Shell In Albania

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Definitions & cautionary note

Reserves: Our use of the term “reserves” in this presentation means SEC proved oil and gas reserves. 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. Resources and potential: Our use of the term “resources and potential” are consistent with SPE 2P + 2C + 2U definitions. Organic: Our use of the term Organic includes SEC proved oil and gas reserves excluding changes resulting from acquisitions, divestments and year-average pricing impact. Shales: Our use of the term ‘shales’ refers to tight, shale and coal bed methane oil and gas acreage.

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this release “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 subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies. “Subsidiaries”, “Shell subsidiaries” and “Shell companies” as used in this release refer to companies 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 a venture, partnership or company, after exclusion of all third-party interest.

This release contains forward-looking statements 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 “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 release, 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. There can be no assurance that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this release 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 20-F for the year ended December 31, 2015 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward looking statements contained in this release and should be considered by the reader. Each forward-looking statement speaks only as of the date of this release, 18th January 2017. 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 release.

With respect to operating costs synergies indicated, such savings and efficiencies in procurement spend include economies of scale, specification standardisation and operating efficiencies across operating, capital and raw material cost areas.

We may have used certain terms, such as resources, in this release that 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.
Industry context
Substantial + long lasting shifts in energy landscape

- Global population
  - From 7 to 9 billion by 2050
  - 75% will live in cities

- Growth in oil & gas demand
  - Global energy demand to double between 2000 & 2050

- Energy system in transition
  - World needs more energy; less CO2

- Customer choice
  - New sources
  - New energy carriers
  - New business models

- Continued oil price volatility
  - OPEC, shales, shorter price cycles

- Changing resources access
  - Requires new value creation models

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Global energy outlook

Long-term energy supply mix
Million boe per day

Shell activities:
- Gas
- Oil
- Biomass
- Wind
- Coal
- Nuclear
- Other renewables
- Solar

Source: Shell analysis
Exploration: At the Front End

**EXPLORATION**
- Exploring for oil and gas: Onshore and offshore

**DEVELOPMENT & EXTRACTION**
- Developing fields
- Producing oil and gas
- Extracting bitumen

**MANUFACTURING & ENERGY PRODUCTION**
- Refining oil into fuels and lubricants
- Producing petrochemicals
- Liquefying gas by cooling (LNG)
- Converting gas to liquid products (GTL)
- Upgrading bitumen

**TRANSPORT AND TRADING**
- Shipping and trading
- Regasifying (LNG)
- Supply and distribution

**RETAIL & B2B SALES**

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**IN EXPLORATION, WE:**
- Find and appraise new oil and gas discoveries
- Acquire new acreage and access new opportunities through licence rounds or direct negotiation
- Hand new oil and gas fields over to the development functions
2016 exploration program included frontier exploration
Drilling Exploration and Appraisal Wells

Types of Wells

Exploration Wells
Establish the presence of oil and/or gas in a structure.

Appraisal Wells
Define the volumes with more accuracy, in order to establish commerciality and the forward development plan.

Production Wells
Production wells are drilled when exploration and appraisal wells have been completed, proving commercial volumes of oil or gas, and a decision has been reached to develop the field.

Onshore

Shpirag 2 Well Location in Albania

Offshore

Noble Globetrotter 2 Deepwater Drillship in Turkey
Albania is part of Shell’s 100+ years of discoveries

- Seria, Brunei
  - 1929
- Oloibiri, Nigeria
  - 1958
- Qatar North Brent
  - 1970s
- Bonga, Nigeria
  - 1999
- Appomattox, USA
  - 2010
- Block SK 318, Malaysia
  - 2014
- Miri, Malaysia
  - 1910
- Maracaibo, Venezuela
  - 1950/60s
- Groningen, Netherlands, Yibal, Oman
  - 1960s
- Troll, Norway Gulf of Mexico
  - 1980s
- Kashagan, Kazakhstan
  - 2000
- Vicksburg, USA
  - 2013
- Leopard 1, Gabon
  - 2014

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In 2012 Shell enters Albania by farming into onshore exploration Blocks 2 and 3. After Shpirag-2 well discovery success in 2013, Shell started appraising the discovery through Shpirag-3 well, which currently is being drilled.
Albania Business opportunity

- Emerging country for investment opportunities
- Geographic proximity to European markets
- EU candidacy

Albania Business challenge

- Developing legislative framework
- Improving knowhow and capacity in administration and supporting agencies
Shell Upstream Albania received encouraging collaboration

- High accessibility to key decision makers for critical decisions
- Strong willingness for support and collaboration by key authorities
- Steps towards transparent processes and procedures