

Gasol plc

("Gasol" or "the Company")

Preliminary results for the year ended 31 March 2011

Gasol today announces its preliminary accounts for the year ended 31 March 2011. The Company will hold its Annual General Meeting on 29 September 2011 at 10.00 am at One New Change, London EC4M 9AF. The annual report is available on the Company's website www.gasolplc.com and copies have been sent to shareholders.

HIGHLIGHTS

- The Group has worked on the development of the 2010 Strategic Review into a business plan with the continuation of existing projects to monetise stranded gas reserves in the Gulf of Guinea through smaller scale LNG projects whilst also seeking incremental returns from gas-to-power projects;
- Since the year-end, Gasol has entered into an exclusive agreement to negotiate the terms to acquire all of the gas in the Nigerian Offshore Licence area OML 114. This gas field has proven reserves which, early reports indicate, would support an LNG monetisation solution of an appropriate size for our strategy;
- The Group negotiated a revised agreement on its gas project in Equatorial Guinea following the year-end, and as part of the revised terms Gasol, through its SONAF joint venture partnership with SONAGAS, has been appointed as an agent for the purpose of developing a market in West and Central Africa for purchasers of liquefied natural gas produced by the Equatorial Guinea LNG project;
- Losses reduced to £2.38m (2010: £5.08m) and cash expenditure on operating activities reduced to £1.73m (2010: £3.84m) as the full year benefit of the recent cost cutting has taken effect;
- Successfully secured £4.0m of financing in the financial year, which was used to refinance approximately £2.2m of existing debt plus interest and to provide new working capital. A further £1.0m loan facility was raised shortly after the financial year end.

Ewen Wigley, COO Gasol, commented:

"Gasol has spent the last year building on the results of the Strategic Review and developing its business plan. The announcements regarding OML 114 and Equatorial Guinea represent important building blocks for the new business. I would like to thank our staff and partners for their continued hard work and I look forward to their support as the Company progresses its projects."

Enquiries

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GASOL PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2011

Chairman's Statement

Introduction

This is my second Chairman's statement, but the first for which I have been in the role for a full financial year. Whilst my previous statement covered a year of change, both in terms of management and development of a new strategy, the financial year covered by these report and accounts has seen the beginning of the implementation of this new strategy and the building of the key foundations necessary to support the business. I am pleased to report that, although the global economic environment in which we all operate continues to provide challenges, I believe the Group has made good progress in the development of its operational activities.

The Economic Environment

The world's major economies continue to show erratic levels of growth with an uncertain future, and the financial markets continue to reflect considerable uncertainty in the light of both growth and the levels of debt. The unbalanced supply and demand picture for LNG that I wrote about last year continues to persist. The tragic earthquake in Japan in March of this year, and the consequent closure of the Fukushima nuclear power station, has increased Japanese demand for LNG in the short term, but the longer term effect that this will have on the LNG supply and demand situation remains unclear. Internationally there are still some major LNG liquefaction projects under development or consideration, whilst improvements in the recovery of shale gas will undoubtedly mean longer term the price of gas is likely to reflect the greater supply.

We believe that Gasol can still develop a significant gas business in the West African region. Gas remains one of the most efficient and environmentally friendly sources of energy available today, and there are significant reserves throughout West Africa, and particularly in Nigeria. Governments are increasing the pressure to cease flaring surplus gas at the wellhead, whilst gas asset owners are seeking economic solutions to monetise their gas. Independent non majors such as Gasol have a role to fulfil in providing this solution. We remain of the view that in the longer term, growth in gas demand will continue particularly from the developing countries, and that our focus on the West African region will stand us in good stead.

The Gas Strategy

Early in the financial year, the Company announced the result of its strategic review, with the conclusion that Gasol should continue its existing activity of looking to monetise stranded gas reserves in the Gulf of Guinea through smaller scale LNG projects, but in addition, the Group should seek to add incremental value to that gas. In particular we identified the developing gas-to-power sector in West Africa as having the greatest potential to add that incremental value, as well as producing shareholder returns in the shorter term.

Since that announcement the Company has focussed on the development of LNG projects that best suit this revised strategy. In May of this year, we announced that we had entered into an agreement with exclusivity to negotiate the terms to acquire all of the gas in the Nigerian Offshore Licence area OML 114. Our early reports indicate that this gas field would support a LNG monetisation solution of an appropriate size for our overall strategy.

At the end of May 2011, we also announced that we had negotiated a revised agreement with Sociedad Nacional de Gas, GE ("SONAGAS"), the national gas company of Equatorial Guinea, in respect of the associated gas from the Zafiro field. As part of the revised terms Gasol, through its SONAF joint venture partnership with SONAGAS, has been appointed as an agent for the purpose of developing a market in West and Central Africa for purchasers of liquefied natural gas produced by the EG LNG project.

We continued to work closely with our major shareholder, African Gas Development Corporation Ltd, to develop a detailed business plan based, in part, on using LNG as a source of gas to fuel new electricity generating capacity and, where possible, as an alternative fuel supply for existing oil-fired power stations. The transportation and regasification of LNG on a small scale is already used elsewhere in the world today, and our challenge is to apply that existing technology in the West African environment.

Financial Results and Funding

The financial results for the year reflect the hard focus on cost cutting that took place following the change of management in 2009. The loss after tax for the financial year is £2.38 million (2010: loss of £5.08 million) equating to a loss of 0.22 pence per share (2010: loss of 0.47 pence).

Cash expenditure on operating activities during the year was £1.73 million (2010: £3.84 million). Whilst cash outgoings continue to be monitored closely to ensure maximum value, the Company is now investing to maintain the momentum on our gas projects.

Funding during the period has been through convertible debt instruments, primarily with our major shareholder. Gasol today is still a development company without any income, and we remain very grateful for the continued support of our funders.

Gasol is reasonably confident that the projects we are working on will ultimately be successful, and that as the level of certainty increases, other sources of funding are likely to become available.

Management & Staff

Following on from the changes of 2009, I would like to thank all of the staff for their continued hard work during what has been a difficult time. We now have greater clarity on the projects we are working on, and we have identified people that we believe can take both the business and the company forward. We hope to be making some formal announcements on this matter shortly.

Outlook

Gasol is confident that it has defined the right business strategy and is developing the right projects for the future. We believe that our revised projects are more likely to succeed and that the Company is well placed to go forward. I would like to thank our partners for their continued hard work and look forward to their ongoing support as we continue to implement our projects.

Haresh Kanabar
Chairman
7 September 2011

**Consolidated Statement of Comprehensive Income
for the year ended 31 March 2011**

	Year ended 31 Mar 11 £	Year ended 31 Mar 10 £
Other operating income	68,000	68,000
Administrative expenses	(1,798,055)	(4,622,768)
Intangible asset impairment	(258,488)	-
Loss from operations	(2,015,543)	(4,554,768)
Finance income	35	3,673
Finance costs	(363,986)	(532,147)
Loss before tax	(2,379,494)	(5,083,242)
Income tax expense	-	-
Loss for the year	(2,379,494)	(5,083,242)
Other comprehensive income/(expense):		
Currency translation differences	(890)	25,826
Total comprehensive expense for the year	(2,380,384)	(5,057,416)
Loss per ordinary share		
Basic and diluted loss per share	<u>(0.22p)</u>	<u>(0.47p)</u>

All results relate to continuing activities.

All losses and other comprehensive income for the year are attributable to equity shareholders of the parent

**Consolidated Statement of Changes in Equity
for the year ended 31 March 2011**

	Share capital	Share premium	Reverse acquisition reserve	Capital contribution reserve	Translation reserve	Warrant reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£
At 1 April 2009 Restated	5,146,668	71,695,196	(63,104,556)	74,156	(12,669)	-	(9,800,154)	3,998,641
Comprehensive income								
Loss for the year	-	-	-	-	-	-	(5,083,242)	(5,083,242)
Other comprehensive income								
Currency translation differences	-	-	-	-	25,826	-	-	25,826
Total comprehensive income for the year ended 31 March 2010	-	-	-	-	25,826	-	(5,083,242)	(5,057,416)
Issue of share capital	377,777	879,364	-	-	-	-	-	1,257,141
Capital contribution received	-	-	-	9,631	-	-	-	9,631
Warrants – on share issues	-	-	-	-	-	839,248	-	839,248
Warrants – on lines of funding	-	-	-	-	-	634,471	-	634,471
Share-based payments	-	-	-	-	-	-	422,423	422,423
	377,777	879,364	-	9,631	-	1,473,719	422,423	3,162,914
At 31 March 2010	5,524,445	72,574,560	(63,104,556)	83,787	13,157	1,473,719	(14,460,973)	2,104,139

**Consolidated Statement of Changes in Equity
for the year ended 31 March 2011**

	Share capital	Share premium	Reverse acquisition reserve	Convertible loan reserve	Capital contribution reserve	Translation reserve	Warrant reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£	£
At 1 April 2010	5,524,445	72,574,560	(63,104,556)	-	83,787	13,157	1,473,719	(14,460,973)	2,104,139
Comprehensive income									
Loss for the year	-	-	-	-	-	-	-	(2,379,494)	(2,379,494)
Other comprehensive income									
Currency translation differences	-	-	-	-	-	(890)	-	-	(890)
Total comprehensive income for the year ended 31 March 2011	-	-	-	-	-	(890)	-	(2,379,494)	(2,380,384)
Warrants – on lines of funding	-	-	-	-	-	-	152,086	-	152,086
Credit to equity due to the convertible loan	-	-	-	260,870	-	-	-	-	260,870
	-	-	-	260,870	-	-	152,086	-	412,956
At 31 March 2011	5,524,445	72,574,560	(63,104,556)	260,870	83,787	12,267	1,625,805	(16,840,467)	136,711

**Consolidated Statement of Financial Position
as at 31 March 2011**

	31 Mar 11	31 Mar 10
	£	£
Assets		
Non-current assets		
Goodwill	3,000,000	3,285,488
Property, plant and equipment	7,595	134,729
Total non-current assets	<u>3,007,595</u>	<u>3,420,217</u>
Current assets		
Trade and other receivables	143,929	242,099
Cash and cash equivalents	174,795	245,189
Total current assets	<u>318,724</u>	<u>487,288</u>
Total assets	<u>3,326,319</u>	<u>3,907,505</u>
Liabilities		
Current liabilities		
Trade and other payables	426,425	605,690
Borrowings	2,763,183	1,197,676
Total current liabilities	<u>3,189,608</u>	<u>1,803,366</u>
Total liabilities	<u>3,189,608</u>	<u>1,803,366</u>
Net assets	<u>136,711</u>	<u>2,104,139</u>
Equity		
Share capital	5,524,445	5,524,445
Share premium account	72,574,560	72,574,560
Reverse acquisition reserve	(63,104,556)	(63,104,556)
Total issued equity	<u>14,994,449</u>	<u>14,994,449</u>
Shares to be issued reserve	260,870	-
Capital contribution reserve	83,787	83,787
Translation reserve	12,267	13,157
Warrant reserve	1,625,805	1,473,719
Retained losses	(16,840,467)	(14,460,973)
Total equity attributable to equity holders of the parent	<u>136,711</u>	<u>2,104,139</u>

**Consolidated Statement of Cash Flows
as at 31 March 2011**

	31 Mar 11	31 Mar 10
	£	£
Loss before taxation	(2,379,494)	(5,083,242)
Adjustments for:		
Finance income	(35)	(3,673)
Finance costs	363,986	532,147
Depreciation charges	84,360	114,885
Impairment of goodwill	285,488	-
Equity settled expense	-	96,389
Loss on disposal of property, plant and equipment	427	11,239
Share-based payment charge	-	422,423
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Operating cash flows before movements in working capital	(1,645,268)	(3,909,832)
Decrease in receivables	98,170	26,503
Increase in payables	(179,265)	42,559
Net cash absorbed by operating activities	(1,726,363)	(3,840,770)
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Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	42,347	-
Interest received	35	3,673
Net cash received from investing activities	42,382	3,673
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Cash flows from financing activities		
Interest paid	(19,701)	-
Repayment of loan	(100,807)	-
Proceeds from issue of share capital net of issue costs	-	2,000,000
Proceeds from issue of unsecured loan	-	300,000
Proceeds from issue of convertible loan note	1,734,985	1,000,000
Net cash generated from financing activities	1,614,477	3,300,000
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Net decrease in cash and cash equivalents	(69,504)	(537,097)
Cash and cash equivalents at beginning of year	245,189	782,286
Effect of foreign exchange rates	(890)	-
Cash and cash equivalents at end of year	174,795	245,189
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Notes to the Preliminary Results

1. Status of financial information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2011 or 31 March 2010. Statutory accounts for 31 March 2010 have been delivered to the Registrar of Companies and those for 31 March 2011 will be delivered in due course. The auditors have reported on those accounts; their report was unqualified but did include reference to matters which the auditors drew attention to by way of emphasis without qualifying their report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 2011 nor 2010.

The emphasis 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. Although access to a £10 million line of credit was obtained in June 2009, 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. 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 on 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.

The realisation of goodwill 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.

2. 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 prices and volumes. Gasol is currently involved in discussions with external investors and advisors to secure future financing arrangements. The Board is also confident that it retains the continuing support from its major shareholders to provide additional funding should other sources not be forthcoming. 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 Group'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 have therefore concluded that it is appropriate to prepare the financial information on a going concern basis.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial information does not include the adjustments that would result if the Group was unable to continue as a going concern. Certain assets on the Consolidated Statement of Financial Position would differ under a break up valuation. Notably, goodwill would be likely to carry a £nil value under a break up valuation.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

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 goodwill represents project negotiation rights and the value is underpinned by the expected future cash flows generated through the development of the early stage gas monetisation opportunity in West Africa.

The targeted commercial start of the project is 2012 and cash flows have been projected to 2025 as this is the expected life of the project. Gas projects generally by their nature require a period greater than 5 years to recover the significant upfront capital investment.

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

- Ability of upstream partners to secure the gas assets;
- Obtaining government approvals;
- Reaching a binding Project Development Agreement between the parties;
- Securing sufficient funding to meet expected project development costs; and
- Delivering production within the projected timeframe.

For discounting purposes, a rate of 15% has been used, to reflect the cost of capital associated with this type of development. Discounting back to a present value, the carrying value of goodwill is supported entirely.

The directors' economic assessment of the project at 31 March 2011 is £3,000,000. In forming this valuation, the directors have considered the price at which an independent unsolicited bid for the project rights would be rejected by the Board. In addition and in determining the supporting net present value of the project future cash flows, the relevant probabilities of success at each stage of the project and have been assessed and the risk factored in to the valuation.

The directors acknowledge that the use of estimates is inherently judgemental but believe they have been relatively prudent in forming their views and utilised the significant experience of the Board and Management in determining the values used. 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.

Other areas

Other estimates include but are not limited to the allowance for doubtful accounts; future cash flows associated with assets; useful lives for depreciation, depletion and amortisation and fair value of financial instruments.

4. Loss per ordinary share

The calculation of a basic loss per share of 0.22 pence for the year (2010: 0.47 pence) is based on the loss for the year attributable to equity holders of Gasol Plc of £2,379,494 (2010: £5,083,242) and on the weighted average number of shares in issue during the year of 1,104,889,234 (2010: 1,074,900,117). The options are considered antidilutive as inclusion would reduce the loss per share. As such, no diluted loss per share is reported.

At 31 March 2011, there were 131,866,667 potentially dilutive shares (2010: 114,394,667) as part of a share-based payment scheme and outstanding warrants.

5. Segmental Reporting

Gasol currently operates only one class of business, being the exploration for opportunities to aggregate and monetise stranded gas assets in West Africa. As such, no separate analysis of the performance and position of business segments has been disclosed in the financial statements. All property, plant and equipment is located in the UK.