



30 September 2009

Gasol plc

("Gasol" or "the Company")

Preliminary results for the period ended 31 March 2009

Gasol plc today announces its preliminary accounts for the period ended 31st March 2009. Gasol's Board will hold an AGM on 28th October 2009 at 10am at 110 Canon Street, EC4N 6AR. The annual report is available on our website under the following link: <http://www.gasol.co.uk/Financialinformation.aspx> and will be sent to shareholders on 6th October 2009.

HIGHLIGHTS:

- Completion of the acquisition of African LNG Holdings Ltd in June 2008.
- Successfully obtained the rights to develop and monetise the Group's first gas asset- the Zafiro gas project in Equatorial Guinea- following a joint venture agreement with SONAGAS, after the year-end.
- Good progress in negotiations to access gas reserves in South East Nigeria, including exclusive gas sale agreement negotiations.
- Successfully secured financing - £5 million in equity investment in the period and a further £2 million since March 2009 as well as a £10 million equity line of credit in June 2009. The Group continues to pursue sources of further funding required for both the short and the longer term.
- Strengthened strategic alliance as the exclusive mid/downstream partner of Afren Plc ("Afren"), who also increased their stake in the Company to 21% (as at 28 September 2009).
- Co-operation with Electricite de France ("EdF") to assess the feasibility of developing, aggregating and monetising gas assets in the Gulf of Guinea for domestic and export purposes.
- Conducted successful initial feasibility study on bespoke midstream liquefaction technology – Near Shore Production System (NSPSTM) under the technical advice of Mustang Engineering.
- Board and management team strengthened during the course of the year including the appointment of Theo Oerlemans as non – executive Chairman and Jean Vermeire to the Advisory Board.

Soumo Bose, CEO Gasol, commented:

"In the last financial year, we achieved important milestones in the development of our projects in Nigeria and Equatorial Guinea: the acquisition of African LNG Holdings Ltd, the continued development of the concept of the Near Shore Production Solution, the £7 million funding to support our activities from the start of the financial year , the strategic alliances with Afren, Sonagas and EdF and the strengthening of our Board and Management teams. We are pleased with the continued commitment and support from our major shareholders – African Gas Development Corporations and Afren plc, and their participation in the company's funding rounds. There are several challenges intrinsic to early stage gas projects, including continued funding – covering both our short and longer term needs - in a difficult external environment, but I am confident that Gasol's team and our partners hve the expertise and relationships to successfully convert many of these challenges into opportunities to deliver our



project portfolio.”.

Enquiries

Gasol plc
Tel: 020 7290 3300

Soumo Bose, Chief Executive Officer
Caroline Houry, Investor Relations

Pelham PR
Tel: 020 7337 1500

Alex Walters
Francesca Tuckett

Jefferies International Limited
Tel: 020 7029 8000

Jack Pryde
Oliver Griffiths

About Gasol

Gasol’s strategy is to identify and develop commercially attractive opportunities in the gas sector, with initial focus on liquefied natural gas (LNG), sourced from Africa’s Gulf of Guinea region.

Through the creation of a substantial value chain via a series of partnerships involving gas gathering, liquefaction and the shipment and regasification of LNG into high-value markets worldwide, Gasol aims to become the premier Africa-focused gas independent. Gasol also plans to develop domestic gas projects in Africa.

Gasol works in partnership with governments, energy majors, utilities and independents in Africa, the USA and Europe. Gasol is Afren’s exclusive downstream liquefaction partner in developing an LNG monetisation strategy.

Further information is available from the Company's website: www.gasolplc.com



CHAIRMAN'S STATEMENT:

Overview:

After my first year as Gasol's Chairman, I feel pleased with the achievements of the Group since the Reverse Take Over ("RTO") with African LNG Holdings Limited. Despite deteriorating economic and market conditions, the Group has managed to make progress in our main areas of activity.

The economic environment: The last 18 months have radically transformed the way gas start-up companies can do business. From 2005 to 2008, financial institutions, natural resources and utility players were eager to get involved in energy projects and more specifically LNG ventures, but we are now experiencing a significant business change: the short-term gas supply / demand balance has reversed, debt financing is less available for early-stage companies and private equity / venture capitalists are more cautious in making commitments to early projects. However, even though the environment is more challenging, there is still a strong interest for well-managed, risk-mitigated, innovative companies.

The gas and LNG economics: The economic downturn has led to an unprecedented fall in global energy demand and our industry has therefore moved from being short in LNG a year ago to being 'LNG long' today. Gas prices have fallen substantially and are currently out of line with LNG construction costs. This means that it may be difficult for some project developers to take investment decisions on new LNG capacity in the short-term. The likely consequence of this is that we could be staring at a new 'LNG short' situation post 2014 or 2015. Gas is a long-term business, and one thing we can be sure of is that gas will continue to be the fuel of choice: projects must be developed to meet the increase in future demand. The industry needs to seek creative solutions within current economic constraints. We believe that small companies can often lead the way. The longer-term need for gas in developed countries combined with the potential of West Africa continues to support our business plan.

West Africa potential:

In West Africa there are many stranded un-contracted gas fields of below 0.1-2 Tcf. Approximately 10% of these fields have a gas volume range of 0.5-2 Tcf. These fields can form the right resource base for projects such as methanol, fertilizer or power generation, or with some aggregation, can be the ideal gas resource size for a small LNG project. This is where small projects and small companies can create value.

The reduction in oil and gas revenues has caused several countries to take a new, strategic and realistic look at their resource sector. West-African countries such as Nigeria have set out a new framework under which companies who invest in the country have to operate, with clear domestic gas obligations of up to 30% of the new gas produced. This represents a positive scenario for companies such as Gasol who will be able to develop gas reserves for LNG and other projects. Gasol supports such Government initiatives and we are fully prepared to dedicate a portion of gas to the domestic sector and to develop our projects in line with the Government's priorities.

Funding:

In the present economic conditions, funding for a small, AIM-listed company such as Gasol is not easy. However, thanks to the continuous efforts by management, and the support of our major shareholders, in the last 13 months we have been able to continue to secure sufficient funding for our ongoing needs to date; however, as discussed in the CEO statement, the Group requires further funding both for the immediate short-term and the medium to long-term. We have reduced our ongoing costs substantially to match the more difficult availability of funds. For the short and medium term future we are pursuing various potential sources of funding. We cannot at this stage guarantee the success of these efforts as obtaining the required substantial level of funding for our projects will continue to be challenging. However, we are reasonably confident that with the right structure of these projects, our efforts will eventually be successful. This is discussed in more detail in the CEO statement.

Gasol's performance and outlook:

Gasol managed to make progress despite having to operate in such a difficult environment. We can be particularly pleased with the progress in Equatorial Guinea and Nigeria. This is largely due to the continuous efforts and dedication of our management and staff and the assistance we received from our advisors and board members. As a small company we are dependent on our partners and host governments to continue their positive cooperation and support. On this basis I am confident that we can continue to implement our business plan.

Theo W. Oerlemans
Chairman



CHIEF EXECUTIVE OFFICER'S STATEMENT:

I am pleased to report that during the year Gasol progressed in the development of the Group's long-term growth opportunities. Our unique and distinctive strategy has enabled us to secure our first access to gas (announced after year end), to develop an innovative, cost efficient midstream technology concept and to establish strategic alliances and joint ventures with major players in the gas chain and national gas companies.

The macro environment:

Despite a sharp downturn in the global economy, natural gas will remain one of the world's most important commodities, central to long-term energy needs. For a growing number of countries, the importance of gas within the broader energy mix is magnified further by security concerns and climate change. Even though we may see a decline in energy needs in the short-term, there is clear evidence that the demand for energy will continue to grow in the long-run, particularly driven by developing markets. Whilst the global LNG market remains relatively immature, accounting for the delivery of around 7% of gas volumes worldwide, it is expected to expand rapidly once the current flattening due to the prevalent economic conditions has passed.

Overview:

Shareholders will by now be familiar with our core strategy: a focus on monetising stranded gas assets in the Gulf of Guinea, either by aggregation, liquefaction and shipment of LNG to high-value markets worldwide, or by domestic commercialisation projects to supply methanol, fertiliser or power plants. It is a strategy that Gasol is particularly well-placed to deliver: we combine a deep understanding and experience of the global gas market and the operating environment in Africa, and we have developed strong relationships with partners along the value chain, technology providers, and national gas companies and host Governments. We intend to deliver small scale gas projects, which can be quicker and cost effective. Alignment with host nations and communities is also a key priority. In summary, our strategy is designed to deliver value to our shareholders over the long-term by unlocking the strategic value of stranded gas.

2008-09 has been a central and strategic year for Gasol. We have made progress on the four cornerstones of our strategy:

- Access to low cost gas: successfully negotiated (signed and announced post year end) our first right to gas in Equatorial Guinea and made important progress in negotiations to procure gas in South East Nigeria
- Continued development of a cost-effective technology concept: we have conducted initial successful feasibility studies on the Near Shore Production Solution (NSPS) which can be deployed in our projects to monetise stranded gas assets in Gulf of Guinea
- Creating partnership along the gas value chain: we have strengthened and expanded our relationships with upstream, technology and downstream companies
- Strengthening our Board and Management team: several key members have joined our Board and our management team

Access to gas:

Whilst for a long time, gas was seen as a hurdle in the process of extracting oil, gas is now extremely valuable. In West Africa, most of the gas has been regarded as "stranded" as the fields are either too small or isolated to justify development on a stand-alone basis or the fields are owned by smaller local companies which lack technical and/or financial resources to develop monetisation projects independently. By working directly with upstream partners with access to these proven gas resources such as Afren and SONAGAS, Gasol is well positioned to secure access to enough gas to develop a competitive and quick to market LNG project. Various commercial structures are under consideration - Gasol can either directly acquire gas with one of its upstream partners or enter into gas purchase agreements while its upstream partner owns/ farms into the gas asset. The gas field development is planned to be undertaken by upstream partners or gas asset owners, with Gasol negotiating access to gas at a competitive price at the well-head. Gasol's strategic objective is to minimize exposure to exploration risk.

Rapid gas monetisation solution:

Gasol has been contemplating several monetisation solutions for its various project opportunities: in particular smaller scale liquefaction technologies that would make the aggregation of stranded and marginal gas fields economically viable. Gasol has continued to develop the concept of a barge based modular Near-Shore LNG Production System (NSPS) with technical advice from Mustang (a leading US based engineering company).



The NSPS utilises existing technologies in storage, liquefaction and transfer systems and achieves a highly competitive cost per tonne. By virtue of its simplicity it can be delivered and made operational in a relatively short time frame compared to conventional liquefaction technologies: Gasol expects that the commission and construction phase will be 3-4 years after conclusion of the front end engineering design study. Deploying the NSPS provides potential for a high degree of local content using local manpower, suppliers and service providers. Delivering local content is often a high priority with host nations in Africa. NSPS has the added advantage of being scalable from 1 million tonnes to 6 million tonnes per annum, with the provision for an integrated gas to power solution. The simple topside and storage design of the NSPS is ideal for the benign sea conditions of West Africa.

Gasol is also exploring technologies (other than LNG) to be applied for monetising stranded gas, considered too small or remote for LNG aggregation play.

The next step is to agree with our partners the technology deployment in our projects and proceed to the pre-front end engineering and design stage. Gasol's objective is to adopt whichever technology works best for each project, whether it be NSPS or floating LNG or other alternate solutions.

Partnerships:

As a project developer, Gasol plays a crucial role in the gas value chain: we are focusing on developing projects to connect competitively priced gas from upstream owners to end customers served by downstream companies such as utilities, regasification terminals, trading companies... or directly to local industry such as power, methanol and fertilizer.

On the upstream, Gasol has identified several opportunities to work in partnerships with gas asset owners. Gasol has a strategic alliance with Afren plc (the leading Africa-focused independent oil and gas company) to pool complementary skills to develop gas assets for monetisation in Africa. As the exclusive mid-downstream partner of Afren, Gasol has the right of first refusal to gas supply from Afren's portfolio. In addition, Gasol has signed a joint venture agreement with SONAGAS to develop gas monetisation projects in Equatorial Guinea after the year end. Gasol is also exploring further strategic tie-ups with upstream entities in areas outside the scope of its current alliances.

On the mid – downstream side, Gasol has entered into a cooperation agreement with Electricite de France to pursue opportunities in the Gulf of Guinea. Gasol is also in negotiations with several other strategic partners and LNG off-takers to develop additional opportunities in the portfolio.

Strong Board and Management:

Gasol's board and management teams are key in making Gasol's business strategy a success. The company has brought together a team with substantial experience of the gas sector and in particular in LNG. There were a number of changes to the Board and the management team through 2008. Following his appointment as Petroleum Minister of Nigeria, Dr Lukman stepped down as strategic advisor to Gasol in December 2008. Charles Osezua stepped down in June 2009 to take over as the Chairman of the steering committee of the Equatorial Guinea project. Rachel English resigned late 2008 to pursue other professional opportunities. They leave with our thanks and best wishes for the future. Pursuant to the reverse takeover of African LNG in June 2008, Theo Oerlemans joined as the Non – executive Chairman and Bert Cooper as strategic advisor to the Board. We are also pleased to welcome Jean Vermeire who joined as a special advisor in December 2008. Mr Vermeire is currently the Non-Executive Chairman of Distrigas, a leading Belgium-based natural gas company; previously Jean worked in senior management assignments over 17 years with Chevron.

During the year under review, the management team has been reinforced by senior, talented and experienced people, mostly from leading energy companies and consultancies.

Portfolio of Opportunities:

Gasol is currently working on project opportunities in four countries (Nigeria, Equatorial Guinea, Ghana and Ivory Coast). Of these, SENCO (South East Nigeria Project) and Equatorial Guinea projects are relatively advanced (though still early stage), with Ghana and Ivory Coast being in the earlier opportunity screening stage. Other gas monetisation opportunities in Cameroon, Gabon and Congo Brazzaville are under consideration.

SENCO is developing an integrated LNG and domestic gas supply project with the objective of monetising gas from identified core gas fields in South East Nigeria. Currently negotiations are ongoing with the multiple gas asset owners; once procured and developed by upstream partners, gas produced from these fields is planned to be aggregated and processed, before distribution to both a near shore liquefaction facility (for LNG export) and large-scale domestic gas consumers. The core gas fields have 2P reserves totaling approximately 2.5Tcf, with potential to tie- in nearby fields to increase gas supply to 3.5 tcf. As per current project plans, the base case liquefaction project is likely to have a capacity of 2 million tons of LNG per annum, with a competitive project cost and timeline due to the application of small scale- near shore liquefaction facilities. Gasol's share in this project is under negotiation with equity partners to develop this project; negotiations are also ongoing with



upstream partners and potential LNG off-takers. The project is expected to meet the various criteria set out in the Gas Master Plan announced by the Nigerian Government, including obligations to allocate part of the supply to domestic industry. One of the key objectives for Gasol and our partners is to secure the necessary financing to continue progress with this project until the final investment decision.

In April 2009, African Gas Development Corporation (Afgas) assigned its 50% share in SONAF, a joint venture with SONAGAS G.E., to Gasol. The company is now a direct equity holder in the joint venture, which has been established to develop gas commercialization projects and associated infrastructure in Equatorial Guinea, primarily to combat and monetise flared gas with particular emphasis on Block B in the Zafiro Development Area ("ZDA"). SONAF aims to capture and commercialise gas currently being flared in the ZDA. In June, the company announced rights to first associated gas from ZDA, estimated at 500- 750 bcf as per Wood Mackenzie. Currently a study is being conducted to establish an accurate estimate of the gas reserves. Various project options are under evaluation, including stripping out liquids from the wet gas to generate additional revenue streams. In the coming months, the joint venture will be focusing on negotiations with gas suppliers, off-takers, infrastructure providers and technology partners with the objective to achieve an economically viable project, which should generate revenue from Liquefied Petroleum Gas (LPG), LNG and Natural Gas Liquid (NGL).

Financial results:

The financial statements for this year reflect two major elements. First of all, Gasol changed its reporting year end from 28th February to 31st March 2009. The financial statements are therefore prepared for the 13 months to 31 March 2009. Secondly, the financial statements reflect the "Reverse Acquisition" accounting rules following the exercise of the 80% option to acquire African LNG in June 2008. Taking into consideration these elements, the Group recorded a loss for the 13 months to 31st March 2009 of £5.05 million (2008: £0.43 million loss) or a loss per share of 0.67 p (2008: 0.09p loss). The Group had cash balances of £0.8 million (2008: £0.1 million) and no debt at 31 March 2009. Since 31 March 2009, Gasol has raised additional £2 million equity in May and August 2009.

Due to slower than anticipated progress in a difficult external environment and uncertainties in valuation given the early stage of development of African LNG, Afgas Nigeria and Afgas Infrastructure Limited, provisions have been made against the carrying value of Gasol's investment in these companies, amounting to £32.2 million for African LNG and £0.4 million for Afgas Nigeria and Afgas Infrastructure Limited. These charges affect the company accounts of Gasol only and do not impact the consolidated result and position of the Group.

Investing for the future:

In order to advance our portfolio of opportunities over the last 13 months, we have committed funds mainly to business development activities. Cash expenditures from operating activities amounted to £4.4 million (£0.5 million in 2008). The increase represents additional investments in technology and project development, progressing the joint venture with SONAGAS and, SENCO. Also, Gasol's team has grown with important additions in the business development team. During the year, there has also been expenditure on completing the reverse takeover and integration of African LNG. Gasol will continue to carefully manage its costs and cash expenditure.

Financing:

During February 2008 to March 2009, we have raised £5 million equity (£4 million in May 2008 and £1 million in February 2009). Since March 2009, we have also raised £2 million equity from our major shareholders: African Gas Corporation and Afren plc. The continued support from our major shareholders reflects their confidence in Gasol's progress. In June 2009, we put in place a £10 million equity line of credit with GEM Global Yield Fund. The ability to draw on the £10 million facility is dependent upon certain conditions outside of the control of the Group, including share price and share trading volumes. It is not viewed as likely that the full £10 million could be drawn in one tranche given historical share prices and volumes. Given these conditions, the Group requires and is continuing to seek further sources of funding for its short term and longer term needs. Further details of this are set out in note 1 to the financial statements. For Gasol to realise its strategy, significant amounts of funds will be needed to progress our projects to final investment decision stage and beyond; gas projects, and LNG in particular, are capital intensive; while banks would normally finance a large portion of the investment costs post final investment decision, the challenge for Gasol is to fund our share of equity in the early stages of the projects, which include costs for acquisition of gas, development of technology, feasibility studies and front end engineering design. The company is considering different financing structures and sources, including funding from strategic and financial investors. The longer term success of Gasol will - to a large extent - depend on our ability to mobilise the required funding for our projects



and our corporate development expenditure. Gasol is currently in the process of raising additional funding to meet its short-term working capital requirements. Through 2009 and 2010, we expect to report how we progress in fund raising activities.

Outlook and challenges:

Whilst the economic environment and the energy/LNG sector has been challenging over the last year and the short-term gas economics are relatively weak, the longer term fundamentals will continue to support the development of strategic gas and LNG projects. Under these circumstances, Gasol is making steady but slower than anticipated progress: negotiating access to gas, developing a blue print of a small scale, quick to market gas monetisation solution and progressing alliances with downstream/upstream partners. We hope to accelerate progress in the coming year, however much will depend on the success of our fund raising efforts, both for the projects and for corporate business development activities – and the way we manage the early stage risks normally associated with gas projects.

We have a focused strategy and a strong team - these should stand us in good stead to face these challenges and to deliver long term value to our shareholders.

Soumo Bose

Chief Executive



**CONSOLIDATED INCOME STATEMENT
FOR THE 13 MONTHS ENDED
31 MARCH 2009**

| | Note | 13 month period ended 31 March 2009 £ | Year ended 29 February 2008 £ |
|----------------------------------|-------------|--|--|
| Other operating income | 11 | 249,697 | - |
| Administrative expenses | | (5,327,347) | (427,654) |
| Loss from operations | 4 | (5,077,650) | (427,654) |
| Finance income | 6 | 44,837 | 855 |
| Finance costs | 7 | (18,225) | - |
| Loss before taxation | | (5,051,038) | (426,799) |
| Tax expense | 8 | - | - |
| Loss for the period/year | | (5,051,038) | (426,799) |
| Loss per ordinary share | | | |
| Basic and diluted loss per share | 10 | (0.67p) | (0.09p) |

All results relate to continuing activities.

All losses for the period are attributable to equity shareholders of the parent.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 13 MONTHS ENDED
31 MARCH 2009**

| | Share capital £ | Share premium £ | Reverse acquisition reserve £ | Capital contribution reserve £ | Translation reserve £ | Retained earnings £ | Total equity £ |
|--|-----------------------|-----------------------|--|---|-----------------------------|---------------------------|-------------------|
| At 1 March 2007 | 50 | - | - | 350,000 | - | (421,982) | (71,932) |
| Loss for the period | - | - | - | - | - | (426,799) | (426,799) |
| Total recognised income and expense for the year ended 29 February 2008 | - | - | - | - | - | (426,799) | (426,799) |
| Capital contributions from shareholders | - | - | - | 550,000 | - | - | 550,000 |
| At 29 February 2008 | 50 | - | - | 900,000 | - | (848,781) | 51,269 |
| Exchange rate translation | - | - | - | - | (12,669) | - | (12,669) |
| Loss for the period | - | - | - | - | - | (5,051,038) | (5,051,038) |
| Total recognised income and expense for the thirteen months ended 31 March 2009 | - | - | - | - | (12,669) | (5,051,038) | (5,063,707) |
| Reverse acquisition | 4,146,618 | 71,695,196 | (67,694,366) | (900,000) | - | - | 7,247,448 |
| Capital contributions received | - | - | - | 74,156 | - | - | 74,156 |
| Issue of share capital | 1,000,000 | - | - | - | - | - | 1,000,000 |
| Recognition of share-based payments | - | - | - | - | - | 382,687 | 382,687 |
| At 31 March 2009 | <u>5,146,668</u> | <u>71,695,196</u> | <u>(67,694,366)</u> | <u>74,156</u> | <u>(12,669)</u> | <u>(5,517,132)</u> | <u>3,691,853</u> |

Share capital account

Share capital records the nominal value of shares in issue.

Share premium account

Share premium records the receipts from issue of share capital above the nominal value of the shares. Share premium is stated net of direct issue costs.

Capital contribution reserve

Contributions provided to entities by shareholders that are not intended by either party to be repaid are accounted for as capital contributions.

Translation reserve

Translation gains and losses arising on the retranslation of net assets of subsidiaries whose presentational currency is not sterling are recognised directly in equity in the translation reserve.

Reverse acquisition reserve

A reverse acquisition reserve is established to take account of acquisitions that are deemed to be reverse acquisitions under International Financial Reporting Standards.

Retained earnings

The accumulated loss reserve records the cumulative profits less losses recognised in the income statement, net of any distributions made.



**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009**

| | Note | 31 March 2009 £ | 29 February 2008 £ |
|--|------|-----------------------|--------------------------|
| Assets | | | |
| Non-current assets | | | |
| Goodwill | 13 | 2,978,700 | - |
| Property, plant and equipment | 15 | 260,853 | - |
| Total non-current assets | | 3,239,553 | - |
| Current assets | | | |
| Trade and other receivables | 16 | 268,602 | 16,558 |
| Cash and cash equivalents | 23 | 782,286 | 108,867 |
| Total current assets | | 1,050,888 | 125,425 |
| Total assets | | 4,290,441 | 125,425 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 17 | 598,588 | - |
| Total current liabilities | | 598,588 | - |
| Non-current liabilities | | | |
| Long-term borrowings | 18 | - | 74,156 |
| Total non-current liabilities | | - | 74,156 |
| Total liabilities | | 598,588 | 74,156 |
| Net assets | | 3,691,853 | 51,269 |
| Equity | | | |
| Share capital | 20 | 5,146,668 | 50 |
| Share premium account | | 71,695,196 | - |
| Reverse acquisition reserve | | (67,694,366) | - |
| Total issued equity | | 9,147,498 | 50 |
| Capital contribution reserve | | 74,156 | 900,000 |
| Translation reserve | | (12,669) | - |
| Retained losses | | (5,517,132) | (848,781) |
| Total equity attributable to equity holders of the parent | | 3,691,853 | 51,269 |

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2009.

Soumo Bose
Chief Executive Officer



**CONSOLIDATED CASH FLOW STATEMENT
FOR THE 13 MONTHS ENDED
31 MARCH 2009**

| | Period ended 31 March 2009 £ | Year ended 29 February 2008 £ |
|--|---|--|
| Loss before taxation | (5,051,038) | (426,799) |
| Adjustments for: | | |
| Finance income | (44,837) | (855) |
| Finance costs | 18,225 | - |
| Depreciation charges | 108,903 | - |
| Impairment of intangible asset | 633,481 | - |
| Share-based payment charge | 382,687 | - |
| Operating cash flows before movements in working capital | (3,952,579) | (427,654) |
| Decrease in receivables | 75,857 | 23,384 |
| Decrease in payables | (533,453) | (51,894) |
| Net cash absorbed by operating activities | (4,410,175) | (456,164) |
| Cash flows from investing activities | | |
| Interest received | 44,837 | 855 |
| Net cash recognised on reverse acquisition | 4,275,227 | - |
| Expenditure on development of intangible assets | (127,281) | - |
| Purchases of property, plant and equipment | (90,964) | - |
| Net cash received from investing activities | 4,101,819 | 855 |
| Cash flows from financing activities | | |
| Interest paid | (18,225) | - |
| Capital contributions received | - | 550,000 |
| Proceeds from issue of share capital net of issue costs | 1,000,000 | - |
| Net cash generated from financing activities | 981,775 | 550,000 |
| Net increase in cash and cash equivalents | 673,419 | 94,691 |
| Cash and cash equivalents at beginning of period | 108,867 | 14,176 |
| Cash and cash equivalents at end of period | 782,286 | 108,867 |

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED
31 MARCH 2009**

Status of financial information:

The financial information set out above does not constitute the company's statutory accounts for the periods ended 31 March 2009 or 29 February 2008. Statutory accounts for 29 February 2008 have been delivered to the Registrar of Companies and those for 31 March 2009 will be delivered shortly. The auditors have reported on those accounts; their report was unqualified but did include reference to matters which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under the Companies Act 1985, s 237 (2) or (3).

The emphasis of matter stated:

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's and the Company's ability to continue as a going concern. The Group and Company are dependent on successfully securing further financing both for operating needs and to fund cash generating projects. Although access to a £10 million line of credit was obtained in June 2009, to fund operating needs if required, the ability to draw on the facility is dependent upon certain conditions outside of the control of the Group, including share price and share trading volumes. It is not viewed as likely that the full £10 million could be drawdown in one tranche given historical share prices and volumes. Although the directors are confident of being able to draw on the £10 million facility and to obtain further sources of funding to enable the Group to progress projects to positive cash generation, this cannot be guaranteed and indicates the existence of a material uncertainty, which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

We also draw your attention to the disclosures made in notes 3 and 34. The realisation of these assets is dependent upon the successful ability to generate adequate cash inflows from a gas project including the ability of the Group to raise sufficient finance as noted above. The financial statements do not include any adjustments relating to these uncertainties.

1. Basis of preparation

Going concern

Gasol does not currently hold sufficient cash or liquid assets in order to meet its commitments as they fall due for the next 12 months or to fund the expenditure required to progress the gas projects to cash generation. Access to a £10 million line of credit was secured in June 2009 but the ability to draw down on the facility is dependent upon certain conditions outside of the control of the group including share price and share trading volumes. It is not viewed as likely that the full £10 million could be drawdown in one tranche given historical share prices and volumes. Given these conditions, the Group continues to seek further sources of funding for its short term and longer term needs. Gasol is currently involved in discussions with external investors and advisors to secure future financing arrangements. Certain major shareholders of the Group have indicated to the Board their intent to participate in a near term fund raising, pro rata to their current shareholding and subject to certain conditions. The directors believe that based on the negotiations to date the outcome will be positive. The directors appreciate that this lack of formally negotiated funding may cast significant doubt on the company's ability to continue as a going concern. Nevertheless, with the expectation of Gasol formally agreeing new funding from its major shareholders and other financial investors, the directors have a reasonable expectation that the Group has adequate resources to continue trading for the foreseeable future and to secure the funding required to progress the gas projects to cash generation and have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The value of the majority of the goodwill is underpinned by the future cash flows expected to be generated through the development of early stage opportunities arising in African LNG Holdings Limited ("African LNG").

African LNG has undertaken extensive negotiations, whereby they will get first right of refusal over certain gas reserves that will be acquired by an upstream partner in Nigeria. The business model intends to take advantage of opportunities presented by the increase in availability of marginal fields and the associated gas. As the downstream partner, the intention is for African LNG to earn revenues through the liquefaction and distribution of gas from the marginal fields.

The targeted commercial start of the project is 2014.

The main risks and sensitivities impacting the valuation of the goodwill relate to the following:

- Ability of upstream partners to secure the appropriate gas assets;
- Obtaining government approvals;
- Reaching a binding Project Development Agreement between the parties, which includes determining the Group's share of the project;
- Up and downstream gas prices remaining within expected parameters;
- Securing sufficient funding to meet expected project development costs; and
- Delivering production within the projected timeframe and cost.

For discounting purposes, a rate of 15% has been used, to reflect the cost of capital associated with this type of development.

Discounting to present value, the carrying value of goodwill related to African LNG is supported entirely. The directors' valuation of African LNG's share of the project at 31 March 2009 is £34,948,633. In forming this valuation, the directors have considered the relevant probabilities of success at each stage of the project and have weighted the results accordingly. The directors acknowledge that the use of estimates is inherently judgemental but believe they have applied their best estimate, using all available information in forming their views. Whilst there is the possibility that the projects will yield a lower than expected value, there remains significant up-side potential.

The directors will continue to monitor the valuation of the cash generating units that support the goodwill.

34. Investments in subsidiary undertakings

The value of the subsidiaries owned by the Company at 31 March 2009 is as follows:



| | £ |
|--|-------------------|
| Cost | |
| At 28 February 2007 | 6,090,400 |
| Additions | <u>700,000</u> |
| At 29 February 2008 | 6,790,400 |
| Additions | <u>60,749,039</u> |
| At 31 March 2009 | <u>67,539,439</u> |
| Impairment | |
| At 28 February 2007 and 29 February 2008 | - |
| Impairment charges in the period | <u>32,590,806</u> |
| At 31 March 2009 | <u>32,590,806</u> |
| Carrying amount | |
| At 31 March 2009 | <u>34,948,633</u> |
| At 29 February 2008 | <u>6,790,400</u> |
| At 28 February 2007 | <u>6,090,400</u> |

Investments in subsidiary undertakings

During the period, Gasol acquired the remaining 80% of the share capital in African LNG for a fair value consideration of £60,749,039.

Upon review of the investments held at 31 March 2009, the directors have concluded that an impairment charge of £32,590,806 is appropriate. £32,190,806 relates to the investment in African LNG and the key factors in this assessment are detailed in note 3 to the consolidated accounts. The remaining charge of £400,000 is the book value of Gasol's investments in Afgas Nigeria Limited and Afgas Infrastructure Limited. The decision to fully provide against those companies is due to the changing nature of Gasol's projects in Nigeria and Equatorial Guinea with projected future revenue streams flowing directly into Gasol and not through those subsidiaries.