

**GTL Resources PLC**

**("GTL" or the "Group")**

**Unaudited Preliminary Results**

GTL Resources PLC (AIM: GTL.L), the renewable fuels company, today announces preliminary results for the year ended 31 March 2008.

**Highlights**

- Maiden annual profits of \$8.4 million profit before tax, on revenue of \$135.2 million
- First full 12 months of production exceeds 117% of nameplate capacity

**Financial**

- EBITDA of \$18.7 million (2007: loss of \$0.2 million)
- Profit before tax (PBT) of \$8.4 million (2007: loss of \$1.9 million)
- Excluding a \$2.6 million non-cash interest rate swap provision, the Group's underlying performance was an adjusted PBT of \$11.0 million.

**Operational**

- Ethanol sales of 58.2 million gallons
- Yield and energy usage significantly better than nameplate
- Plant's strategic advantages paying off with over 95% of its ethanol sold to premium netback Chicago markets
- Expansion project, to double size of operation, is progressing to budget and ahead of schedule
- Management team strengthened and positioning the company for growth

Commenting on the progress made during the year GTL CEO Richard Ruebe said: "We are extremely pleased with our performance during this first full year of operations. The operating plant has performed extremely well, our corn hedging strategies were effective, the management team has been strengthened, and our expansion project is on budget and ahead of schedule. GTL is well positioned to continue its above peer group performance".

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## Chairman's Statement

### "This has been a breakthrough year for the GTL Resources Group"

In its first full year of production GTL achieved Profit Before Tax (PBT) of \$8.4 million, compared to a Loss Before Tax of \$1.9 million in the previous year (on only three months of production. Adjusted to exclude a \$2.6million non cash interest swap provision on the Group's senior debt, this period's underlying performance was an adjusted Group PBT of \$11.0 million. Basic Earnings per Share were \$0.2250 compared with a loss of \$0.1006 per share in the prior period.

The Group's ethanol plant in Rochelle, Illinois (Illinois River Energy LLC - "IRE") exceeded expectations in terms of operating performance. Following a focus on production, the plant (built as a nameplate 50 million gallons per annum capacity), surpassed nameplate capacity by 17% and beat benchmark production efficiencies set by the technology provider for corn, natural gas, and electricity usages.

Strategically, IRE's location advantages have allowed the plant to ship over 95% of its product into the local Chicago market, minimizing freight costs and maximizing cash flow. Competitors typically must ship their product on rail cars to more distant end markets experiencing higher transportation costs and extended receivables turnaround. In summary, the Group posted an \$18.7 million EBITDA (earnings before interest, taxes, depreciation, and amortization), which equates to \$0.32 per gallon for the period.

The Group raised funds in July 2007 to double the size of its ethanol operations. Construction on the expansion commenced in August 2007, under a fixed price contract. As was achieved with the base plant, the expansion project is progressing well, is within budget, and is expected to commence production ahead of schedule.

During the year key members have been added to the management team in the USA. They have rapidly contributed to IRE's performance optimization, and who are developing further strategic initiatives to ensure the GTL Resources Group continues its progress. With a strong management team now in place, and with the expansion plant fully funded, Peter Middleton retired as Executive Chairman in December 2007. The Board thanks Peter for his contribution to the business over his seven years with GTL.

Following healthy first half markets, margins deteriorated in the second half and have continued to weaken in the current fiscal year, as corn prices have escalated on supply concerns. A significant improvement in margins is required for the US ethanol industry to realize satisfactory returns, and to continue to contribute to America's goal of increased energy independence. The Board believes that in today's climate of high oil/gasoline prices, ethanol has significant price upside from current levels, which gives scope for this margin improvement to be realized.

During what is likely to be a challenging year ahead, the exploitation of our competitive advantages, along with the implementation of strategic initiatives should contribute towards ensuring GTL's continued progress.

Julia Henderson

Non-Executive Chairman

July, 2008

## CEO Review

"GTL Resources is focused on improving operations, driving financial results, and looking for sensible opportunities to profitably grow our business."

## Business Review

- IRE plant delivers strong performance

For the period, IRE achieved 56 million gallons of undenatured ethanol production. This exceeded undenatured nameplate capacity by approximately 17% and was accomplished efficiently by using only 97% of the corn, 84% of the natural gas, and 90% of the electricity benchmark standard amounts established by ICM, the ethanol industry's leading technology provider. For the year, no lost time accidents were incurred and no quality returns were received on over 13,000 shipments of ethanol and dried distiller grains with solubles (DDGS). A high bar of operational achievement has been set which the Group will focus on exceeding in the upcoming year.

- IRE's strategic advantages are paying off

In summary, GTL's EBITDA was \$0.32 per gallon of ethanol sold for the fiscal year. This compares favorably with published results from our industry peers. The close proximity to the Chicago ethanol market allows IRE to achieve reduced ethanol freight costs and reduced rail car lease costs versus peers. The close proximity to ocean container yards allows the plant to sell DDGS in lucrative Far East demand markets, thereby achieving higher netbacks. In addition, the Group's risk management decisions during the year achieved an ethanol less corn "crush" margin that exceeded what was available in the front month market by \$0.07 per gallon on average for the period.

- Expansion project is progressing to budget, and is ahead of schedule

In July 2007, the Group raised debt and equity to fully fund the doubling of the nameplate capacity of IRE to 100 from 50 million gallons per annum. Total construction costs are expected to be within the \$110 million budget. The expanded plant will allow the Group to leverage Corporate and IRE fixed costs over a larger revenue base, improving Group EBITDA per gallon performance otherwise available by approximately \$0.05 per gallon.

- Management team strengthened and positioning the Group for growth

The Group added three key managers to the senior management team, including an IRE Chief Operating Officer, a GTL VP of Technology and Business Development, and a GTL Director of Construction and Project Management. Combined, the 3 additional managers bring over 50 years of experience from relevant energy, agricultural and construction backgrounds. We now have a well rounded group of key managers who can lead the Group into the future.

## Financial Review

In the period the Group reported its first profit before tax of \$8.4 million versus a prior year loss of \$1.9 million. Profit before tax also includes a \$2.6 million non-cash and non-operating provision expense reflecting a mark to market of interest rate swaps on part of the senior debt.

Turnover for the year of \$135.2 million is split between ethanol and DDGS sales. Ethanol sales of 58.2 million gallons were made at an average net (after freight and commission) price of \$1.85 per gallon, resulting in net revenues of \$107.9 million (gross \$110.7 million) representing 86% of net revenue. DDGS sales of 161 thousand tons realized an average net price of \$105 per ton.

Cost of sales of \$110.2 million includes total variable costs of the plant (\$96.3 million), plus distribution costs (\$ 10.7 million) and plant fixed operating expenses (\$3.2 million). Corn (\$71.7 million) and gas (\$14.1 million) together represent 89% of the total variable costs and were its most volatile elements.

Administrative expenses of \$11.8 million were \$4.7 million up on last year with a full year's depreciation charge of \$5.4 million explaining \$4.3 million of the increase. The plant's administrative costs of \$3.0 million were \$0.8 million up on the prior year due to having full administrative costs for the whole period.

In summary, this resulted in an \$18.7 million Group EBITDA, with \$21.9 million EBITDA reflected at the IRE level (\$0.38 per gallon.) The strong IRE production performance has continued to offset tight market margins and can be estimated to have added over \$3.0million of EBITDA versus nameplate performance.

Finance expenses of \$5.4 million are up on last year's \$1.0 million due to the charging of 12 months interest versus 3 months, and due to the inclusion of the \$2.6 million interest rate swap mark to market provision. As part of the terms of the senior debt, IRE entered into a 4 year interest rate swap transaction. Falling interest rates have resulted in a potential future liability to pay swap interest at rates above the variable rates prevailing at 31 March, and this \$2.6 million potential liability has been fully provided for.

Income tax expense of \$0.5 million represents tax on GTL Resources plc as a stand-alone legal entity (the "Company") rather than the Group. This amounts to an effective Group tax rate of 6.0%.

The Group's profit for the year attributable to the equity holders of the Company was \$6.5 million (2007: loss of \$2.3 million), and this represented earnings of \$0.2250 per share. The directors do not recommend the payment of a dividend.

The Company balance sheet includes \$10.7 million of cash which is comfortably in excess of its \$1.3 million of liabilities. This provides significant working capital for the Group's ongoing activities as well as providing further contingency for the expansion project (in addition to the undrawn \$10 million construction contingency available as senior debt). The excess of \$9.4 million also represents around \$0.29 per share (approximately £0.15).

## Current Trading and Future Prospects

- Markets continue to be challenging

Crush margins across the industry deteriorated in the second half year, and conditions since the year end have further worsened with corn prices at an all time high. The current fiscal year may continue to experience higher corn prices.

However, our view is that ethanol pricing will eventually follow corn futures pricing. Ethanol pricing is supported by record high oil and gasoline prices. Ethanol pricing is also supported by the blending requirements mandated in the 2007 Energy Independence and Security Act. Ethanol blenders are further incentivized to blend ethanol into gasoline stocks due to record high blending profits available. Recently, RBOB pricing has been in excess of \$1.00 per gallon above ethanol. In addition, blenders receive a \$0.51 (reducing to \$0.45 in 2009) excise tax credit for every gallon of ethanol blended into gasoline. This creates an unprecedented incentive to continue to blend as much ethanol as available into transportation fuels. This economic incentive for discretionary blending has supported significant demand growth above mandated levels. The Group believes this rich economic blending incentive may continue to drive market ethanol demand and pricing upwards, particularly after the current industry build program finishes in late 2008, early 2009.

- Food versus Fuel

During 2008 there has been significant press coverage suggesting that biofuels are responsible for increased global food prices and inflation. This has been Investigated by the US Departments of Energy and Agriculture and on 11 June 2008, in a joint letter to the Chairman of the Senate committee on energy and natural resources, the US Secretaries of Energy and Agriculture made the following points:

- In 2007 biofuels consumption accounted for only 3-4 per cent of the overall US rise in retail food prices.
  - In the year to April 2008, US biofuels production was responsible for no more than 4.5% out of a 45% increase in the International Monetary Fund global food commodity price index.
  - If the US had not been blending ethanol into gasoline, it was estimated that US gasoline prices would have been 20 to 35 cents per gallon higher.
  - Oil price rises have played a much greater role in food price inflation than biofuels.
- The Group's management team is focused on reducing our costs, finding new growth platforms, and remaining as competitive as possible.

We have identified several low cost operational changes and small capital projects that increase ethanol and DDGS yields, reduce energy consumption, increase throughput, improve product quality, and decrease chemicals and enzyme usage. From this list, the opportunities with the highest payback have been selected for implementation during the next fiscal year, after the plant expansion is completed.

The Group is working with leading technology providers in the industry to implement base plant improvements at IRE, and to implement appropriate "second generation" improvement technologies. Two such second generation technologies are: 1) replacing natural gas with plant produced methane via

an anaerobic digestion module, and 2) performing front-end fractionation of the corn kernel into germ, starch, and fiber before fermentation to increase throughput, reduce energy costs, and improve the value of co-products. The Group and IRE are preferred partners for technology introductions owing to the accessible location of the plant, the performance of the plant, and the respected position of the Group's capabilities in the industry.

Our goal is to evaluate these impending second generation improvement technologies, find innovative ways to finance them, become an early adopter of vetted out, high probability and high payback projects, and use our improved competitive position as a springboard for growth. We envisage that the industry will continue to consolidate and, as a result of GTL and IRE improvement technology adoption, we will have an opportunity to participate in this consolidation trend in a profit accretive fashion.

#### Expansion and Refinancing

In July 2007 the Group successfully completed a fundraising for the expansion in the capacity of the IRE ethanol plant from 50 million gallons per annum (mgpa) to 100 mgpa of denatured ethanol.

Construction costs for the expansion are on a fixed price basis of \$110.7 million inclusive of financing and working capital. The budget includes a \$10 million contingency which has not been called upon and excess cash balances of over \$9 million in the Parent Company provide further assurance of adequate funding.

Despite severe winter weather, the construction has progressed safely and well. All major plant items are now on site, and the project remains on budget and ahead of the scheduled April 2009 start-up.

Richard Ruebe

Group CEO

July, 2008

## Consolidated income statement

for the year ended 31 March

*In thousands of dollars*

	<i>Note</i>	2008	2007
<b>Revenue</b>		<b>135,232</b>	25,940
Cost of sales		(110,169)	(20,200)
<b>Gross profit</b>		<b>25,063</b>	5,740
Administrative expenses		(11,840)	(7,102)
<b>Results from operating activities</b>		<b>13,223</b>	(1,362)
Finance income		746	395
Finance expenses		(5,553)	(954)
<b>Profit/(loss) before income tax</b>		<b>8,416</b>	(1,921)
Income tax expense		(503)	(168)
<b>Profit/(loss) for the period</b>		<b>7,913</b>	(2,089)
<b>Attributable to:</b>			
Equity holders of the Company		6,501	(2,285)
Minority interest	1,412	196	
<b>Profit/(loss) for the period</b>		<b>7,913</b>	(2,089)
<b>Earnings per share</b>			
Basic earnings/(loss) per ordinary share (dollars)	2	\$0.2250	(\$0.1006)
Diluted earnings/(loss) per ordinary share (dollars)	2	\$0.2191	(\$0.1006)

## Consolidated statement of changes in equity

for the year ended 31 March

*In thousands of dollars*

	2008	2007
<b>Profit/(loss) for the period</b>	<b>6,501</b>	<b>(2,285)</b>
Shares issued	23,873	-
Foreign currency translation differences for foreign operations	(244)	395
Share based payments	104	487
<b>Net increase/(decrease) in total equity</b>	<b>30,234</b>	<b>(1,403)</b>
Total equity at beginning of period	36,847	38,250
<b>Total equity at end of period</b>	<b>67,081</b>	<b>36,847</b>

# Consolidated balance sheet

at 31 March

In thousands of dollars

	2008	2007
<b>Assets</b>		
Property, plant and equipment	139,253	69,430
Intangible assets - goodwill	7,390	6,595
Other financial assets	3,510	-
<b>Total non current assets</b>	<b>150,153</b>	<b>76,025</b>
Inventories	4,063	3,797
Trade and other receivables	4,922	5,183
Prepayments for current assets	666	825
Other financial assets	5,858	-
Cash and cash equivalents	11,048	6,236
<b>Total current assets</b>	<b>26,557</b>	<b>16,041</b>
<b>Total assets</b>	<b>176,710</b>	<b>92,066</b>
<b>Equity</b>		
Share capital	60,205	41,046
Share premium	38,600	33,886
Special reserve	3,508	3,508
Currency translation reserve	151	395
Retained earnings	(35,383)	(41,988)
<b>Total equity attributable to equity holders of the Company</b>	<b>67,081</b>	<b>36,847</b>
Minority interest	7,950	4,733
<b>Total equity</b>	<b>75,031</b>	<b>41,580</b>
<b>Liabilities</b>		
Loans and borrowings	87,696	38,524
<b>Total non current liabilities</b>	<b>87,696</b>	<b>38,524</b>
Loans and borrowings	105	3,752
Trade and other payables, including derivatives	13,384	8,210
Current income tax liabilities	494	-
<b>Total current liabilities</b>	<b>13,983</b>	<b>11,962</b>
<b>Total liabilities</b>	<b>101,679</b>	<b>50,486</b>
<b>Total equity and liabilities</b>	<b>176,710</b>	<b>92,066</b>

## Consolidated statement of cash flows

for the year ended 31 March

*In thousands of dollars*

	2008	2007
<b>Cash flows from operating activities</b>		
Profit/(loss) for the period	7,913	(2,089)
Adjustments for:		
Depreciation and loss on disposal	5,448	1,143
Net finance expense	4,807	559
Equity-settled share-based payment transactions	104	487
Income tax expense	503	168
<b>Cash flows from operating activities</b>	<b>18,775</b>	<b>268</b>
Change in inventories	(266)	(3,797)
Change in trade and other receivables	249	(5,123)
Change in prepayments	159	(461)
Change in trade and other payables	2,576	(4,524)
<b>Post working capital cash flows from operating activities</b>	<b>21,493</b>	<b>(13,637)</b>
Effect of exchange rate fluctuations	(254)	395
Interest paid	(2,811)	(954)
Income tax received/(paid)	13	(168)
<b>Net cash from operating activities</b>	<b>18,441</b>	<b>(14,364)</b>
<b>Cash flows from investing activities</b>		
Interest received	746	395
Acquisition of property, plant and equipment	(74,976)	(42,007)
Other financial asset deposits	(9,368)	-
<b>Net cash from investing activities</b>	<b>(83,598)</b>	<b>(41,612)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	26,823	-
Proceeds from new borrowings	87,611	42,276
Proceeds from issue of share capital in subsidiary	866	-
Payment of transaction costs	(2,950)	-
Repayment of borrowings	(42,276)	-
Repayment of finance leases	(105)	-
<b>Net cash from financing activities</b>	<b>69,969</b>	<b>42,276</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>4,812</b>	<b>(13,700)</b>
Cash and cash equivalents at beginning of the year	6,236	19,936
<b>Cash and cash equivalents at end of the year</b>	<b>11,048</b>	<b>6,236</b>

## Notes to the Preliminary Announcement

### 1. Basis of preparation and status of financial information

The financial information has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs).

This is the first time the Group has reported its results under Adopted IFRS. The preparation of this financial information resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous Generally Accepted Accounting Practice ('GAAP'). The revised accounting policies have, except where otherwise stated, been applied to all periods presented in this financial information.

A detailed review of the changes in our accounting policies and reconciliations of our financial statements from UK GAAP to IFRS at key dates were published to the Alternative Investment Market on 14 November 2007 and are also available on the Group's website at [www.qtlresources.co.uk](http://www.qtlresources.co.uk).

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 March 2008 or 2007. Statutory accounts for 2007, which were prepared under UK GAAP, have been delivered to the registrar of companies. The auditors have reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The statutory accounts for 2008 will be delivered to the registrar of companies in due course.

### 2. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

#### Profit attributable to ordinary shareholders

	2008	2007
<i>In thousands of dollars</i>		
Profit attributable to ordinary shareholders	6,501	(2,285)

#### Weighted average number of ordinary shares

	2008	2007
<i>In thousands of shares</i>		
Issued ordinary shares at 1 April	22,703	22,703
Effect of shares issued in July 2007	6,190	-
Weighted average number of ordinary shares at 31 March	28,893	22,703

Earnings per share	\$0.2250	(\$0.1006)
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## Notes to the Preliminary Announcement

### 2. Earnings per share (continued)

#### Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2008 was based on profit attributable to ordinary shareholders after adjustment for the effects of all dilutive potential share purchase warrants available to be exercised by the minority shareholders of the subsidiary IRE. The calculation is further based upon a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares in GTL Plc calculated as follows:

<b>Profit attributable to ordinary shareholders (diluted)</b>		
	2008	2007
<i>In thousands of dollars</i>		
Profit for the period	6,501	(2,285)
Profit attributable to minority shareholders if warrants for share purchase in IRE fully exercised	(102)	-
<b>Profit attributable to ordinary shareholders (diluted)</b>	<b>6,399</b>	<b>(2,285)</b>
<b>Weighted average number of ordinary shares (diluted)</b>		
<i>In thousands of shares</i>		
Weighted average number of ordinary shares (basic)	22,703	22,703
Effect of shares issued in period	6,190	-
Effect of share options on issue	316	-
<b>Weighted average number of ordinary shares (diluted) at 31 March</b>	<b>29,209</b>	<b>22,703</b>
<b>Diluted earnings per share</b>	<b>\$0.2191</b>	<b>(\$0.1006)</b>

Share options in issue have no dilutive impact on loss per share