LNG: Demand opportunities and supply challenges

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The energy challenge

1. RISING DEMAND

- Population growth
- Economic growth
- More affluent society

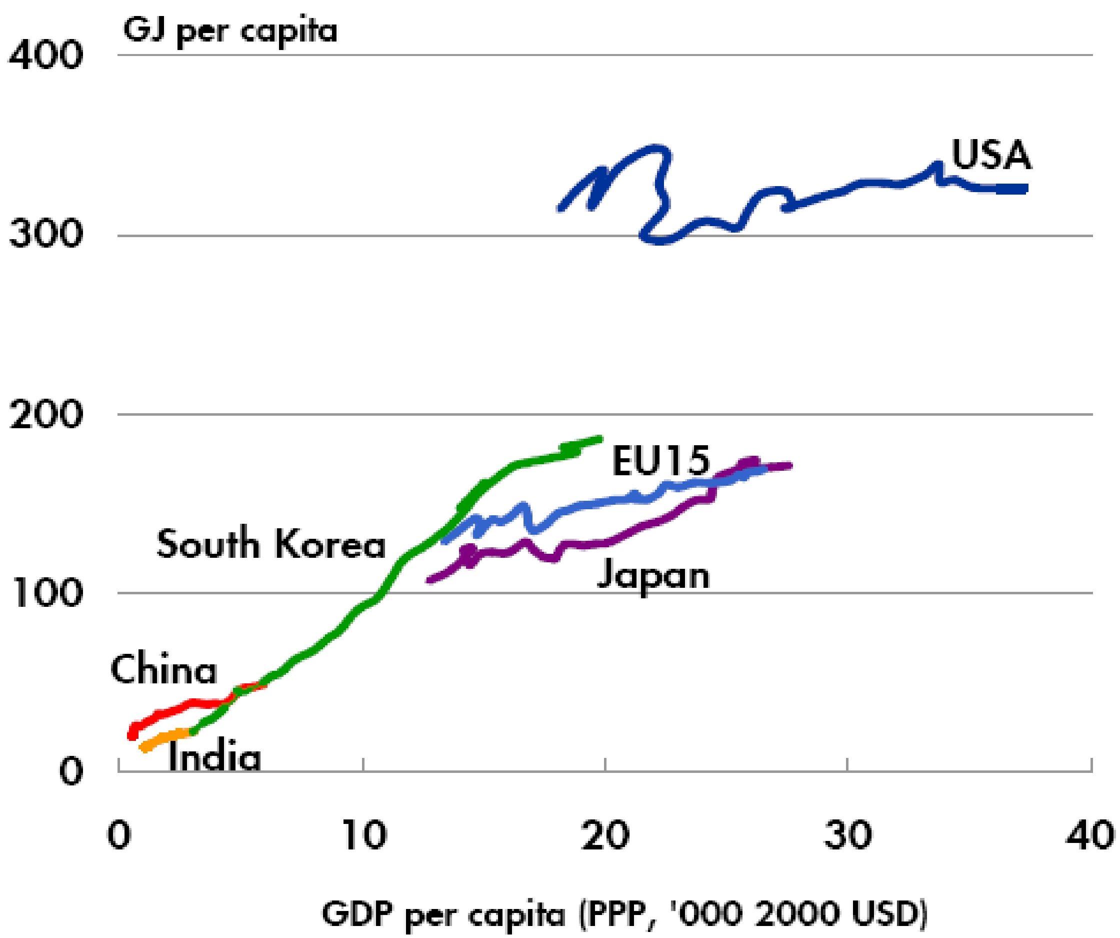
2. SECURITY OF SUPPLY

- End of ‘easy oil’
- Resource nationalism
- More unconventionals

3. ENVIRONMENT & SOCIETY

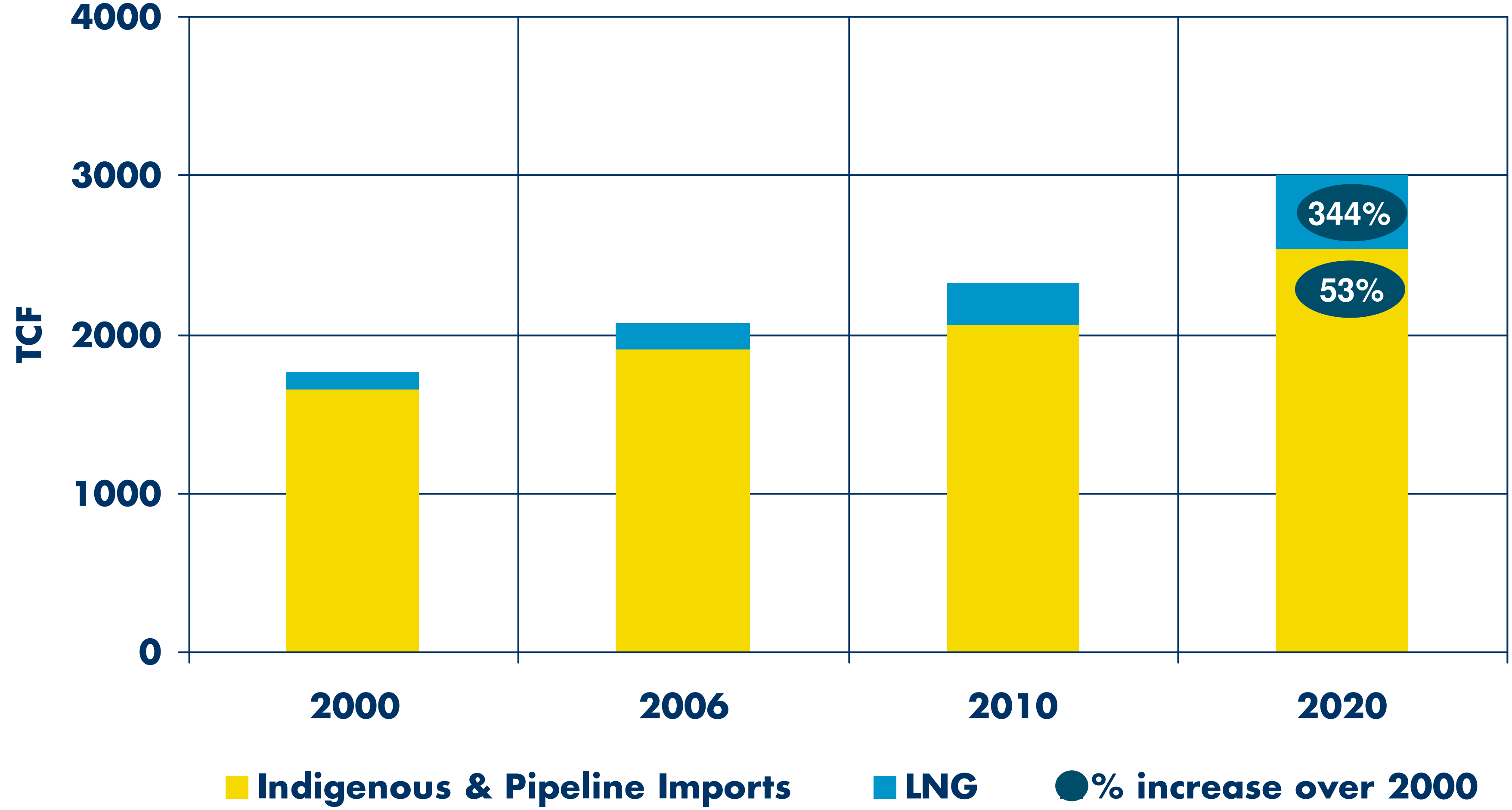
- Hydrocarbons remain dominant
- CO_2 consequences

Major economies are climbing the energy ladder



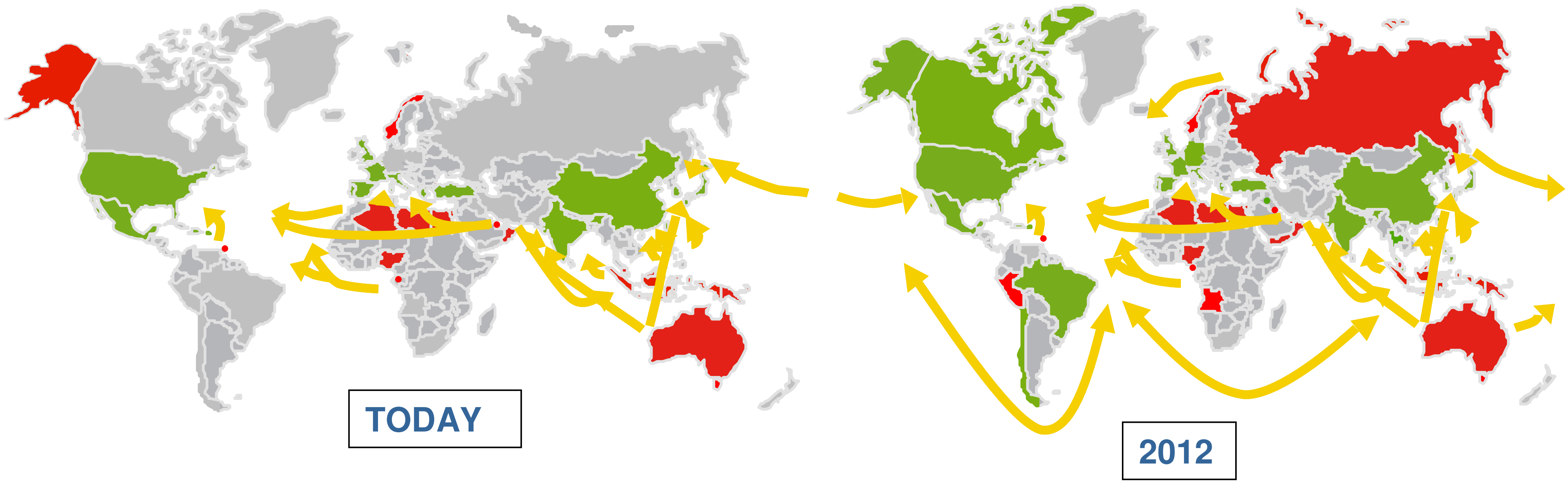
Source: Data to 2003, Oxford Economics, Shell International BV

The growing role of LNG



Sources: BP Statistical Review 2007, CERA 2006, EIA 2006

Global market developments



# Countries	TODAY	2012	% increase
LNG importers	17	29	70.6%

LNG importers
LNG exporters

Shell analysis

Supply challenges

1. DOMESTIC DEMAND

- Growing energy demand
- Natural gas exporting countries
- Competition with exports

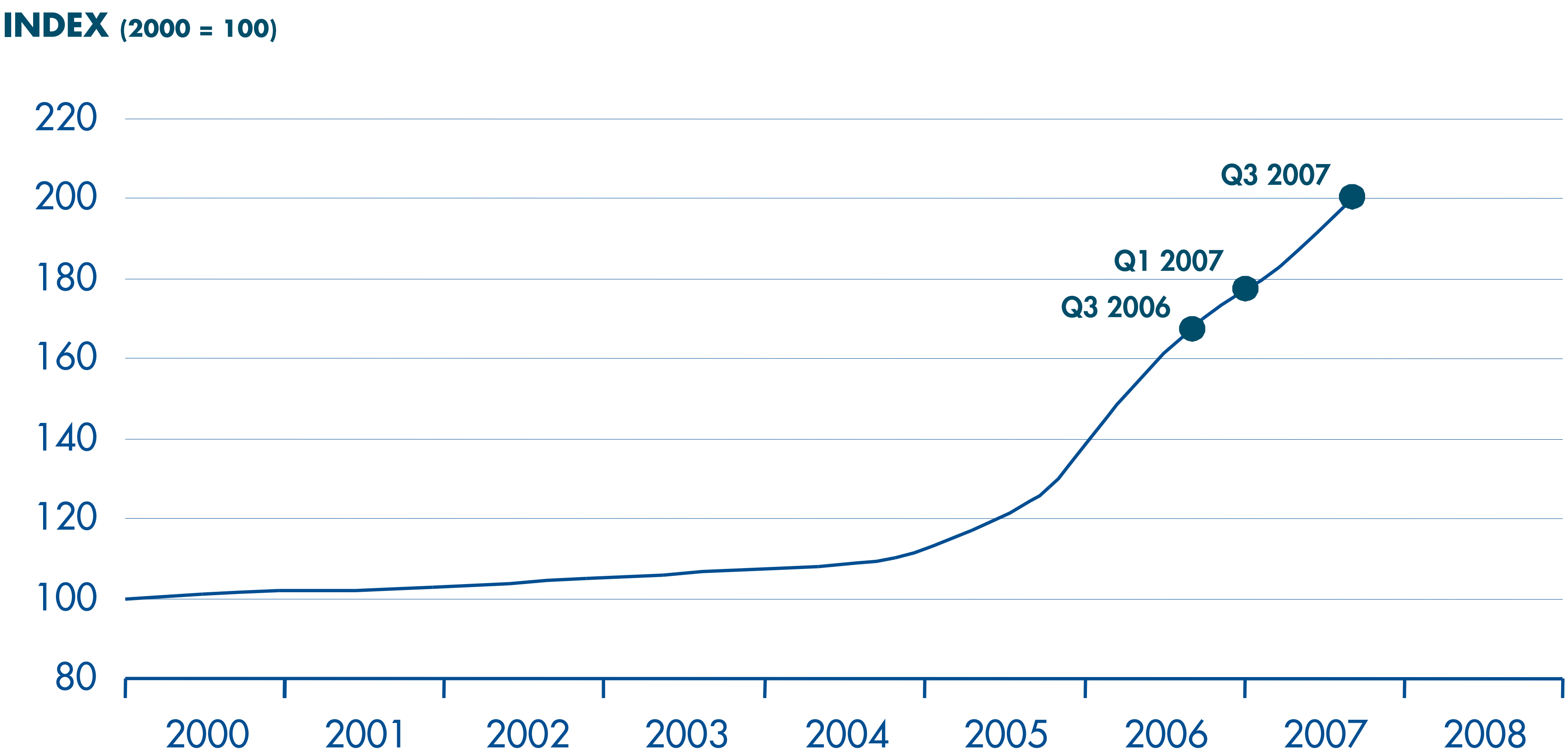
2. HIGH EPC COSTS

- Skyrocketed costs
- Construction delays

3. PEOPLE AND SKILLS

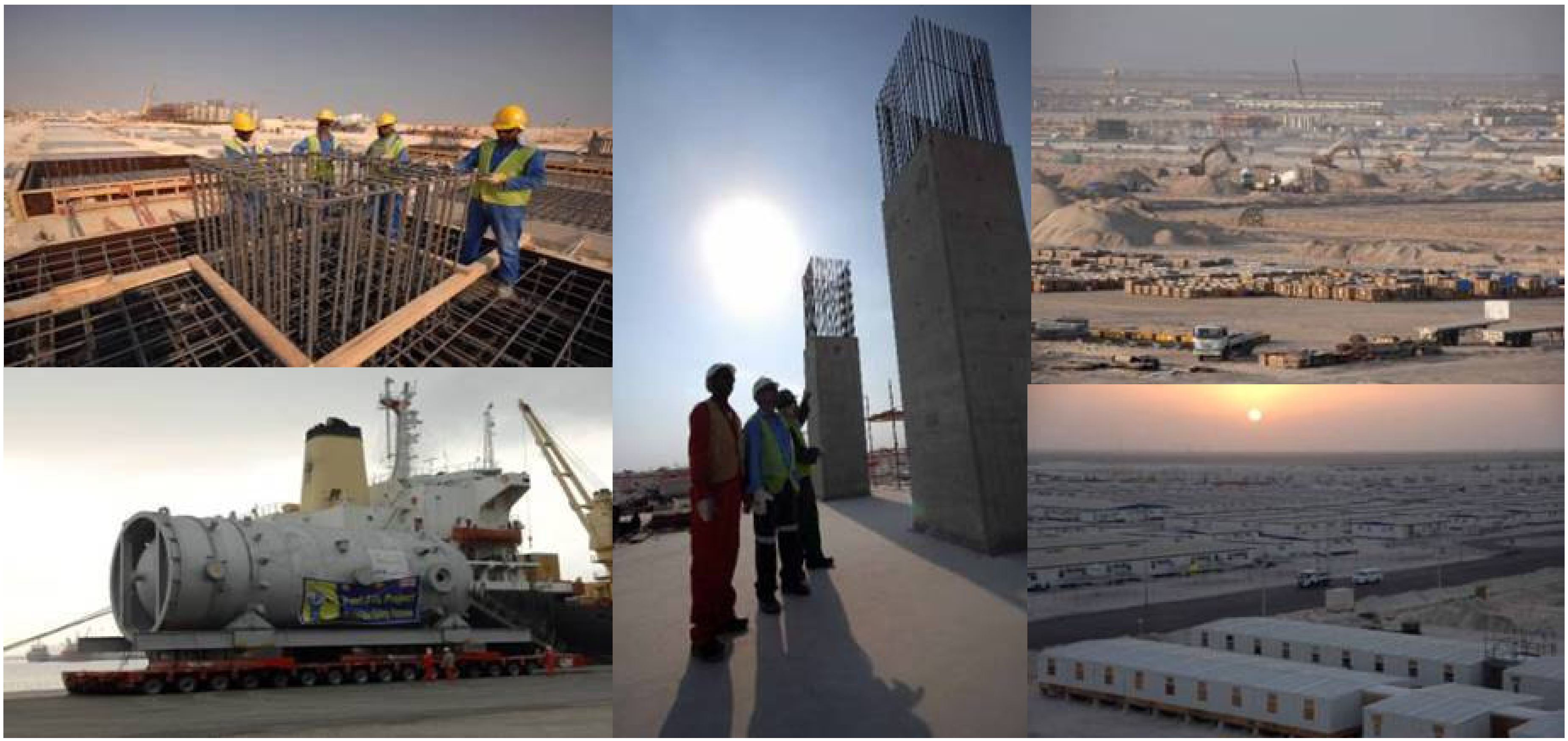
- More complex projects
- Large integrated projects
- Technical and project management challenges

Energy sector inflation



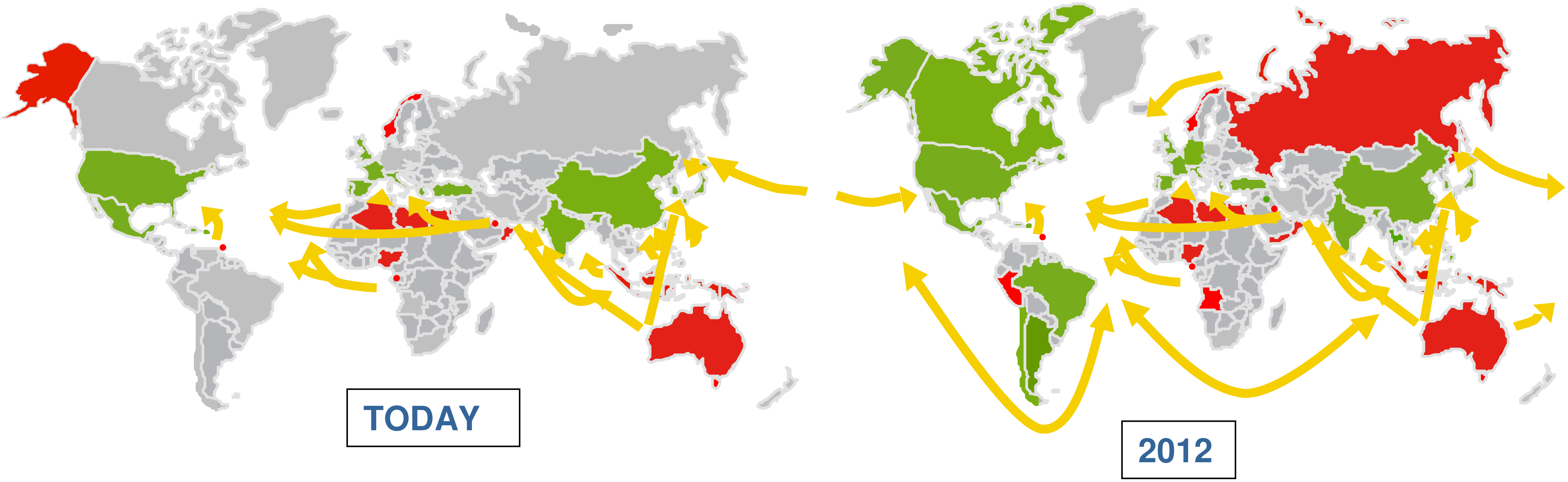
CERA Upstream Capital Cost Index (UCCI)

People and skills to deliver complex projects



Construction of Pearl GTL at Ras Laffan Industrial City in Qatar

Global market developments



# Countries	TODAY	2012	% change
LNG importers	17	29	70.5%
LNG exporters	15	18	20%

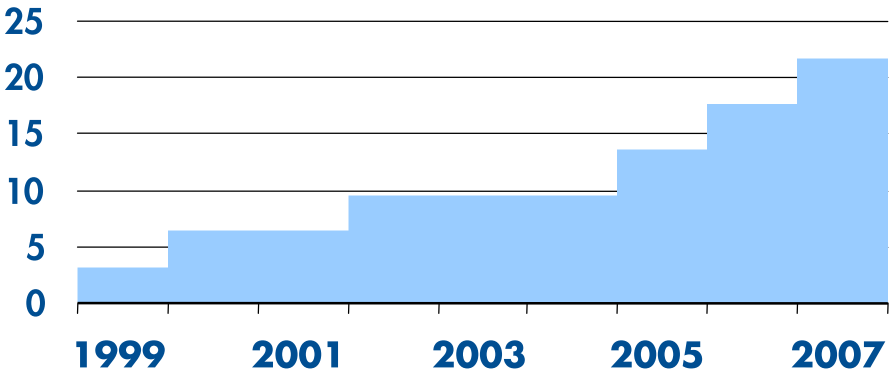
LNG importers

LNG exporters

Shell analysis

Nigeria LNG: Rapidly growing capacity

PLANT CAPACITY (YEAR END 100%, MTPA)



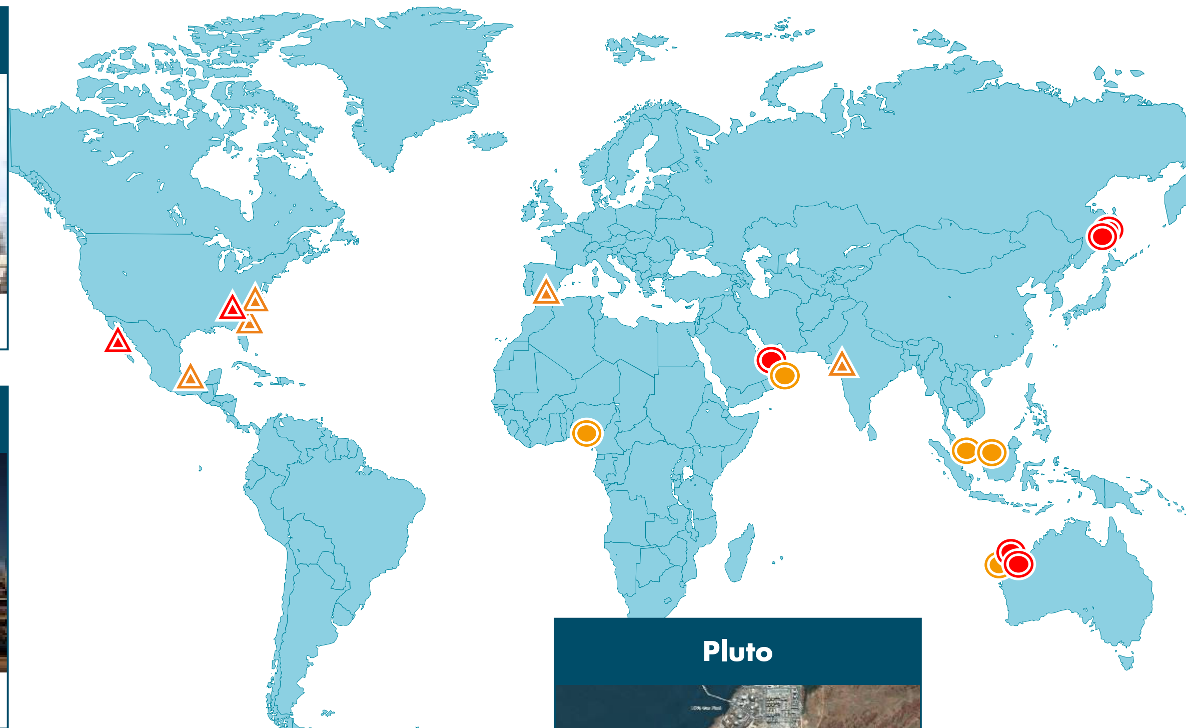
Sakhalin II: World's largest integrated oil and gas project

Floating LNG (FLNG)

- Unlocking stranded offshore gas accumulations
- Small environmental footprint
  - No pipeline or dredging
  - Limited onshore support base
- Cyclone tolerant
- Redeployable

Shell's global LNG portfolio

Leading position … and 5 new trains under construction



NLNG T6

Start up 2008

Qatargas 4

Start up 2010+

Pluto

Start up 2010+

Sakhalin T1 & 2

Start up 2008-09

NWS T5

Start up 2008

	OPERATION	CONSTRUCTION
LNG SUPPLY:	●	●
IMPORT CAPACITY:	▲	▲