

8 September 2010

Gasol plc

("Gasol" or "the Company")

Preliminary results for the period ended 31 March 2010

Gasol plc today announces its preliminary accounts for the period ended 31st March 2010. Gasol will hold its Annual General Meeting on 30th September 2010 at 1000 hrs at 110 Cannon Street, London EC4N 6AR. The annual report is available on our website www.gasolplc.com and copies will be sent to Gasol shareholders shortly.

HIGHLIGHTS:

- Strategic review of the Group's business undertaken to explore additional sources of revenue, with the conclusion that Gasol will continue its existing projects to monetise stranded gas reserves in the Gulf of Guinea through smaller scale LNG projects but also seek incremental returns from gas-to-power projects
- Detailed business plan being developed with Gasol's major shareholder African Gas Development Corporation, to provide gas for new electricity generating capacity and, where possible, as alternative fuel supply for existing oil-fired power stations
- Losses reduced to £5.08m (2009: £7.18m) and cash expenditure on operating activities reduced to £3.84m (2009: 5.57m) as part of a focus on reducing costs and minimising outgoings, with the full effects of the cost cutting to be felt in the next financial year
- £3m raised in the year through capital instruments including a £2m placing with major shareholders African Gas Development Corporation and Afren Plc
- Haresh Kanebar appointed Chairman and Ewen Wigley joined the board as Chief Operating Officer

Ewen Wigley, COO Gasol, commented:

"Gasol is confident that it has the right business strategy for the future. We have continued to make progress, despite the challenging economic climate, and believe that the fundamentals for our business remain sound. I would like to thank our staff and partners for their continued hard work and look forward to their support as we continue to implement our projects".

Enquiries

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GASOL PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2010

Chairman's Statement

Introduction

This is my first Chairman's statement since taking over the role in October 2009 and I am pleased to report that, despite the challenging economic environment in which we operate, I believe the Group has continued to make good progress in its operational activities.

The economic environment

Whilst the major economies around the world appear to be broadly recovering from the economic turmoil of the last few years, the business environment for early-stage companies, and particularly those seeking to develop capital intensive projects, remains tough.

Gas prices today continue to remain relatively low and no longer move in tandem with the price of oil, which has risen with the more benign economic situation. Lower energy demand and an increasing LNG supply from new liquefaction capacity around the world has resulted in the global supply and demand balance of LNG remaining firmly in favour of the buyer. Whilst this imbalance should correct itself over time, improvements in the recovery of shale gas will undoubtedly mean longer term the price of gas is likely to reflect the greater supply.

However, gas remains one of the most efficient and environmentally friendly sources of energy available today, and the increasing demand to cease flaring surplus gas at the wellhead means that economic solutions are required for this associated gas. Small, well managed companies 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. The work we have been doing in West Africa with our partners will stand us in good stead.

Strategic review

In the light of the challenging economic situation, the Board decided to undertake a strategic review of the Group's business during the year. The conclusion of that review, which we announced in June, was 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.

The developing gas-to-power sector in West Africa has been identified as having the greatest potential to add that incremental value, as well as producing shareholder returns in the shorter term. Working with our major shareholder, African Gas Development Corporation, Gasol is developing a detailed business plan based, in part, on a small scale LNG solution to provide gas for new electricity generating capacity and, where possible, as an alternative fuel supply for existing oil-fired power stations.

West African Potential

Gasol's gas monetisation activities remain focused in the West Africa region, where there are significant numbers of stranded gas fields of a suitable size for types of project that Gasol wishes to pursue. Gas reserves of this size, on their own or in aggregation, lend themselves to the kind of small-scale LNG projects that Gasol is focused on.

Despite the significant reserves of gas in the area, the West African region has a significant shortage of electricity generating capacity, and the regular supply of electricity to the populace of these countries remains a luxury that few receive. Both governments and supranational organisations are committed to increase the supply of electricity and this represents the underlying opportunity for Gasol to focus upon.

Funding

Gasol remains a development Group without any income today. The rate of cash expenditure is monitored closely and the Board has focused hard on reducing costs and minimising our outgoings, whilst at the same time maintaining the momentum on our gas projects. Funding during the period has been through a share placing, convertible bond issuance and debt funding, primarily with our major shareholders and Gasol remains very grateful for their continued support.

We continue to explore various potential sources of funding for the short to medium term, but we cannot at this stage guarantee the success of these efforts as, we believe, the raising of substantial funding for our projects will continue to be challenging. However, we are reasonably confident that with our projects correctly structured, our efforts will ultimately be successful. Gasol believes that the key to the successful conclusion of the projects will be the selection of the appropriate partners.

Financial Results

The financial information reflects the fact that Gasol is in its development stage and is investing time and money in accessing gas monetisation projects. At present the Group has no income from trading activities. The loss after tax for the financial year is £5.08 million (2009 loss of £7.18 million), equating to a loss of 0.47 pence per share (2009: loss of 1.08 pence), principally represents the administrative costs of undertaking the project development.

Cash expenditure on operating activities during the year was £3.84 million (2009: £5.57 million). Careful attention has been paid during the year to managing costs and cutting out unnecessary expenditure, whilst ensuring that business development remains unaffected. The full benefit of this cost cutting will be felt in the next financial year.

During the year, the Group has raised £3 million through capital instruments. £2 million was raised through equity placings in May and August 2009 with our major shareholders African Gas Development Corporation and Afren Plc, whilst a further £1 million was raised through the issuance of a convertible loan note. In June 2009 a £10 million equity line of credit with GEM Global Yield Fund has been put in place. The ability to draw funds depends, among other factors, on the share price and trading volumes, both of which are outside the Group's control. Since the year end, Gasol has entered into a £1 million loan facility, also with African Gas Development Corporation.

Board Changes

I took over as Chairman following the unfortunate departure of Theo Oerlemans for health reasons and we all wish Theo a long and happy retirement. During the year, Charles Osezua and Soumo Bose also stepped down from the Board to concentrate on other opportunities and I would like to thank them all for their contributions to the development of Gasol.

We are delighted to welcome Ewen Wigley to the Board in the role of Chief Operating Officer and to run the Group in an executive capacity. Ewen joins us from our major shareholder and has provided a continued close link, particularly during the strategic review.

Jean Vermiere has stepped down from our Advisory Board and I would like to thank Jean for his wise counsel during his tenure.

Following the strategic review and the confirmation of the business of the Group, the Board is now seeking to strengthen the management of the Group with experienced industry professionals.

Outlook

Gasol is confident that it has the right business strategy for the future. We have continued to make progress, despite the challenging economic climate, and believe that the fundamentals for our business remain sound. I would like to thank our staff and partners for their continued hard work and look forward to their continued support as we continue to implement our projects.

Haresh Kanabar

Chairman

**Consolidated Statement of Comprehensive Income
for the year ended 31 March 2010**

	Year ended 31 March 2010	Period ended 31 March 2009
	£	£ Restated
Other operating income	68,000	237,601
Administrative expenses	(4,622,768)	(6,758,127)
Intangible asset impairment	-	(742,904)
Loss from operations	(4,554,768)	(7,263,430)
Finance income	3,673	101,699
Finance costs	(532,147)	(20,655)
Loss before tax	(5,083,242)	(7,182,386)
Income tax expense	-	-
Loss for the year/period	(5,083,242)	(7,182,386)
Other comprehensive income/(expense):		
Currency translation differences	25,826	(10,366)
Total comprehensive expense for the year/period	(5,057,416)	(7,192,752)
Loss per ordinary share		
Basic and diluted loss per share	(0.47p)	(1.08p)

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 2010**

	Share capital £	Share premium £	Reverse acquisition reserve £	Capital contribution reserve £	Translation reserve £	Deferred consideration reserve £	Retained earnings £	Total equity £
At 1 March 2008 as originally stated	50	-	-	900,000	-	-	(848,781)	51,269
Prior year adjustment	778,783	10,263,993	(63,104,556)	(900,000)	(2,303)	60,749,039	(2,149,026)	5,635,930
At 1 March 2008 restated	778,833	10,263,993	(63,104,556)	-	(2,303)	60,749,039	(2,997,807)	5,687,199
Comprehensive income								
Loss for the period	-	-	-	-	-	-	(7,182,386)	(7,182,386)
Other comprehensive income								
Currency translation differences	-	-	-	-	(10,366)	-	-	(10,366)
Total comprehensive income for the period ended 31 March 2009 restated	-	-	-	-	(10,366)	-	(7,182,386)	(7,192,752)
Capital contributions received	-	-	-	74,156	-	-	-	74,156
Issue of share capital	4,367,835	61,431,203	-	-	-	(60,749,039)	-	5,049,999
Share-based payments	-	-	-	-	-	-	380,039	380,039
	4,367,835	61,431,203	-	74,156	-	(60,749,039)	380,039	5,504,194
At 31 March 2009 restated	5,146,668	71,695,196	(63,104,556)	74,156	(12,669)	-	(9,800,154)	3,998,641

**Consolidated Statement of Changes in Equity
for the year ended 31 March 2010**

	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
	<u>377,777</u>	<u>879,364</u>	<u>-</u>	<u>9,631</u>	<u>-</u>	<u>1,473,719</u>	<u>422,423</u>	<u>3,162,914</u>
At 31 March 2010	<u>5,524,445</u>	<u>72,574,560</u>	<u>(63,104,556)</u>	<u>83,787</u>	<u>13,157</u>	<u>1,473,719</u>	<u>(14,460,973)</u>	<u>2,104,139</u>

**Consolidated Statement of Financial Position
as at 31 March 2010**

	31 March 2010 £	31 March 2009 £ Restated	29 February 2008 £ Restated
Assets			
Non-current assets			
Goodwill	3,285,488	3,285,488	3,394,911
Intangible assets	-	-	506,200
Property, plant and equipment	134,729	260,853	370,843
Total non-current assets	<u>3,420,217</u>	<u>3,546,341</u>	<u>4,271,954</u>
Current assets			
Trade and other receivables	242,099	268,602	410,748
Cash and cash equivalents	245,189	782,286	1,446,955
Total current assets	<u>487,288</u>	<u>1,050,888</u>	<u>1,857,703</u>
Total assets	<u>3,907,505</u>	<u>4,597,229</u>	<u>6,129,657</u>
Liabilities			
Current liabilities			
Trade and other payables	605,690	598,588	368,302
Borrowings	1,197,676	-	74,156
Total current liabilities	<u>1,803,366</u>	<u>598,588</u>	<u>442,458</u>
Total liabilities	<u>1,803,366</u>	<u>598,588</u>	<u>442,458</u>
Net assets	<u>2,104,139</u>	<u>3,998,641</u>	<u>5,687,199</u>
Equity			
Share capital	5,524,445	5,146,668	778,833
Share premium account	72,574,560	71,695,196	10,263,993
Reverse acquisition reserve	(63,104,556)	(63,104,556)	(63,104,556)
Total issued equity	<u>14,994,449</u>	<u>13,737,308</u>	<u>(52,061,730)</u>
Capital contribution reserve	83,787	74,156	-
Translation reserve	13,157	(12,669)	(2,303)
Warrant reserve	1,473,719	-	-
Deferred consideration reserve	-	-	60,749,039
Retained losses	(14,460,973)	(9,800,154)	(2,997,807)
Total equity attributable to equity holders of the parent	<u>2,104,139</u>	<u>3,998,641</u>	<u>5,687,199</u>

**Consolidated Statement of Cash Flows
as at 31 March 2010**

	Year ended 31 March 2010 £	Period ended 31 March 2009 £ Restated
Loss before taxation	(5,083,242)	(7,182,386)
Adjustments for:		
Finance income	(3,673)	(101,699)
Finance costs	532,147	20,655
Depreciation charges	114,885	155,069
Impairment of intangible asset	-	633,481
Impairment of goodwill	-	109,423
Equity settled expense	96,389	50,000
Loss on disposal of property, plant and equipment	11,239	-
Share-based payment charge	422,423	380,039
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(3,909,832)	(5,935,418)
Decrease in receivables	26,503	142,146
Increase in payables	42,559	219,919
	<hr/>	<hr/>
Net cash absorbed by operating activities	(3,840,770)	(5,573,353)
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	3,673	101,699
Expenditure on development of intangible assets	-	(127,281)
Purchases of property, plant and equipment	-	(45,079)
	<hr/>	<hr/>
Net cash received from/(absorbed by) investing activities	3,673	(70,661)
	<hr/>	<hr/>
Cash flows from financing activities		
Interest paid	-	(20,655)
Proceeds from issue of share capital net of issue costs	2,000,000	5,000,000
Proceeds from issue of unsecured loan	300,000	-
Proceeds from issue of convertible loan note	1,000,000	-
	<hr/>	<hr/>
Net cash generated from financing activities	3,300,000	4,979,345
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(537,097)	(664,669)
Cash and cash equivalents at beginning of year/period	782,286	1,446,955
	<hr/>	<hr/>
Cash and cash equivalents at end of year/period	245,189	782,286
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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 periods ended 31 March 2010 or 31 March 2009. Statutory accounts for 31 March 2009 have been delivered to the Registrar of Companies and those for 31 March 2010 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 2010 nor a statement under section 237(2) or (3) of the Companies Act 1985 in respect of the accounts for 2009.

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 £10million 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 £10million 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.

We also draw your attention to notes 3 and 26. 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.

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.

Notes to the Preliminary Results

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, 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 Statement of Financial Position 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 gas monetisation opportunities.

The Group has continued with extensive negotiations, with the aim of getting 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 Group will earn revenues through the liquefaction and distribution of gas from the marginal fields.

The targeted commercial start of the project is 2014 and cash flows have been projected to at least 2026 as this is the expected minimum 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. If a higher discount rate was used this would lead to an impairment charge.

Discounting back to a present value, the carrying value of goodwill is supported entirely. The directors' valuation of the Group's share of the project at 31 March 2010 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 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.

Notes to the Preliminary Results

4. Restatement of prior period comparatives for 2008 and 2009 – consolidation of African LNG Holdings Limited

The Group has recently concluded discussions with the Financial Reporting Review Panel (FRRP) about the accounting approach that was adopted for the acquisition by Gasol of African LNG Holdings Limited (“African LNG”). This acquisition had been accounted for in two stages, with acquisition accounting having been applied for the original transaction in August 2006 which involved the acquisition of a 20% interest and an option, exercisable at any time, to acquire the remaining 80% of African LNG, and reverse acquisition accounting then having been applied on the subsequent exercise of the 80% option. As a result of the discussions with the FRRP, the Board has given further consideration as to whether the application of acquisition accounting in the financial statements for the year ended 28 February 2007 was the appropriate approach. Following careful consideration, the Board has concluded that it should have applied reverse acquisition accounting to the transaction when it was first recorded and so the 2007, 2008 and 2009 accounts require restatement.

In consequence, the comparative financial statements have been corrected to adopt reverse acquisition accounting with effect from August 2006, with an additional second year of comparative Statement of Financial Position being included in the financial statements. The effect of the change in approach is set out in full within the Group financial statements.

5. Loss per ordinary share

The calculation of a basic loss per share of 0.47 pence for the year (period ended 31 March 2009: 1.08 pence) is based on the loss for the period attributable to equity holders of Gasol Plc of £5,083,242 (period ended 31 March 2009: £7,182,386) and on the weighted average number of shares in issue during the period of 1,074,900,117 (period ended 31 March 2009: 665,197,580).

Due to the loss incurred during the period, a diluted loss per share has not been reported as this would serve to reduce the basic loss per share.

At 31 March 2010, there were 114,394,667 potentially dilutive shares (31 March 2009: 48,344,667) as part of a share-based payment scheme and outstanding warrants.

6. 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.