< Confidential) >

Group Investment Proposal

Summary information

Business unit and company	Shell Petroleum Development Company of Nigeria Limited (SPDC)
Group equity interest	100% in SPDC, whereas SPDC is the Joint Venture (JV) operator of an unincorporated JV with a 30% interest.
Other shareholders/partners	Nigerian National Petroleum Corporation (NNPC: 55%), Total E&P Nigeria Ltd (10%),and Nigerian Agip Oil Company (NAOC: 5%)
Business or Function	Upstream International (UI)
Amount	The headline size of US$718mln Shell Share MOD 50/50 composed of US$700.9mlnCAPEX Shell Share MOD and US$17.1 mln OPEX Shell Share is being requested for approval in this revised GIP. This is made up of US$52.3 mln approved in the pre-FID proposal and US$665 mln being requested for in this proposal. The total commitment for Shell of US$718 is made up of Shell Equity contribution of US$660 mln and MCA contribution of US$58 mln.
Project	Southern Swamp AG Solutions (SSAGS+) Project Plus, incorporating: Opukushi, Benisede, Ogbotobo, Tunu, Agbaya, Ajatiton, Akono and Dodo North Fields
Main commitments	

Description	pre-FID proposal (100%)	pre-FID expenditure (100%) @ Dec '11	This proposal (100%) JV-_Funding	This proposal (100%) MCA_Funding	This proposal (Shell Share_Equity)	This proposal (Shell Share_MCA)	Total IP (100%) JV_Funding	Total IP (100%) MCA_Funding	Share_Equity)	Share_MCA)
Production Facilties[1]	122	2	732	-	220	-	854		256	-
Flowlines/Bulklines/Pipelines[2]	37	7	384	-	115	-	421		126	-
Location Preparation (Wells)	-		24	-	7	-	24		7	-
Owners Cost (excl. SCD)	15	20	132	-	40	-	147		44	-
Contingency	-	-	192	-	58	-	192		58	-
SCD (Opex)	-	-	35	-	11	-	35		11	-
15 Wells, (Drilling, Completion & Testing 2 NAG Wells, 12 Oil Wells) & 1 NAG Well Recompletion	-	-	367	-	110	-	367	-	110	-
6 Oil Wells, (Drilling, Completion & Testing)	-	-	2	158	48	58	2	158	48	58
Total	**174**	**29**	**1,868**	**158**	**608**	**58**	**2,042**	**158**	**660**	**58**
								Total Shell Share	**718**	

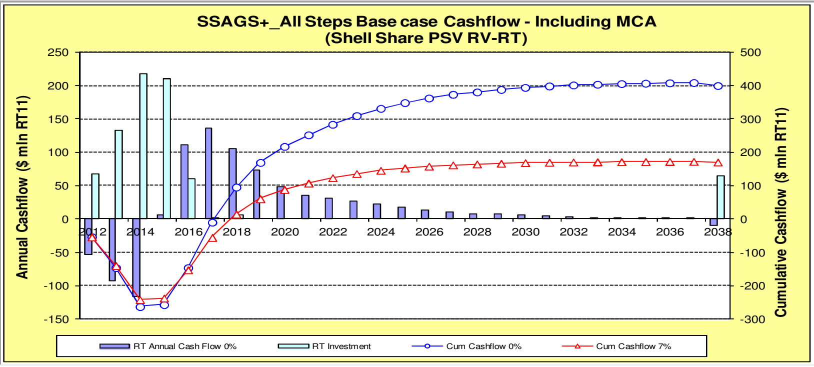
[1] *US$1.7mln expenditure represent 1st Milestone paid. On Twister System PO. Remaining expenditure to be incurred over 21 month period*

[2] *US$20mln fully committed on PO. Actual expenditure by March end is F$7.3mln (Value of Line pipes received). Full order value to be incurred by end May'12 when Line pipes are fully delivered to SPDC*

Comment [B1]: Facilities Cost to be updated with Post ESAR comments

Reserves/Resources	This project is aligned with SPDC's strategic goals and priorities by protecting 34.06. MMboe SS of 2P NFA reserves (31.71 MMstb of oil and 2.35 Bscf of AG sales) and maturing total economic truncated 2P reserves of 47.1 MMboe SS (34.8 MMboe of oil/AG sales and 12.3 MMboe SS of non-associated gas, NAG to production.
Production	Incremental oil production from this project peaks at 29.6 Mbopd in 2016 with an accompanying sales gas production of about 113 MMScf/day (comprising of about 40MMscf/d AG sales and 73 MMScf /d NAG).
Source and form of financing	This investment will be substantially financed with JV funding with a portion of the scope (Six Oil wells in step_3) to be financed through MCA funding. Total Shell commitments, including NNPC carry under the MCA, will be financed with SPDC Limited own generated funds and existing intra-group facilities. The MCA terms do not include PMT CAPEX and all OPEX related expenditures

Summary cash flow



Summary economics

At Ranking PSV ($70/bbl RT11)	NPV7% (US$ mln)	VIR7%	RTEP (%)
Base Case (50/50)	171.2	0.27	19%

Summary economics*	NPV (USD mln)	RTEP (%)	VIR
Project title			
Base case			
Low case			
High case			

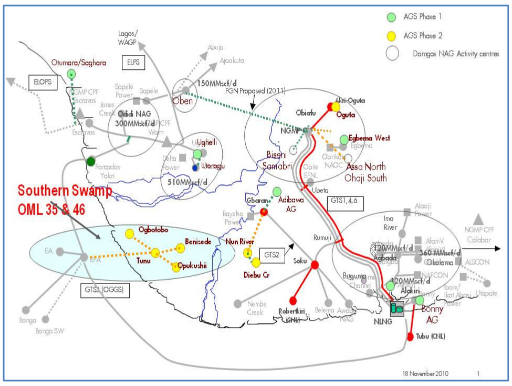
* In accordance with specific Business requirements. Key Business assumptions (including PSVs used), forward-looking economics and sensitivities to be detailed.

Comment [B2]: To be updated by Yewande with Post ESAR cost estimate and 2P reserves forecast

Section 1: The proposal (management summary)

This Group Investment Proposal seeks organizational approval for funding of $675mln Shell Share ($2,060 mln, MOD, 50/50 100% JV) bringing total IP value to $727mln Shell Share (2,235 mln 100%JV) for the execution of AG Solutions, and oil development drilling in the Opukushi, Benisede, Ogbotobo, Agbaya, Ajatiton, Akono and Tunu fields as well as NAG development drilling in Dodo North field.

The Southern Swamp area comprises 16 fields (12 producing and 4 Partially Appraised) in OMLs 35, 36 & 46 with significant oil and gas resources; EUR of 1,636 MMstb and 2,138 Bscf of associated gas (GIIP UR of 7.6 Tcf, 53% RF). Of this, 811 MMbbl with 456 Bscf associated gas has been produced from the fields in the period January 1976 to December 2011. The fields lie in the coastal swamp area, 65km South of Warri, currently with 100 oil wells and flow lines producing through 4 flow stations (Benisede, Opukushi, Ogbotobo and Tunu) and a new FLB at Tunu at advanced stage of completion. Oil evacuation is via the Trans Ramos pipeline to Forcados Terminal whilst associated gas is flared. NAG resources in the node have not been developed and the SSAGS+ project represents the first of such developments.



The effort to provide AG solution in the Southern swamp began in October 1999 with the SSAGG project which later expanded to include a nodal wide development called Southern Swamp Integrated Oil & Gas Project (SSIOGP) aimed at developing 407 MMstb oil expectation reserves and 505 Bscf associated gas (87 MMboe) through drilling and completion of 51 oil and 2 CRI wells. The project passed VAR4, but became stalled at DG4 due to higher than expected bid prices for the main

EPC contracts and constrained funding. Renewed effort was launched in 2008 to provide AGS for NFA production only but given the huge resource potential in the node and the opportunity of funding that came with domestic gas supply, the project was re-conceptualised as a Domgas supplier (previous concept was to supply AG to NLNG). However, this revised concept meant that a reasonable volume and long term gas supply has to be guaranteed to meet the Government aspiration for Domgas Supply. This could not be met with AG alone and therefore the need for a portfolio review to identify a more secure source of gas supply. In 2010, a due diligence study of the previous SSIOGP Nodal Development work confirmed the selection of 21 oil wells out of the original 51 wells to be developed in a phased manner once the AG infrastructure has been provided.

Detailed and up-to-date performance review, including 3D reservoir simulation modelling of key reservoirs and 2P resource volume evaluation have been carried out for 11 fields (3 NFA, 1 NAG and 7 Further oil development fields). This resulted in revalidation of 18 out of the 21 oil wells and identification of 3 high risk wells in Step 3 to be excluded from the full scope. The 2P reserves Endorsement Session (RES) further supported the 18 oil wells. Also as part of the NDP, a feasibility study of Dodo North field was also carried out to develop NAG to supplement the AG in order to sustain supply of 100MMscf/d minimum to the domestic market for at least 10 years.

The new project called Southern Swamp Associated Gas Solutions plus (SSAGS+) is primarily aimed at providing AG solutions to secure NFA production (105.7 MMbbl + 45.4 Bcf associated gas) while also drilling 18 oil wells to utilise capacity in the flow stations, thereby developing 90.4 MMbbl new oil (with 53.8 Bcf AG). It also includes the drilling of 2 gas wells from Dodo North to guarantee the sustenance of the 100 MMscf/d supply (221Bcf of NAG).. The project successfully passed DG4 in March 2012, following a VAR4 and an ESAR4. A pre-FID IP of F$174.3m 100% JV (US$52.3mln SS) was approved in April 2011 to facilitate completion of FEED and placement of orders for Long Lead Materials.

The Gas Flaring (Prohibition and Punishment) Bill 2009, currently before the national assembly, specifies payment of fines by non-compliant companies, of not less than the cost of gas at the international market plus another 50% of the penalty sum to the Local Government Area for community development activities. The impact of the law could be adverse if current efforts at providing Associated Gas solutions to the Southern Swamp fields are not accelerated. Apart from shut-in of the assets post-flares out date (2012 proposed at the National assembly), the likelihood of non-renewal of expiring Acreage Licenses due in 2019 by government, loss of surface assets to vandalisation and loss of opportunity to develop and book significant reserves (both NFA and FOD) is very high.

This FID Investment Proposal:

The scope of the FID expenditure will cover for the following:

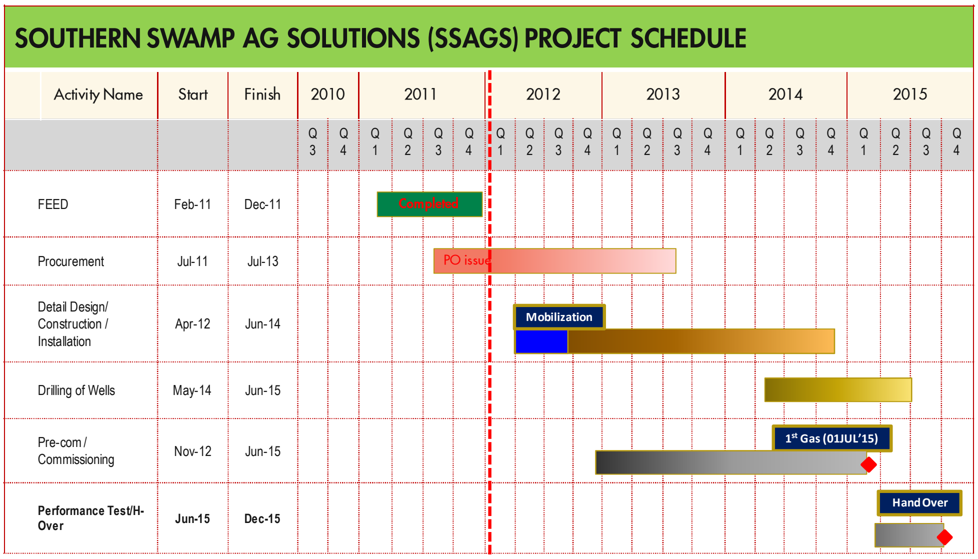
1. Facilities:
   a. Brown-field facilities upgrade for the Tunu, Benisede, Opukushi and Ogbotobo flowstations plus gas compression.
   b. Laying of pipelines for associated gas from Benisede (12” x 16 km), Opukushi (12” x 24 km) and Ogbotobo (8” x 16 km) to Tunu, where the CPF is located.
   c. A new 70 MMscf/d AG compression facility (with slug catcher) at Tunu.
   d. A new 120 MMscf/d slug catcher at Tunu for non-associated gas.
   e. A 160 MMscf/d hydrocarbon dew-pointing facility at Tunu for AG & NAG.
   f. A 160 MMScf/d Export Gas Compression and Metering system
   g. Laying of 16”x 32km high-pressure gas pipeline for export from Tunu to EA-RPA.
   h. Condensate handling system, associated metering, instrumentation and electrical systems.
   i. Island power generation at all the Facility Locations to include community power supply in support inter-dependencies with host communities.
2. Wells scope:
   a. Drilling, completion and hook-up of 2 NAG wells from Dodo North field to supplement and back-up AG production into the Nigerian Domestic Gas network..
   b. Drilling, completion and hook-up of 18 oil wells – to utilize the existing ullage in the facilities

An earlier pre-FID cost of US$174.3 mln (100% JV) was approved to cover the following scope

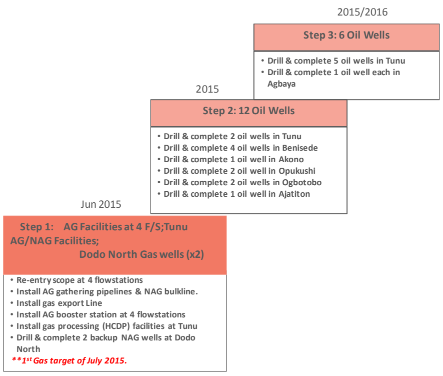
a. Studies including FEED (Complete NDP, FDPs and carry out FEED)
b. Project Management (Staff salaries, travels and incidental costs for project team and support team members)
c. Surveys and Permits acquisition (revalidate/acquire new PTS, OPL, ESHIA, NCD waivers, NDP, FDPs)
d. Procurement of Long Lead items (LLI) (commit to procure materials/equipment that could take up to 20 months to be fully prepared for site installation)

The value of the LLI in the pre-FID cost represents the full commitment value of the materials. However, as the nature of the procurement contract is to either pay upon delivery or milestone payment over delivery period, the actual expenditure at FID is far lower than the provision in the pre-FID IP. The un-spent amount will be rolled-over into the overall GIP and expended over the procurement period.

Level 1 schedule for the project is shown below.



Funding



The estimated total Capex for the SS AGS+ project is approximately $2.2 bln (MOD) plus SCD (Opex) cost of $35 mln. The project is phased into 3 discrete steps for funding in installments under the Domgas (Step_1) and JV Base tranche (Step_2) and Third Party financing (Step 3). It is noteworthy that the Domgas funding has been fully supported by the Government, and the circa F$284 mln required for step 2 is in BP11 JV base funding plan, whilst Step3 cost of $207mln is planned for third party financing. Regardless of the stepwise funding the DRB's decision since DG3 was to go for a single FID proposal in order to present (and preserve) the total investment value.

Table 1: Full Project COST phasing

The total project expenditure and phasing is show below. These figures are update to BP11 reflecting the final outcome of VAR4 and ESAR4 concluded in January and February 2012 respectively.

SSAGS P50 Estimate and Expenditure Phasing														
		Cost $million												
	Funding Tranche	Pre-FID Opex			Post FID Capex - JV Funded							Post FID Capex MCA Funded		
Scope		2010	2011	2012	2012	2013	2014	2015	2016	2017	2018	2015	2016	Total
Step_1 Gas Facility / Infrastructure Incl. 2 NAG Wells	Domgas/IPP	2	19	2	219	539	661	190	62	-	25			1,718
Step_2 Oil Development (12wells)	Base JV						131	164						295
Step_3 Oil Development (6 wells)	Third Party Financing							-	-			102	58	159
SCD (Opex)	Domgas/IPP	-	-		3	7	11	6	1			3	1	32
Total		**2**	**19**	**2**	**222**	**546**	**803**	**360**	**63**	**-**	**25**	**104**	**59**	**2,204**

Section 2: Value Proposition and financial context

The primary objective of the AG Solutions project is to ensure continued economic production from the affected fields, in compliance with statutory requirements for non-routine flaring of associated gas. Protection of Shell's reputation and possible Freedom To Operate (FTO) loss may make flaring of associated gas an unattractive proposition with attendant negative repercussions. Besides, incurring long-term penalties (even if viable) by producing without an AG Solution in place contravenes the Flares Down Policy from the Group. In addition the execution of the project opened up opportunity for further oil and gas development in the fields as well as enables SPDC JV to meet Nigerian government aspiration for Domestic Gas supply for power generation.

The implementation of this project will enable continued production of 105.7 MMstb of NFA oil by securing the surface assets and also enabling further growth in the affected fields once AG gathering is in place. Immediate development scope to be executed as part of the project will produce 90.4 MMstb of Oil and 221 Bcf of NAG whilst future activities could cream off approximately 550 MMstb of additional expectation reserves.

Summary Economics[1]

Comment [B3]: Update after EPC prices are updated in project Costs.

The full project was evaluated on a forward-look basis using the post flares down NFA + FOD production forecast (Oil and AG) for the affected fields and 50/50 level 3 CAPEX estimates. Step 1 & 2 were evaluated under the assumption of JV funding and step 3 under the 2008 MCA funding agreement. The gathered gas is expected to be sold to the domestic market. Key sensitivities[2] are shown in the grid.

Table 2: Economics Grid

[1] Economics based on VAR4 dataset.

[2] Full R&U and other sensitivities will be provided after costs are finalized.

PV Reference Date: 1/7/2012	NPV (S/S $ mln)		VIR	RTEP	UTC (RT $/boe)		Payout-Time (RT)	Maximum Exposure (RT)
Cash flow forward from: 1/1/2012	**0%**	**7%**	**7%**	**%**	**0%**	**7%**		**AT**
Base Case (SSAGS+ Step 1 - 3)								
SV ($50/bbl RT12)	228.5	68.4	**0.11**	**NA**	**26.0**	**29.7**		
RV ($70/bbl RT12)	400.5	**171.2**	**0.27**	**19%**	**26.0**	**29.7**	2018	262.6(2014)
HV ($90/bbl RT11)	607.0	**293.8**	**0.47**	**NA**	**26.0**	**29.7**		
BEP ($/bbl)								
Sensitivities (using RV RT)								
High CAPEX (Prob <0.1)		**157.6**	**0.23**					
Low Reserves (Prob <0.9)		**118.7**	**0.19**					
High Reserves (Prob <0.1)		**171.2**	**0.27**					
6mnths Delay		**167.3**	**0.27**					

Key Project Parameter Data (Shell Share)

Parameter	Unit	BP11	Low	Mid	High	Comments
Capex (MOD)	US$ mln	667	632.7	674.1	744.9	
Investment Opex (MOD)	US$ mln	NA	336.3	373.2	435.0	
Production Volume	mln boe	96.6	66.6	84.9	-	
Start Up Date	mmm-yy	Mar-14	Jun-15	Dec-14		
Production in first 12 months	mln boe					

<u>Economics Assumptions</u>

- 2011 Oil PSV was used for Oil and Condensate
  - SV-RT - $50/bbl, RV-RT - $70/bbl & HV-RT - $90/bbl
- 2011 Domestic Gas PSV - BP11 Low Aggregate Domgas PSV based on NGMP
- Oil taxed under PPT (PPT tax rate of 85%)
- Steps 1 and 2 will be JV funded while Step 3 will be funded from Alternative Funds (AF)
- Gas taxed under CITA with Associated Gas Framework Agreement (AGFA) incentive.
- Education Tax of 2% assessable profit
- NDDC levy of 3% total expenditure
- GHV of 1000btu/scf for Domgas
- Flare Penalty of $3.5/Mscf was applied and is not tax deductible
- Abandonment estimated as 10% of total RT CAPEX
- Facility design life of 25years used to truncate project in 2038
- SCD Cost was provided by project team
- ABC OPEX provided by project team.

Section 3: Risks, opportunities and alternatives

The key risks and opportunities identified in the project are as follows:

Under-delivery of gas in the medium to long term (T)

The under-performance of identified gas wells or demand for higher-than-planned gas supply plan of 100MMscfd will reduce the plateau of Dodo North NAG source and result in low capacity utilization in the longer term – this will impact on SPDC's corporate reputation.

Mitigation: Work has been initiated to identify additional gas resources to be matured for possible acceleration to back-up Dodo North (for example the Opukushi gas cap blow down (F3 & F5) and Opukushi Deep development requiring appraisal), and NAG development drilling in Orobou and Egunabo fields

Continued production without AG solutions in place post 2010 (T, P)

As a result of the uncertainties around the flares down date, continued production of Southern Swamp fields without AG utilization post March 2012 (GIP date) will result in the reduction of AG volumes to be produced & monetized by the SSAGS+ project, potentially impacting the gas supply promise.

Mitigation: There are other in-field oil development opportunities within the node (e.g. remaining 30 wells in the original SSIOGP) that will be investigated as acceleration candidates in order to increase AG production and add value. Additional NAG resources have also been identified and assessed as backfill to dwindling NAG/AG production, including the huge potential in Tolugbene exploration.

Security & Social Risks (P, E)

The project is located in the swamp of the Nigeria Delta; community interfaces, HSE and security issues are particularly significant in these areas, highlighted by cases of hostage taking, and armed attacks and sabotage of, especially, pipeline systems. There is also a risk of community agitations outside agreed GMOU terms that could lead to SCD related cost growth.

Mitigation: The amnesty programme of the federal government has helped to calm the security situation although uncertainty still pervades. The Security Information Network Centre (SINC) will monitor Delta threat traffic and provide timely early warning to the project team on a `need to know and act` basis. All work will be done according to the approved security plan under the oversight of the Head of Security Operations – West. Community interfaces will be managed through the Global Memorandum of Understanding (GMoU) mechanism to be deployed in alignment with the project schedule. An allowance has been made in the project budget for funding of social investment programmes (including a community interdependency power supply project). Offsite fabrication work will be maximized and done at a safe and secure location thereby limiting site activities to a minimum.

NCD Act Implementation (E, C, P)

The requirement to comply with the Nigerian Content Directive (NCD) Act could result in project cost and schedule overrun due to limited in-country material manufacturing capacity and capability.

Mitigation: A detailed NCD compliance Plan has been worked out together with the EPC contractors and approved by the Nigerian Content Development and Monitoring Board (herein after referred to as Board). This plan highlights areas of gaps in compliance with the NCD Act, with the intent to seek waivers from the Board for out-of-country procurement. An early engagement with the Board in 2011 indicates that it is amenable to granting waivers for the project where there is a compelling business case. In this respect the board has already granted waivers to carry out elements of the FEED work outside Nigeria and for procurement of Line pipes outside Nigeria. . The NCD plan already approved by the Board has recognised the need for waivers for out-of-country procurement of certain items e.g. Valves, HC Cables, Major Rotating equipment, Twister Components etc.

NNPC Award Approvals for EPC contracts (C, E)

To safeguard the project schedule it is necessary to award the two major EPC contracts within Q2 2012. With the conclusion of commercial negotiation with bidders, award approval by SPDC MTB is possible within the required time period but approval protocols within NAPIMS/NNPC easily take 6 to 12 months period to process. Contract award ahead of the formal NNPC approval could expose Shell to cost recovery issues, if NAPIMS decline to honour cash calls or approve end of year performances at OPCOM.

Mitigation: SPDC has maintained close and rigorous engagement with NAPIMS to ensure common understanding of project priorities and urgencies. Thus far NAPIMS has demonstrated good faith in approving Budget requests, cash calls and financial performances even where formal contractual approvals have not been given by NNPC (e.g. POs for FEED to UMP and LLI). NNPC has also recognised SSAGS+ project amongst the priority Domgas projects to be given accelerated approvals in order to meet with the medium term Domgas supply of government. Based on this antecedent, the proposal is for Shell to make full commitment and award the EPC contracts whilst giving time for NAPIMS to process approval through the NNPC system.

Comment [c4]: We need a separate engagement on this issue

Funding for Oil Wells (C, E, P)

Although the 12 oil wells in step 2 are included in the JV Business Plan, there is a concern that NNPC may be unwilling to fund them.

Mitigation

SPDC will continue to engage NAPIMS and highlight the need to preserve project value by executing the complete scope of work especially as the AG attached to the oil wells is included in the Domgas supply volumes premised in the project. However, an economic sensitivity has been included in the economic section, which shows that project value remains robust even where only 3 out of these 12 oils wells are funded with JV funding whilst others are funded with third party financing.

Comment [c5]: We need to include the numbers in the final GIP submission

Key Opportunities

The following key opportunities have been classified using the TECOP criteria.

Exploration scope and Future development (T/C)

Opportunities exist in Orobou, Egunabo and Opukushi (deep) fields to develop 620 Bcf of NAG in the short to medium term.

In the long term, additional gas could be matured from currently un-appraised prospects within the node. There is also an exploration potential of some 3 Tcf in Lotugbene.

Other exploration synergies with SSAGS development project that are being evaluated include the reduction in unit finding cost through deepening of development wells to exploration targets (Opuk-6 & 6ST).

Alternatives Considered

1. Continue to produce the fields and pay flaring penalty till end of field life: *Rejected:* This is not recommended viewed against the environmental concerns, imminent stiffer flaring penalties, the impact on company reputation and the Group commitment towards Flares Out.
2. Shut-in and abandon the fields: *Rejected:* Significant proven recoverable volumes and production will be lost, and high cost will be used on abandonment.
3. 3rd Party Alternative Solutions: Given the strategic nature of the southern swamp fields, the search for the third party AG solution has been discountenanced. The fields have therefore been withdrawn from the market accordingly.

Section 4: Carbon management

On commissioning of the booster compressors at Benisede, Opukushi, Ogbotobo, and Tunu flowstations and the Central processing facility at Tunu, the SSAGS will recover some 45 Bscf of gas that would otherwise have to be flared to produce 105.7 MMbbl oil from No Further Activity (NFA) areas. New oil developments are expected to produce 90.4 MMbbl of new oil and 274.8 Bscf of new gas (AG+NAG). Apart from the economic benefits associated with monetizing the gas, this project will remove circa 8Million tonnes CO_2 from NFA alone that would have otherwise been flared.

The bulk of CO_2 emissions (96%) come from gas-fired driver and electrical generation exhausts used in gathering the associated and non-associated gas, processing, and exporting same. Flaring during emergencies is expected to account for 4% of CO_2 emissions. Gas flaring and CO_2 emission will be very largely eliminated by the SSAGS project when commissioned.

Section 5: Corporate structure, and governance

This project fits within the existing SPDC corporate structure and governance. Consequently, it will comply and respect all relevant and existing governance.

Section 6: Functional Support and consistency with Group and Business Standards

This proposal complies with Group Business Principles, policies and standards. Full functional support covering SCD is provided for in the full project scope. Additionally, there will be a focus on Nigerian Content Development (NCD) as already indicated above. Relevant Functions have provided functional support for this Investment Proposal.

Section 7: Project management, monitoring and review

The Major Projects Team under UIG/T/PD is managing the project. The ORP compliant governance structure is in place, including a project specific DRB, DE and BOM. A Project Control and Assurance Plan (PCAP) has been approved to define the applicable controls for EXECUTE phase.

Section 8: Budget provision

The project is fully funded in BP11 base plan although under-funded in the 2012 JV programme, which needs to be addressed in the course of the year during budget re-alignment.

Section 9: Group financial reporting impact

Show the effect on Group financial statements and consistency with the forecast in the Group plans, using the table below. Comment on any material financial statement disclosure requirement e.g. rationale for any allocation between reporting sectors; details of contingent liabilities or off-balance sheet obligations; rationale for consolidation vs equity accounting; any key capital expenditure vs operating expenditure considerations; rationale for structure of leasing; details of unusual depreciation considerations; unusual tax reporting requirements and any disclosures required in the quarterly results announcement and/or annual report. Comment on material financial reporting risks and controls, including application of SOX 404 methodology. Group Reporting – Head of Business Accounting & Analyst (SI-FL/K) must be consulted in case of uncertainty.

(For further guidance on completion of this table refer to the Group Reporting Guidance Note)

USD mln	Prior Years	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 onwards
Commitment phasing (un-geared Shell share)							
Profit & Loss (NIBIAT)							
Balance sheet (capital employed impact, debt assumed)							
Cash surplus/(deficit): Cash flow from operating activities Cash flow from investing activities							

Note: High level explanations are to be provided for any unusual impacts or trends.

Comment [B6]: To be added with final economics results.

Section 10: Disclosure

Material disclosures, if any, will be done in line with the Group and SPDC Disclosure policies and guidelines..

Section 11: Financing

This investment is expected to be substantially financed with JV partners funding (within the IPP/Domgas and JV base budget), and Shell Share of capital expenditure will be met by SPDC's own cash flow. A fraction of the project (i.e. drilling and completion of 9 oil wells in step3) will be financed through third party financing mechanism.

Section 12: Taxation

There are no unusual taxation features at this stage

Section 13: Key Parameters

The following is the main aspect of this proposal:

Approval for the total revised headline size of $718mln Shell Share (2,204 mln 100%JV) 50/50 MOD for the execution of AG Solutions, and oil development drilling in the Opukushi, Benisede, Ogbotobo, Agbaya, Ajatiton, Akono and Tunu fields as well as NAG development drilling in Dodo North field. This is made up of Shell Equity contribution of US$660 mln and MCA contribution of US$58mln.

Approval for the total headline size of $xxxmln Shell Share (xxxx mln 100%JV) 90/10 MOD, made up of Shell Equity contribution of US$xxxx mln and MCA contribution of US$xxxxmln.

Section 14: Signatures

This Proposal is submitted to UI for approval.

Supported by:

....
Henry, Simon P RDS-ECSH

Date.... /.... /...

For Business Approval:

....
Brinded, Malcolm A RDS-ECMB,

Date.... /.... /....

Initiator: *Caroline Rockall, SPDC-UIG/T/PDF*

Insert Footer from IDM (based on IDM section 5.2)

Appendix:

1) Estimate Fact Sheet – Approved cost and schedule estimate as per IDM chapter 4
2) Lifecycle HCM forecast Sheet – Approved HCM Forecast as per IDM chapter 4