Nigeria Oil & Gas 2009

Changing Dynamics in the Global LNG Markets

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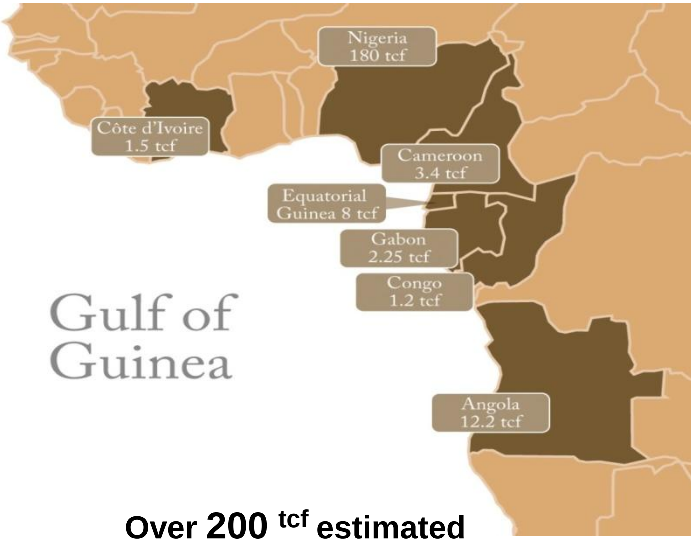
Introduction

- Who is Gasol?
- Current Economic downturn
- LNG Supply and Demand
- Price expectation in consuming markets
- Outlook for Nigerian Projects

About Gasol Plc

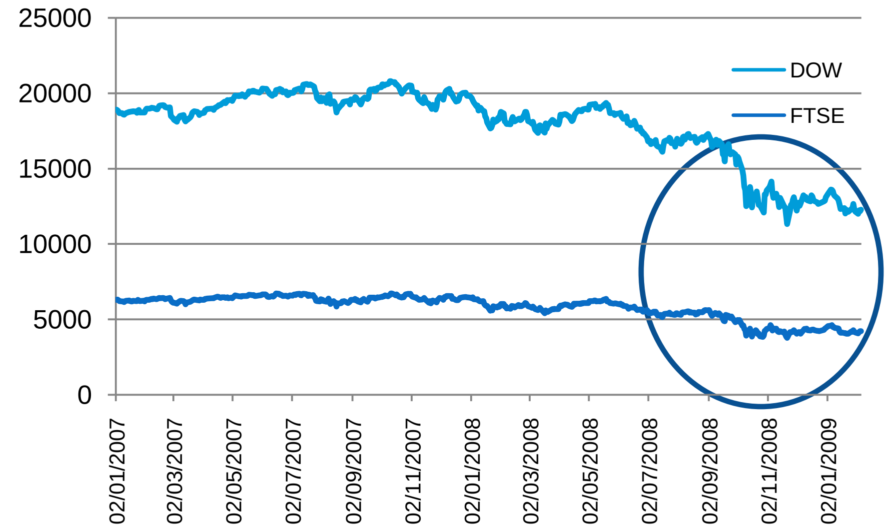
- Africa-focused gas independent (AIM Listed – "GAS")
- Focused on aggregating stranded gas an gas from marginal fields in Nigeria and wider West Africa
- Working with strong strategic partners to develop, primarily, LNG projects
- Strategic relationship with Afren plc, which is producing oil in Nigeria
- Target to deliver 5 million tonnes of LNG over the next decade

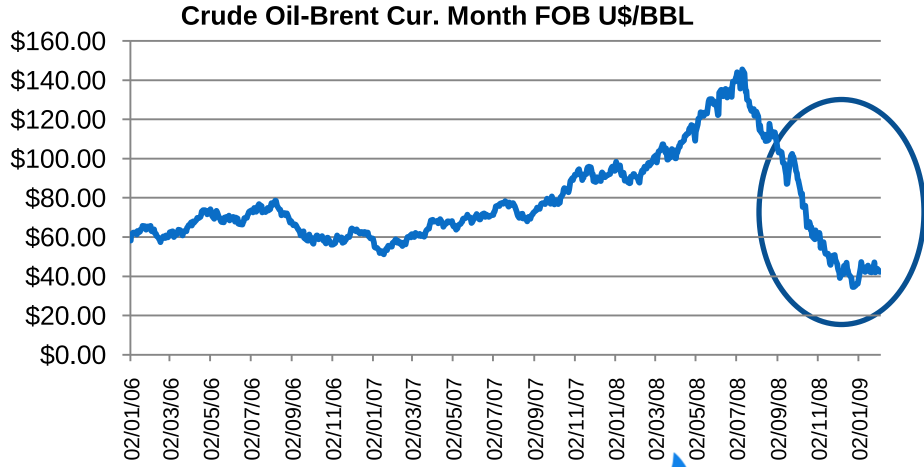


Over 200 tcf estimated proved & probable gas reserves(1)

Economic Downturn

- Unprecedented developments in financial markets
- FTSE and DOW down by 40% in last 12 months
- Commodity prices also impacted
- Brent crude below $50/bbl
- Economic slowdown – short-term gas demand uncertain
- Higher financing cost for new projects





Source: Reuters

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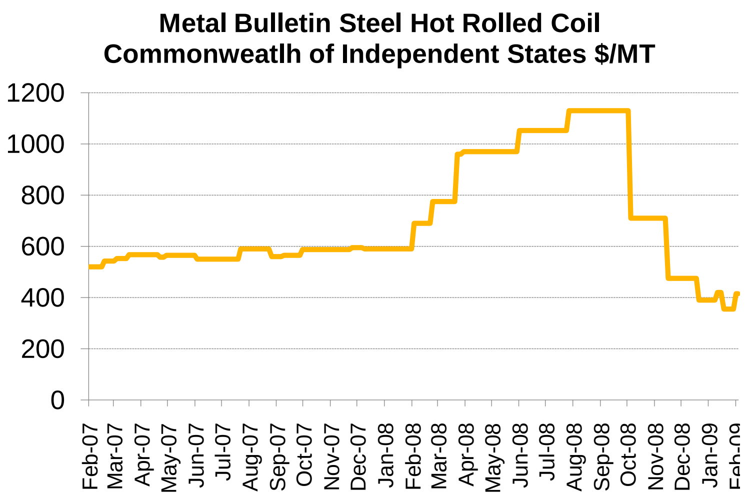
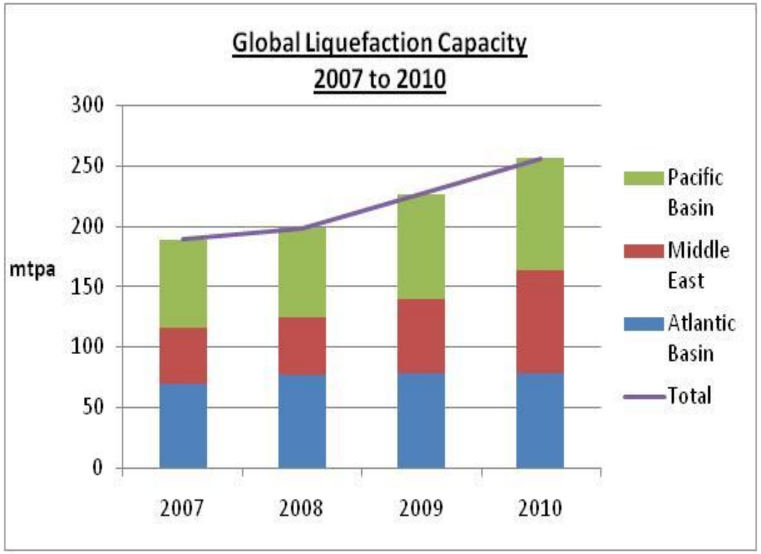
Consequences for LNG Industry

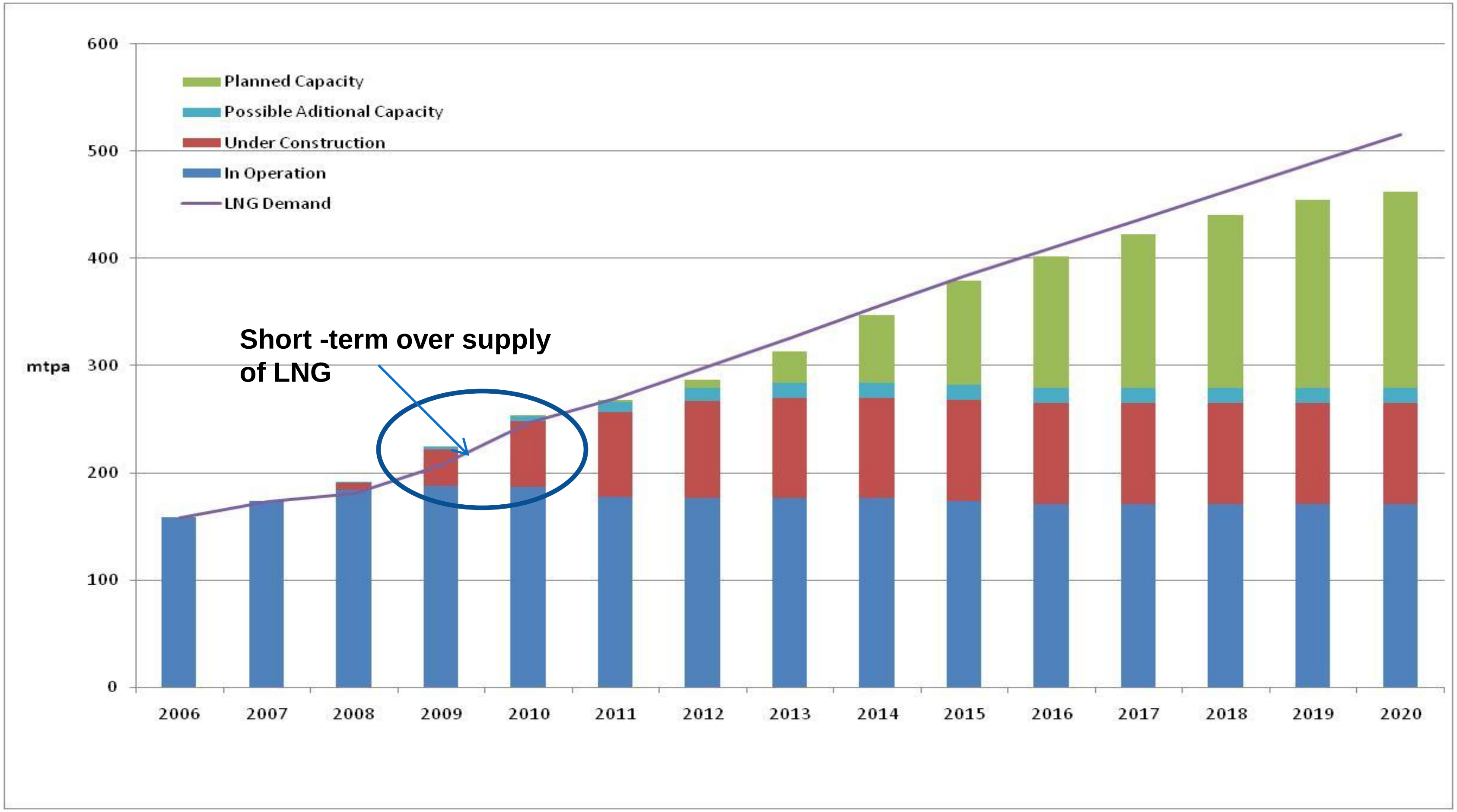
- Strong balance sheets standing behind projects will be key
- Overall capex costs should reduce
- Steel prices already falling
- Contractor prices will need to fall to allow new FIDs to be taken
- Current LNG build cannot stop
  - Over 50 mtpa of capacity online by 2010
- These projects will start up in a "bear" market





Source: Reuters & CERA

LNG Supply – Demand Outlook



- More cargoes could be available in the short term
- 2012 and beyond, the market requires additional LNG

Source: Flower LNG

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Market Characteristics

“Firm”

- These markets have no alternative gas supply other than LNG
- Will secure incremental cargoes at any cost when needed
- Japan, Korea, Spain etc

“Flexible”

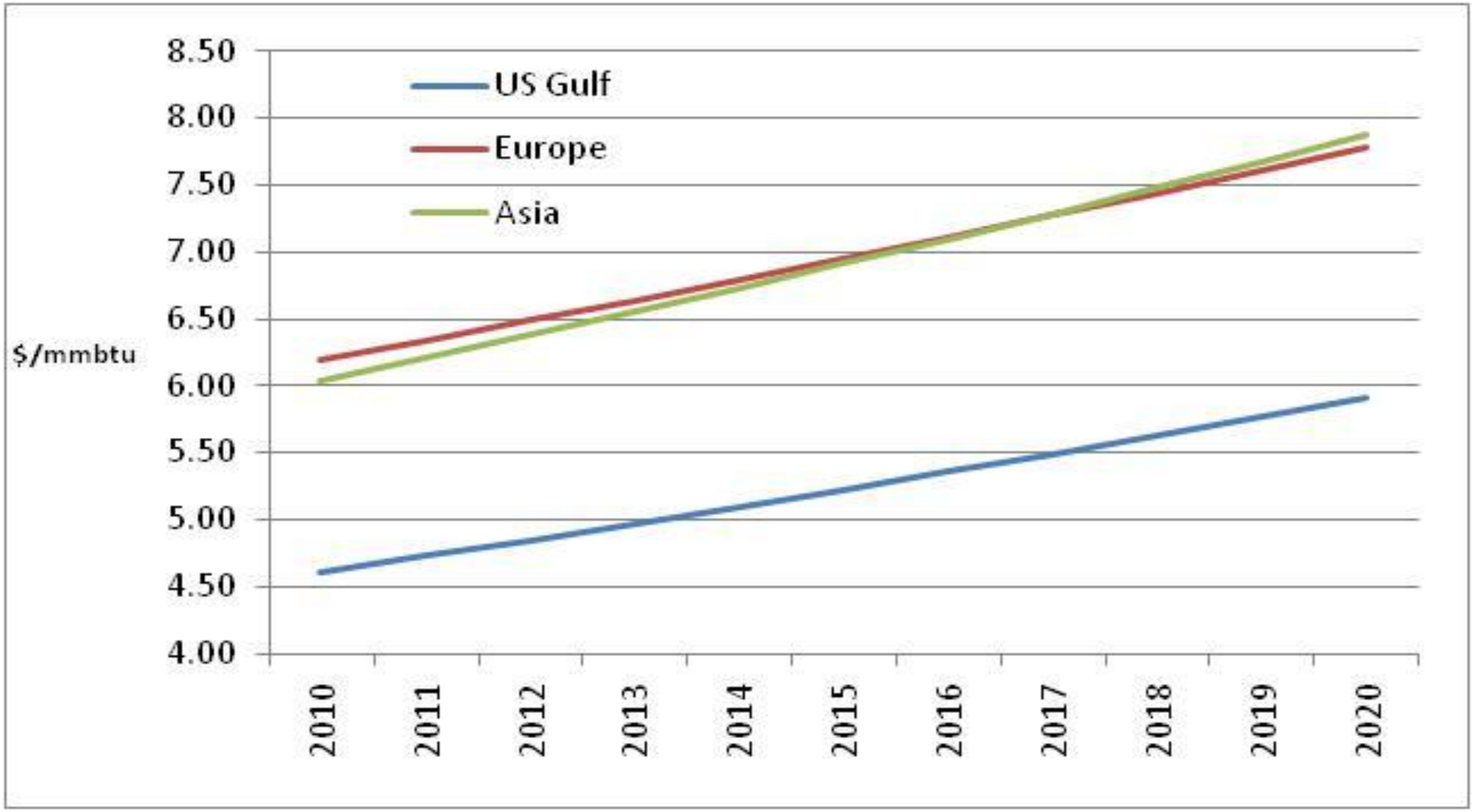
- Markets where LNG is in competition with pipeline gas
- The purchase of LNG is a pure function of the price of LNG vs. price of alternative supply available
- USA, UK, France, Belgium etc

LNG Prices

- US is more likely the market of last resort!
- Future for unconventional supply in US is uncertain
- Lack of demand for Atlantic cargoes by Asian buyers
- European price will be most competitive this year due to 3-6 month lag to oil price
- Firm markets will out-bid UK and US in crisis periods

Source: CERA

West Africa Netback Estimates



- Oil price based netbacks appear best option longer term
- HH netback expected to be significantly lower than Europe and Asia

Source: CERA

Outlook for LNG Market

- Commissioning of new capacity will ease tight market in 2009 and 2010
- Most new production comes on-stream in Asia and the Middle East, reducing export of Atlantic cargoes to Asian buyers
- This will increase volumes into US and UK in short term
  - impact of LNG imports into these markets may cause a further price softening
- The dearth of new LNG FIDs will affect markets from 2012 onwards
- Security and diversification of supply will remain a major issue
- Longer-term fundamentals for liquefaction projects remain sound

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Prospects for Nigerian Projects

- 180 Tcf of gas, mostly untapped
- Nigeria is the most important incremental LNG supply source for the Atlantic Basin
- LNG projects in Nigeria are ideally located to arbitrage across UK, US and European markets
- 3rd party finance will be available for well-structured LNG projects
- Gas Master Plan sets in place the regulatory framework for gas project development

What is Gasol doing?

- Focus on gas resource in Nigeria that is marginal, flared or stranded
- Aggregate these resources for small scale / floating LNG projects or to conventional land-based LNG facilities
- Has developed its own LNG solution suitable for Nigeria's off-shore conditions
- Dedicate a portion of gas to the domestic sector
- Commit to develop its projects in line with the Gas Master Plan
- Support initiatives focused on enhancing legislation and policy to facilitate the growth of the Nigerian Gas Sector

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