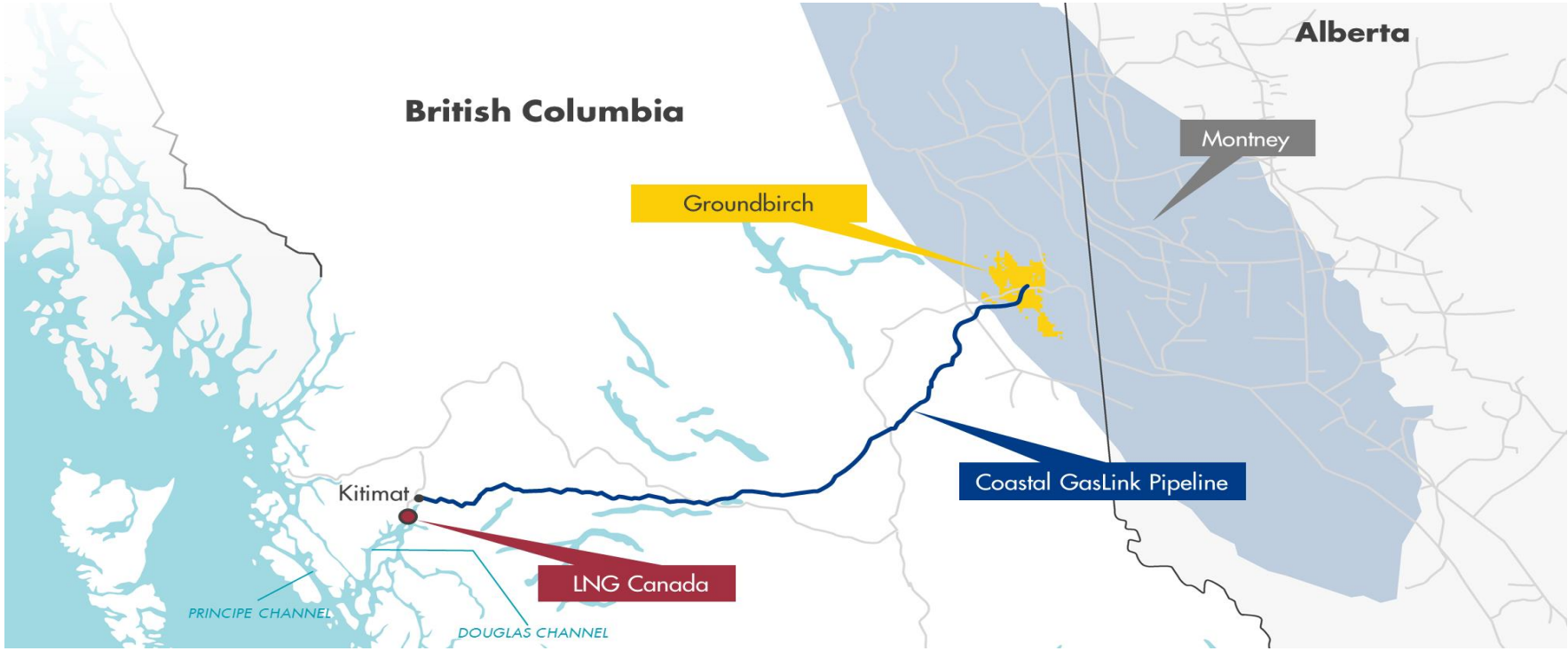
LNG Canada adds to a world-class LNG supply portfolio



- Unmatched global portfolio
- Supply diversity – access to new low-cost gas basin via Pacific coast of North America
- LNG Canada volumes managed as part of the global supply portfolio
- Shipping time half that of Gulf of Mexico

Low cost Upstream resource with make or buy optionality

LNG Canada – gas supply



- Western Canada gas resource is estimated to contain ~300 tcf at a cost sub $3/MMBtu
- Shell's Groundbirch Montney assets could provide equity gas directly to LNG Canada
- Shell working interest over 9 tcf with cost of supply ~$2/MMBtu
- Flexibility to optimise feed gas cost by procuring from AECO or producing from own fields

LNG plant located near Kitimat, BC

LNG Canada – industrial site view

- Industrial site
- Existing ice-free deep-water port, roads, rail, power supplies
- Existing airport nearby
- All major environmental approvals in place for both the plant and the pipeline
- Site preparation well advanced
- Space for expansion to 4 trains

Improved competitiveness and de-risking of execution

Enhanced project competitiveness

- Increased capacity of the LNG plant to deliver14mtpa into ship
- EPC contract re-tendered with construction cost now ~$1,000/tonne
- Valuable fiscal incentives from British Columbia provincial and Canadian federal government

De-risked execution

- No technological step-outs, high technical maturity
- Single EPC lump sum contract reduces cost uncertainty
- Modules fabrication in Asian yards with proven track record of successful delivery
- Ample contingency built into pipeline construction schedule

LNG Canada – current and future site view

LNG Canada in the world-class investment case

Affordability

- Capital investment within capital guidance of $25-30 billion per year
- Consistent with organic FCF expectations for the 2019-2021 period

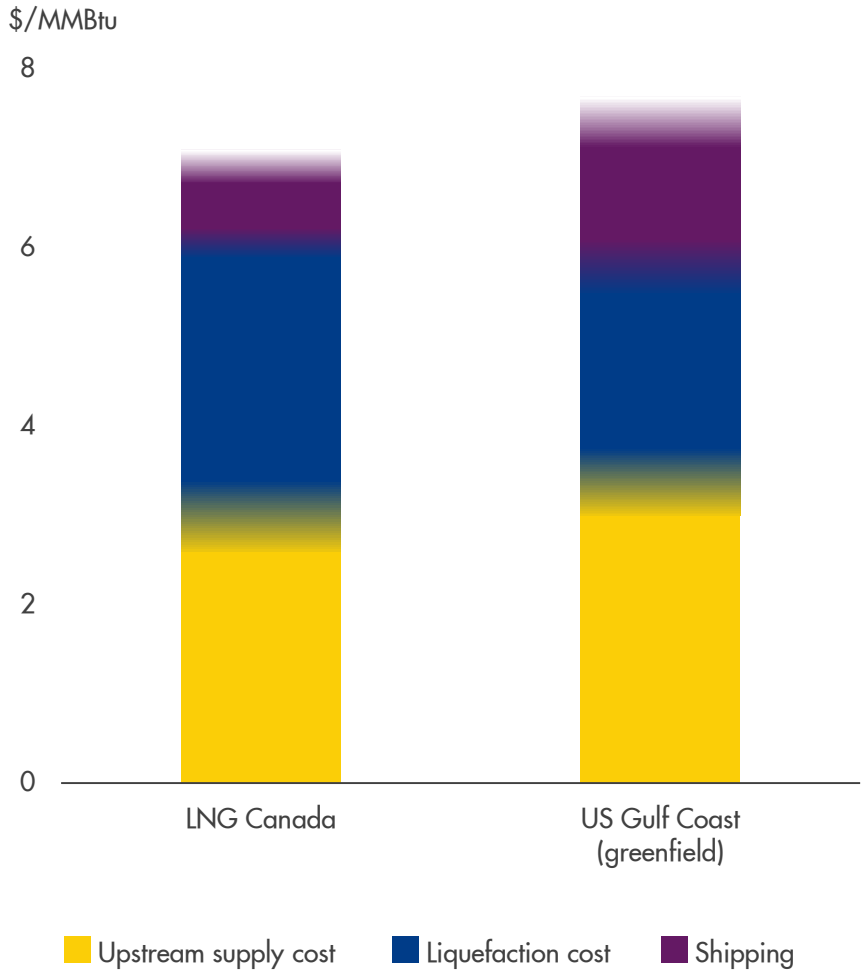
Competitiveness

- Delivered cost into Asia more competitive than Gulf Coast greenfield plants
- Resiliency with low marginal cash cost

Returns

- Estimated integrated project IRR[1] ~13%
- Long-life asset with the potential to generate attractive returns and material, resilient free cash flow
- Upside with trains 3 & 4

Indicative supply cost into Asia[2]



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[2] Shell estimates, Upstream supply cost includes pipeline tariffs.

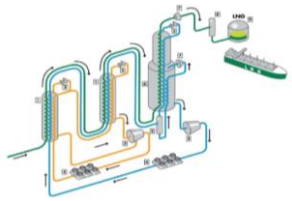
Thriving in the Energy Transition

Competitive low carbon footprint

Low upstream emissions in the Montney

BC hydro

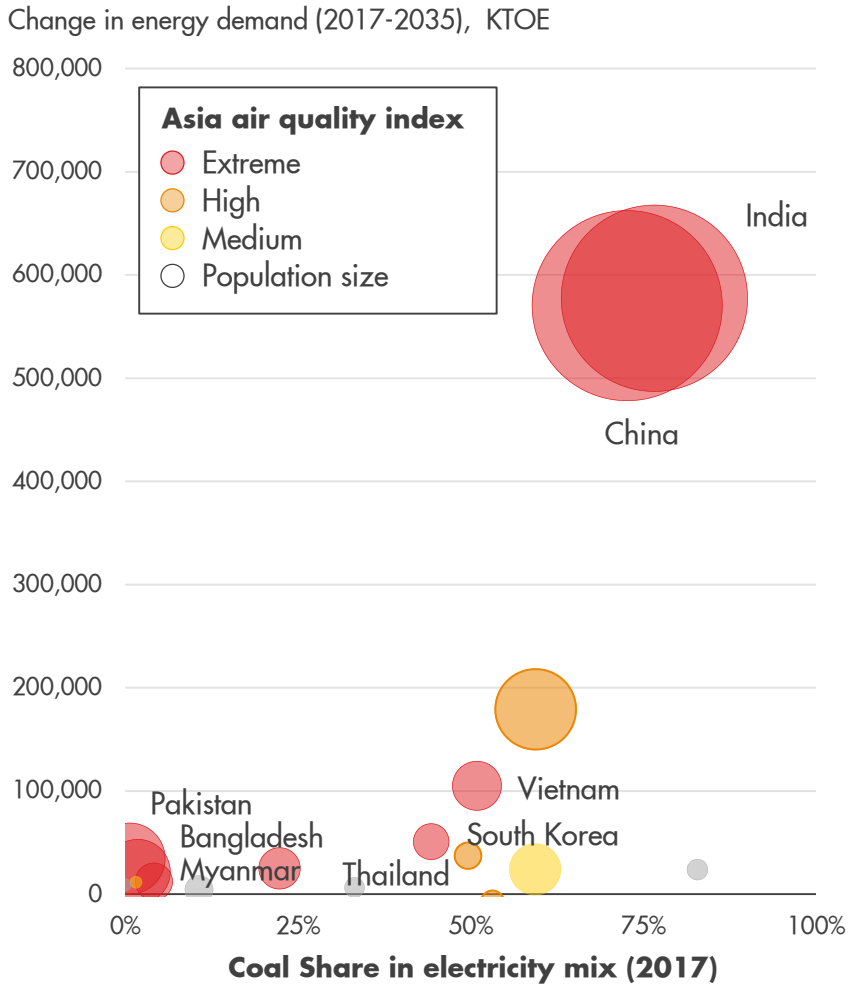
LNG plant clean power import



Low CO_2 LNG technology

TransCanada methane principles
CGL efficient compression

LNG as a cleaner alternative to coal



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