

Martin White
Regional Director (Asia) 4Gas

Opportunities in the China LNG Market -
Experiences from the Atlantic Basin

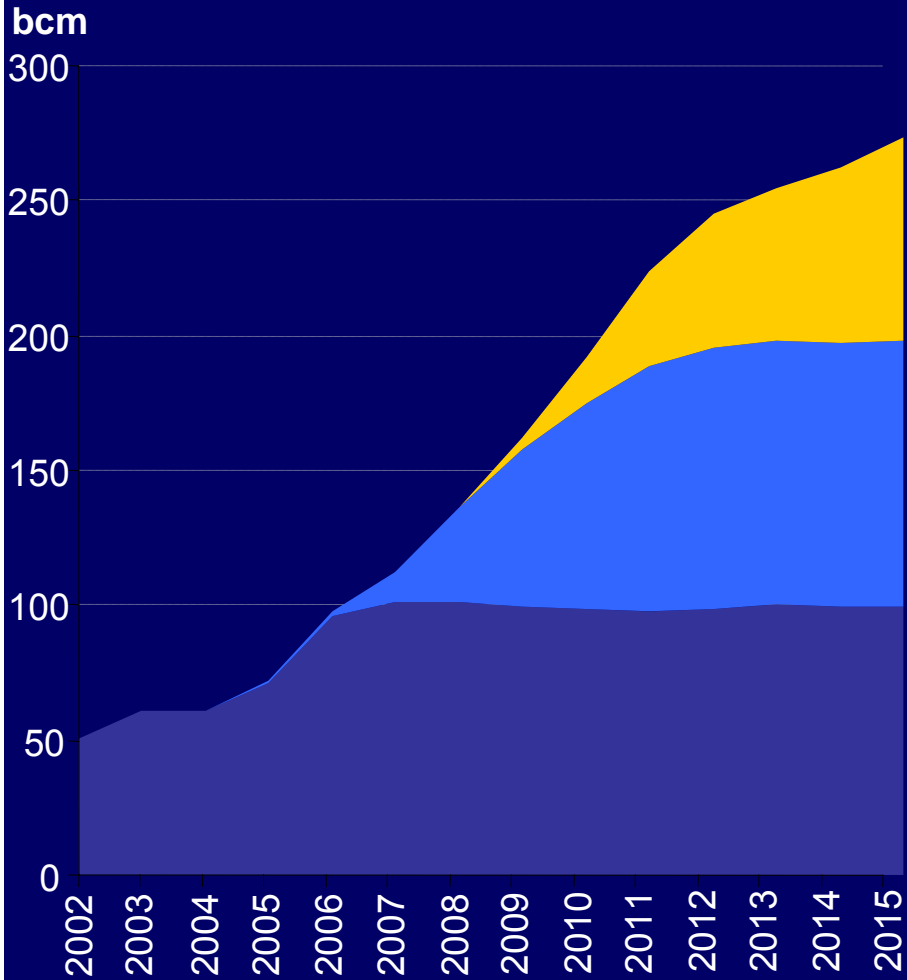
Islamabad April 2006

Dedicated to LNG

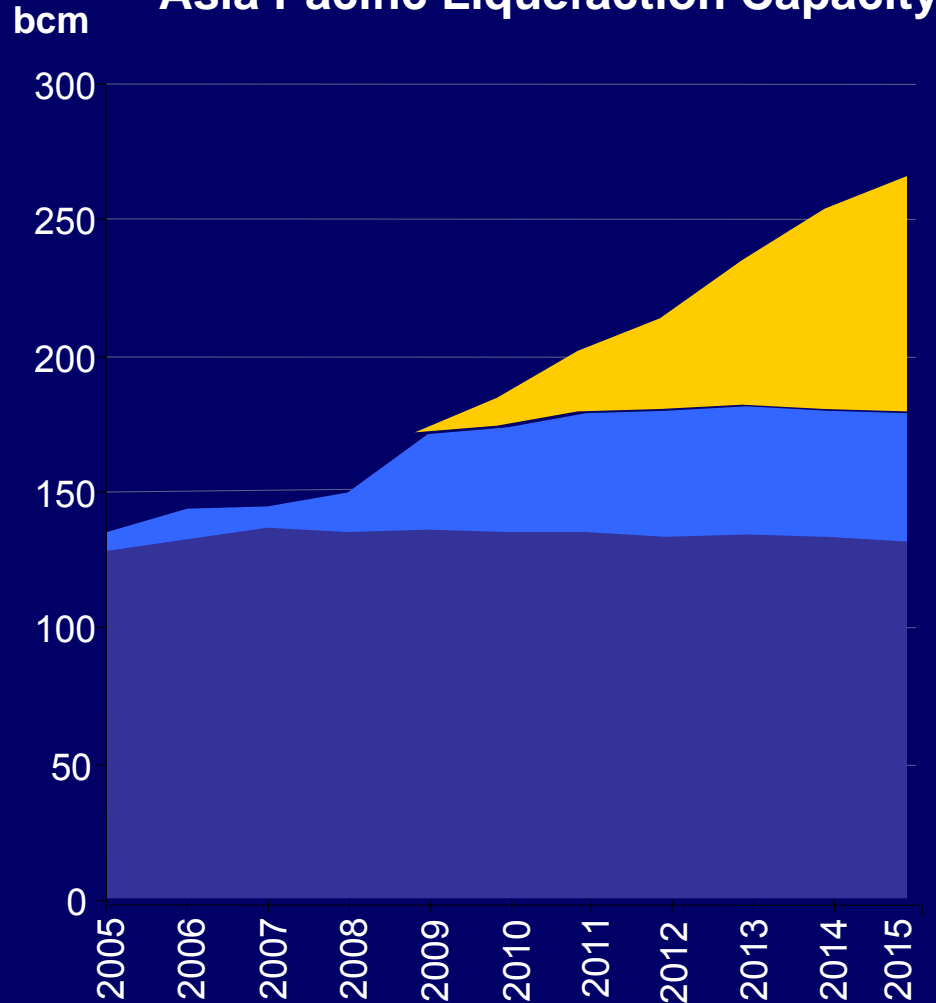


- Proposed
- Committed
- Existing

Atlantic basin Liquefaction Capacity



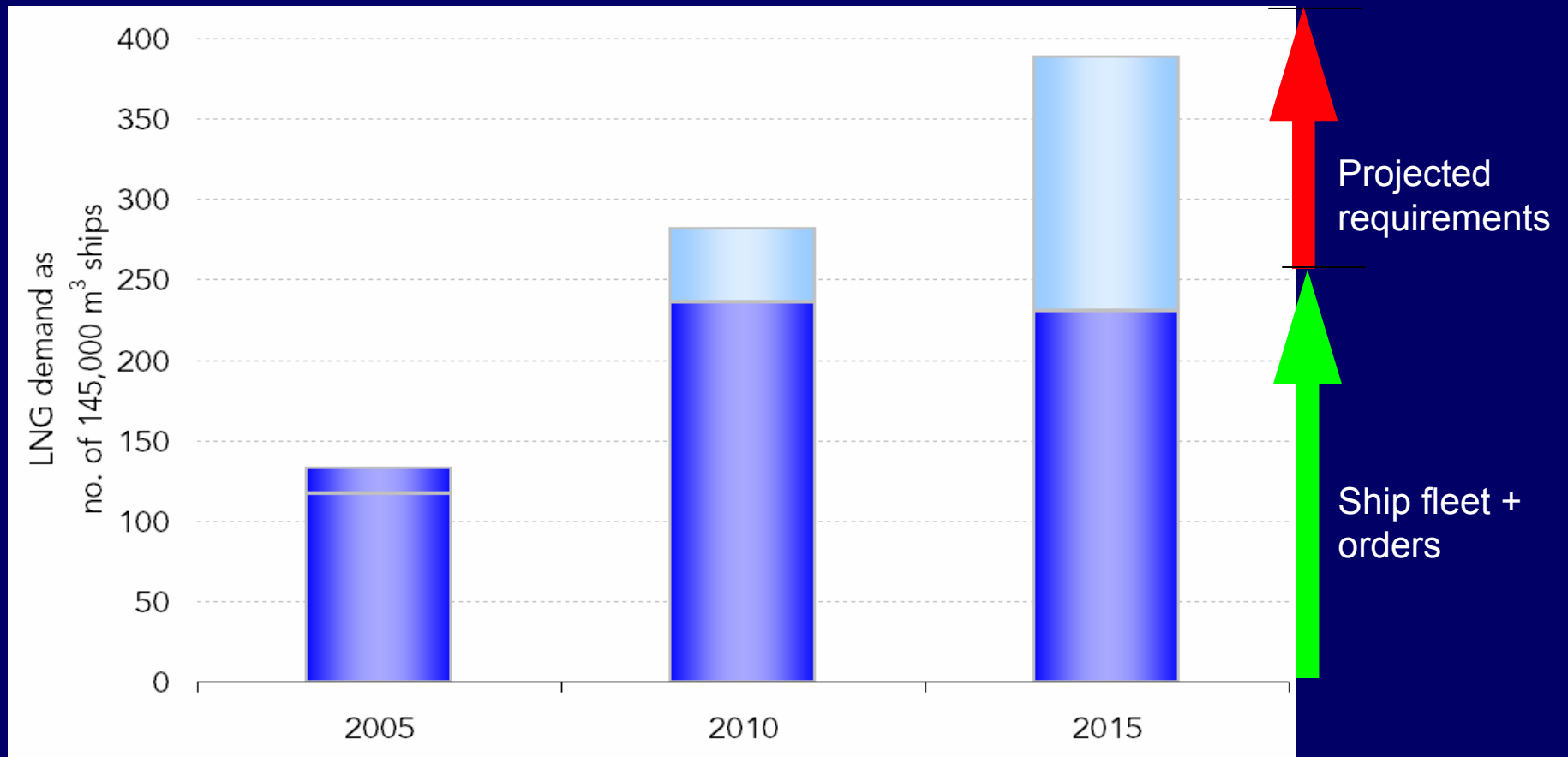
Asia Pacific Liquefaction Capacity



Dedicated to LNG



Projected trade growth requires tripling of LNG shipping fleet by 2015



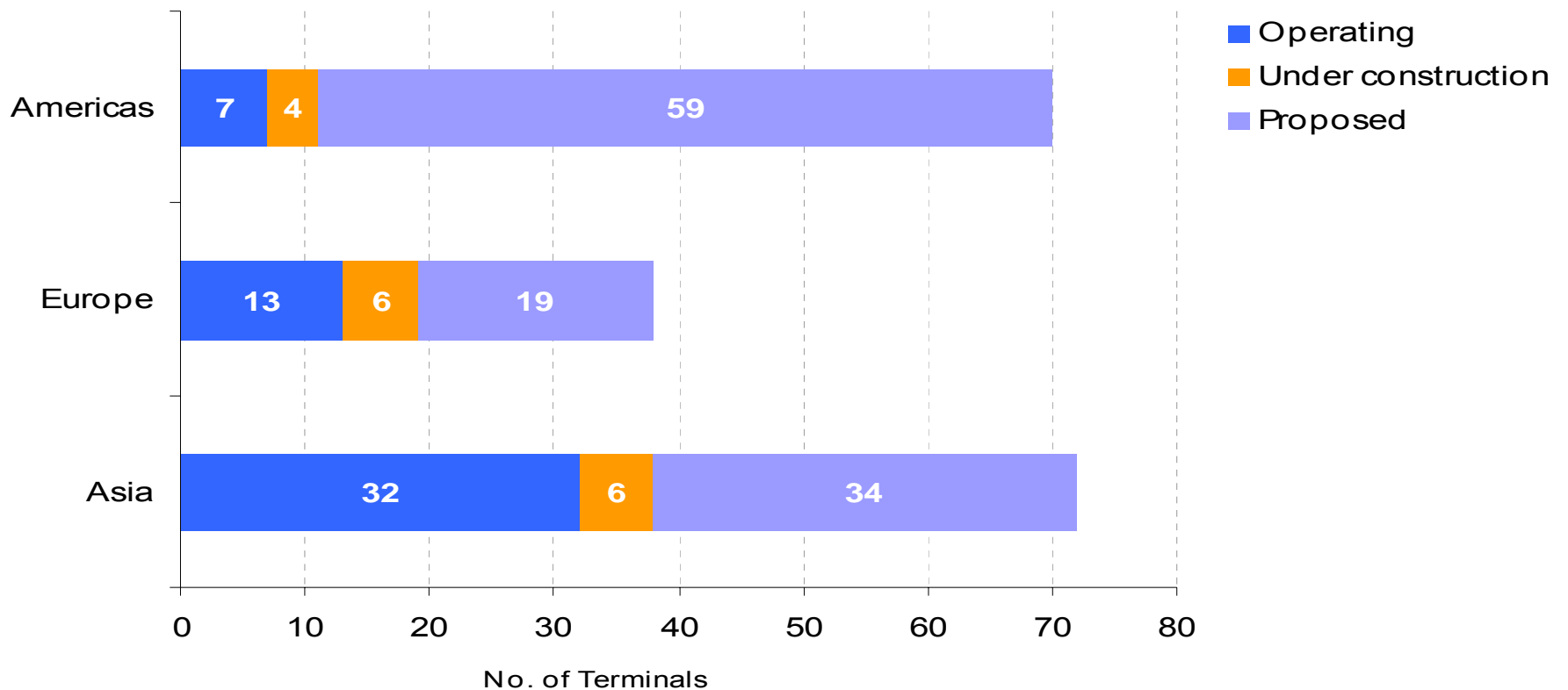
Courtesy Poten & Partners

Dedicated to LNG



Global import capacity will keep pace

Existing & Proposed LNG Import Terminals



Courtesy Poten & Partners

Dedicated to LNG



What is Driving the Growth ?

- Declining production in North America and UK
- Continued growth in global gas demand
 - New markets in China and India
 - Gas remains highly competitive for power generation increasingly so with environmental concern
- LNG competitive with long haul pipeline supply
- Rising concerns over security & diversity of supply

Development in LNG terminals

- High initial capacity with rapid expansion plans
 - LNG seen as a base load commodity
 - Economies of scale are important
 - Large-size Gulf Coast terminals facilitate mega chains
 - Significant expansions of existing terminals.
- Offshore terminal costs remain challenging
- Ample LNG import capacity likely
 - Timing/availability of supply will affect construction

Emergence of New Players

- Success of new entrants with new offerings clearly indicates a competitive market response
 - *4Gas*
Dragon LNG in the UK
 - *Cheniere*
A small E&P company becomes a major factor in Gulf Coast LNG
 - *Excelerate*
Proving-up a technology and applying it in numerous locations
 - *Sempra*
A major gas infrastructure player entering LNG

Conditions for New Players

- What does it take to win ?
 - Vision of delivering value to the market
 - Undertake initial investment risk
 - A focused multi-talented team
 - Flexible funding/financing mechanisms
 - Ability/desire to Partner
- What will underpin success?
 - Balanced regulatory environment
 - Market based competitive environment
 - Continued liberalisation of market
 - Political European not national vision

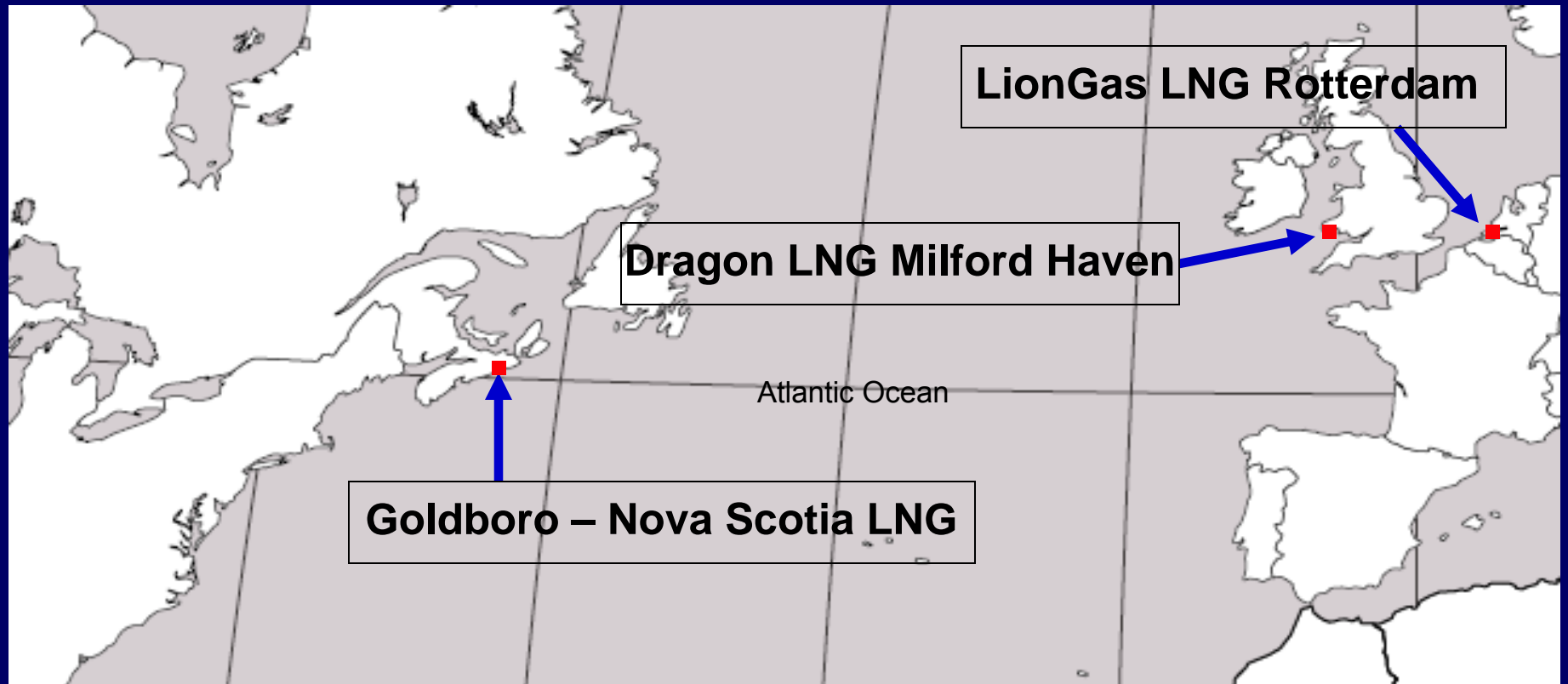
4Gas Profile

- 4Gas founded 2005
 - Evolved from LNG division of Petroplus
 - Independent of Petroplus
- 4Gas focus is uniquely LNG
 - Current activities are the development of LNG terminals
 - Portfolio does offer opportunity to create additional projects particularly in power
- Current portfolio comprises 3 projects

4Gas Competitive Advantages

- Experience in LNG terminal development
- Independent player
- Strong management experience with proven track record
- Global Reach
 - Initial focus in Atlantic Basin
- Supported by Riverstone Fund and Carlyle Group
 - Financial strength with strategic understanding

Project Locations



Dedicated to LNG



Dragon LNG Wales



Dedicated to LNG



Europoort Rotterdam



Dedicated to LNG

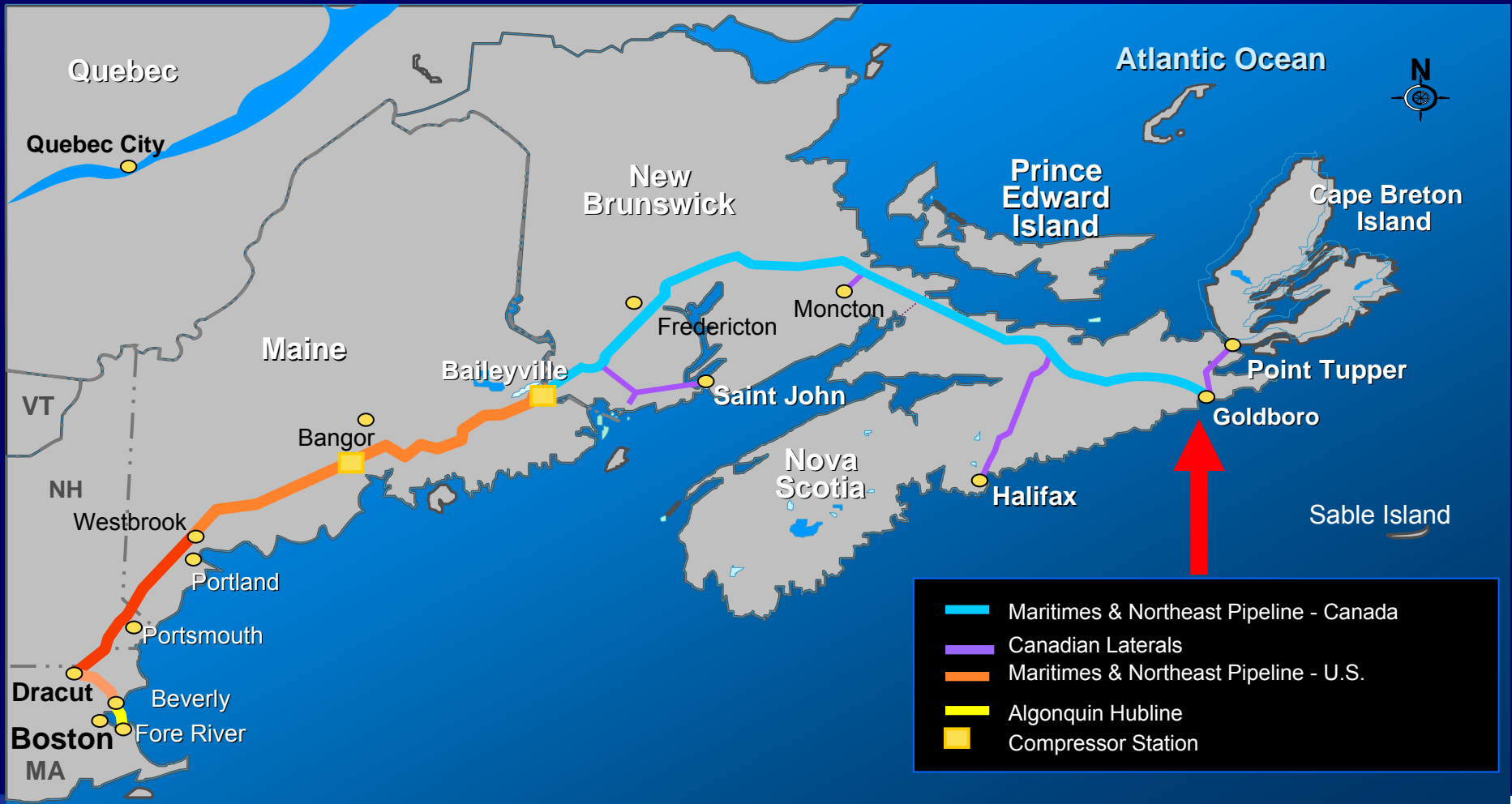


LionGas Rotterdam



- Project studies commenced in 2002
- Project ultimate capacity of 18 bcm pa
 - Phase One 9 bcm pa
- At least 8 parties have participated in Open Season
 - 20 companies entered in to confidentiality agreements
- Furthest advanced project in the Netherlands
 - Only project to have submitted its Planning Application and associated Environmental Impact Assessment – February 2006
 - Dialogue with Dutch regulator commenced on Third Party Access rules
 - Optimal location in Port of Rotterdam
- Planned signing of customers in May 2006

Nova Scotia LNG



Dedicated to LNG



Conclusions

- The growth in the LNG industry is following and driven by fundamentals in the energy markets
 - Falling production, increasing demands, increasing gas fired power generation, environmental issues and security and diversity of supply concerns
- The terminal sector is healthy and competitive with many proposals
 - But only a few of us are actually building facilities today.
- Energy policy is being reviewed on national and pan-national basis.
 - Policy must encourage not stifle these competitive forces.
- The overheating of LNG is largely illusory
 - Concerns over the cost of commodities and supply of skilled labour is not unique to our industry
- Success goes to those that understand the industry and locales in which they operate and are then willing and able to act



Dedicated to LNG

Thank you for your attention

Dedicated to LNG

