



1<sup>st</sup> June, 2010

## **Gasol Plc**

("Gasol" or "the Company")

### **Strategic Review Announcement**

Gasol has completed a review of its strategy and concluded that:

- The Company should continue with its existing strategy of seeking to aggregate and monetise stranded gas assets in the Gulf of Guinea, through the liquefaction of gas and shipment of LNG to worldwide markets; and
- The Company should become involved in the developing gas-to-power sector in West Africa;

The strategic review, which was conducted in conjunction with Gasol's major shareholder African Gas Development Corporation ("AfGas"), reassessed all of the opportunities available for the monetisation of stranded gas assets in the Gulf of Guinea. In particular, when considering the alternatives, the review took into account the likely speed with which projects could be developed, when cashflows would be generated and therefore when shareholder returns should be achieved.

The Company affirmed the continuation of the current strategy of aggregating stranded gas assets in the West African region and monetising them through the liquefaction of the gas and subsequent sale of the LNG. Gasol is currently assessing medium sized floating liquefaction designs to ascertain the best solution for its projects. However the Company recognises that these projects take a number of years to develop to a point that will produce shareholder returns. The onset of new LNG production plants around the world has led to a relatively weak price for the end product, and the Company believes that this situation will remain for a number of years before demand returns and prices increase.

The review therefore focused on business areas within the gas sector that could be developed in a more timely fashion and would add incremental value to the gas. The review concluded that the business opportunities presented by the use of gas to generate electricity within the West African region provided the best match for these criteria. The West African region has limited energy generation capacity per capita, and much of the current capacity is generated using relatively expensive oil products. The business opportunities come from the proximity of LNG resources in the Gulf of Guinea, where there is currently production capacity of approximately 25 million tons of LNG per annum, and a desire to increase the availability of electricity in the region.



Gasol believes that, working with appropriate local and international partners, it can take advantage of these gas-to-power opportunities. In conjunction with AfGas, which is undertaking a study of the gas-to-power sector in West Africa, the Company will develop its strategy into 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. Gasol will also strengthen the Board with suitably experienced directors to reflect the new business area. The Company expects to make further announcements on these new developments to shareholders in the coming months.

## **Enquiries**

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