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
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.

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this presentation “Shell”, “Shell group” and “Royal Dutch Shell” are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to Royal Dutch Shell plc and its subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. “Subsidiaries”, “Shell subsidiaries” and “Shell companies” as used in this presentation refer to entities over which Royal Dutch Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as “joint ventures” and “joint operations”, respectively. Entities over which Shell has significant influence but neither control nor joint control are referred to as “associates”. The term “Shell interest” is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in an entity or unincorporated joint arrangement, after exclusion of all third-party interest.

This presentation contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations and businesses of Royal Dutch Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Royal Dutch Shell to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as “aim”, “ambition”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “goals”, “intend”, “may”, “objectives”, “outlook”, “plan”, “probably”, “project”, “risks”, “schedule”, “seek”, “should”, “target”, “will” and similar terms and phrases. There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this presentation, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell’s products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; and (m) changes in trading conditions. No assurance is provided that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this presentation are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in Royal Dutch Shell’s Form 20-F for the year ended December 31, 2017 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward-looking statements contained in this presentation and should be considered by the reader. Each forward-looking statement speaks only as of the date of this presentation, 02 October 2018. Neither Royal Dutch Shell plc nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this presentation.

We may have used certain terms, such as resources, in this presentation that the United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website www.sec.gov.
Shell and JV participants have taken FID on LNG Canada

Connecting growing Asian demand with abundant low cost Canadian natural gas

- Thrive in the energy transition
  - 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

- World-class investment case

- Strong licence to operate

---

\(^1\) 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

Million tonnes per annum (DES)

LNG supply in operation
LNG supply under construction
Demand forecasts

LNG demand and supply

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

Investment in liquefaction capacity

Million tonnes per annum (FOB)

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

- 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 deliver 14mtpa 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 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\(^2\)

<table>
<thead>
<tr>
<th>$/MMBtu</th>
<th>LNG Canada</th>
<th>US Gulf Coast (greenfield)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Upstream supply cost</td>
<td>Shipping</td>
</tr>
<tr>
<td>2</td>
<td>Liquefaction cost</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) 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).

\(^2\) Shell estimates, Upstream supply cost includes pipeline tariffs.
Thriving in the Energy Transition

Competitive low carbon footprint

- Low upstream emissions in the Montney
- LNG plant clean power import
- Low CO₂ LNG technology
- TransCanada methane principles
- CGL efficient compression

LNG as a cleaner alternative to coal

Change in energy demand (2017-2035), KTOE

Asia air quality index
- Extreme
- High
- Medium
- Population size

Coal Share in electricity mix (2017)
LNG Canada – right project in the right place at the right time

Thrive in the energy transition

- 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

World-class investment case

Strong licence to operate

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).