

Japan-Russia Cooperation in the Development of Russian Natural Resources



MITSUI & CO.

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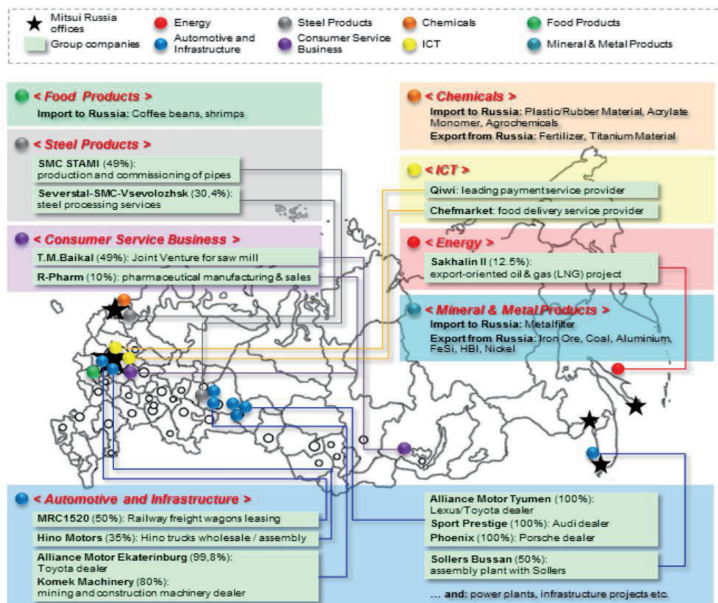
The eleventh Japan-Russia Energy and Environment Dialogue in Niigata
Jan 30th, 2019

50 Years History of Mitsui in Russia



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| | | |
|---|---|---|
| <p>▶ Total investment to RF economy over \$3 billion</p> | <p>▶ Total employment over 5,000*</p> <p><small>(*Includes all affiliated companies)</small></p> | <p>▶ Number of affiliated companies 17</p> |
|---|---|---|



| History | |
|---------|--|
| 1967 | First establishment of Representative Office in Moscow |
| 1979 | Started dispatching Russian language trainees |
| 1986 | Participation in Sakhalin 2 project |
| 1989 | Established Representative Office in Khabarovsk |
| 1992 | Established Representative Offices in Vladivostok and Yuzhno-Sakhalinsk |
| 1993 | Established Representative Offices in Tashkent, Kiev, Almaty |
| 1997 | Established Representative Office in Baku |
| 2004 | Established subsidiary company Mitsui & Co., Moscow LLC |
| 2005 | Established Representative Office in Astana |
| 2007 | Established Branch in St. Petersburg |
| 2009 | Commencement of production and export of the first LNG* from Sakhalin 2 * Liquefied Natural Gas |
| 2017 | 50 years anniversary of Moscow office |

Mitsui's contribution to economic development of Russia and Japan



Sakhalin 2 – The symbol of Russia-Japan relationship



Sakhalin 2 – The symbol of Russia-Japan relationship



1st Offshore Development in Russia
1st LNG Project in Russia

- Location: North-East offshore Sakhalin
- Shareholders:

| | | |
|------------|-------|----|
| Gazprom | 50.0% | +1 |
| Shell | 27.5% | -1 |
| Mitsui | 12.5% | |
| Mitsubishi | 10.0% | |
- Production:

| | |
|-----------|------------|
| Crude Oil | 45 mil bbl |
| LNG | 11 mil ton |
- Delivery:

| |
|----------------------------|
| Around 30% of Crude Oil & |
| Around 65% of LNG to Japan |



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Sakhalin 2 – The symbol of Russia-Japan relationship

- 1984 : Soviet Union(SU) discovers oil/gas fields off the northeastern tip of Sakhalin
- 1986 : Mitsui & MacDermott starts joint works
- 1991 : SU published international tender for FS of 2 offshore fields Consortium of Mitsui/Marathon/MacDemott bid
- 1992 : Consortium's bid was accepted. FS agreement concluded with RF Shell(Sep) and Mitsubishi (Dec) joined the consortium. Sakhalin Energy Investment Company (SEIC) established.
- 1994 : SEIC and RF concluded PSA/Production Sharing Agreement
- 1998-2001 : MacDermott & Marathon exits from the project

Mitsui initiated structure establishment for new partners for project execution.

Mitsui worked on establishment of legislation for first PSA conclusion in Russia.



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Sakhalin 2 – The symbol of Russia-Japan relationship



Half year oil production started in 1999
Full year oil production achieved in 2008

- 1999 : Half-year oil production started
- 2003 : FID of Phase 2
- 2007 : Gazprom participated in Sakhalin II/SEIC
- 2008 : All-year oil production started(Max. 150kbbbl/day)
- 2010 : Recorded the highest production

First LNG production in 2009

- 2009 : LNG Production start of 1st Train of LNG plant
- 2010 : 200 cargoes of LNG delivery achieved
- 2012 : 500 cargoes of LNG delivery achieved
- 2017 : Recorded the highest production



<https://www.kantei.go.jp/jp/asophoto/2009/02/18russia.html>

Russia – The country has an ample Reserves



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Source : BP Statistic

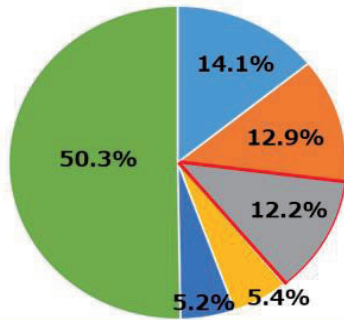
Proven Reserves as of 2017

Oil
6th in the world
(106.2 bil bbl)

Natural Gas
1st in the world
(1,234.9 TCF)

Oil Production

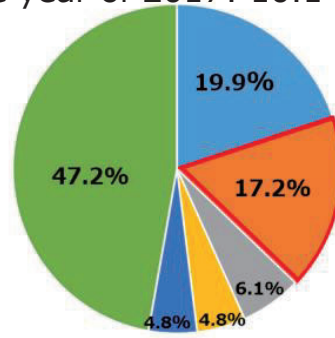
The year of 2017: 93mil bbl/d



■ US ■ Saudi Arabia ■ Russia ■ Iran ■ Canada ■ Others

Gas Production

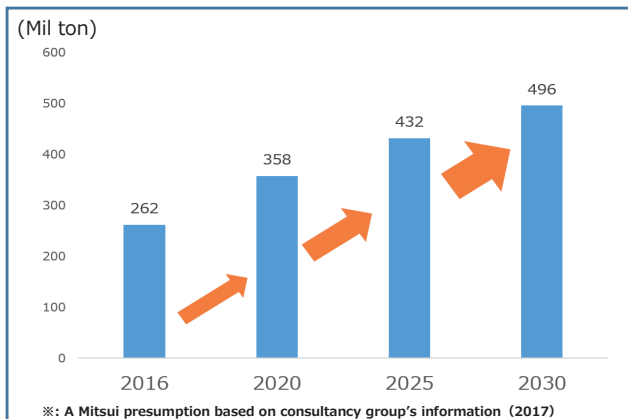
The year of 2017: 10.1 BCF/d



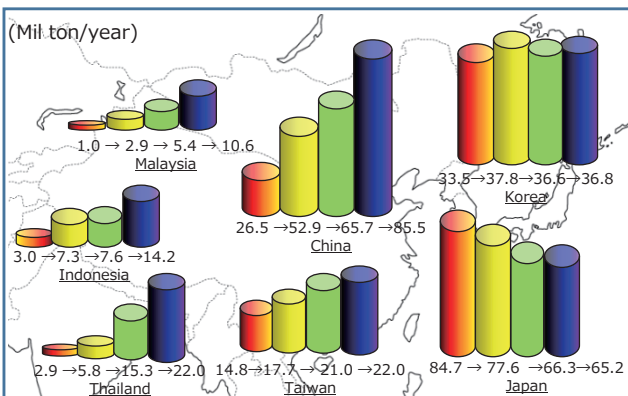
■ US ■ Russia ■ Iran ■ Canada ■ Qatar ■ Others

Russia is a main energy supplier in the world

LNG Potential Growth



- ✓ Natural Gas is known for "Clean" Energy as it produces less CO₂ than other fossil fuels
- ✓ Continue to increase the demand of LNG worldwide
- ✓ The year of 2020: Around 300mil ton
The year of 2030: Around 500mil ton



[In Asia Pacific]

- ✓ The year of 2020: Around 200mil ton
The year of 2030: Around 280mil ton

Co-operation with Gazprom



- ✓ Strategic partnership with Gazprom to look for further potential of LNG

Thank you



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