

Golar LNG Ltd.



"The Floating Gas Pipeline" The Company and the Market

Presentation

Carnegie

November 26th - 2001

Current Gas Prices November 2001

Area	Reference Price	MMBtu
Europe	IPE – Transco Balancing	\$ 3,50
USA	Henry Hub	\$ 2,73
Asia	Japan LNG Import Average	\$ 4,50
Africa	Nigeria flares daily as much as France uses.	

Golars Market Assumptions

- The Global arbitrage, the in-efficiencies in the logistical system, and the high growth in gas demand is likely to create healthy return for LNG investments in the next 5 – 10 year period.
- Future deregulation, change in corporate strategies, build up of sufficient liquefaction, regas and shipping capacity and the development of a spot market will, over time (10 years +), equalize these opportunities and push the return in favour of the upstream developers.

Global LNG Trade Flows

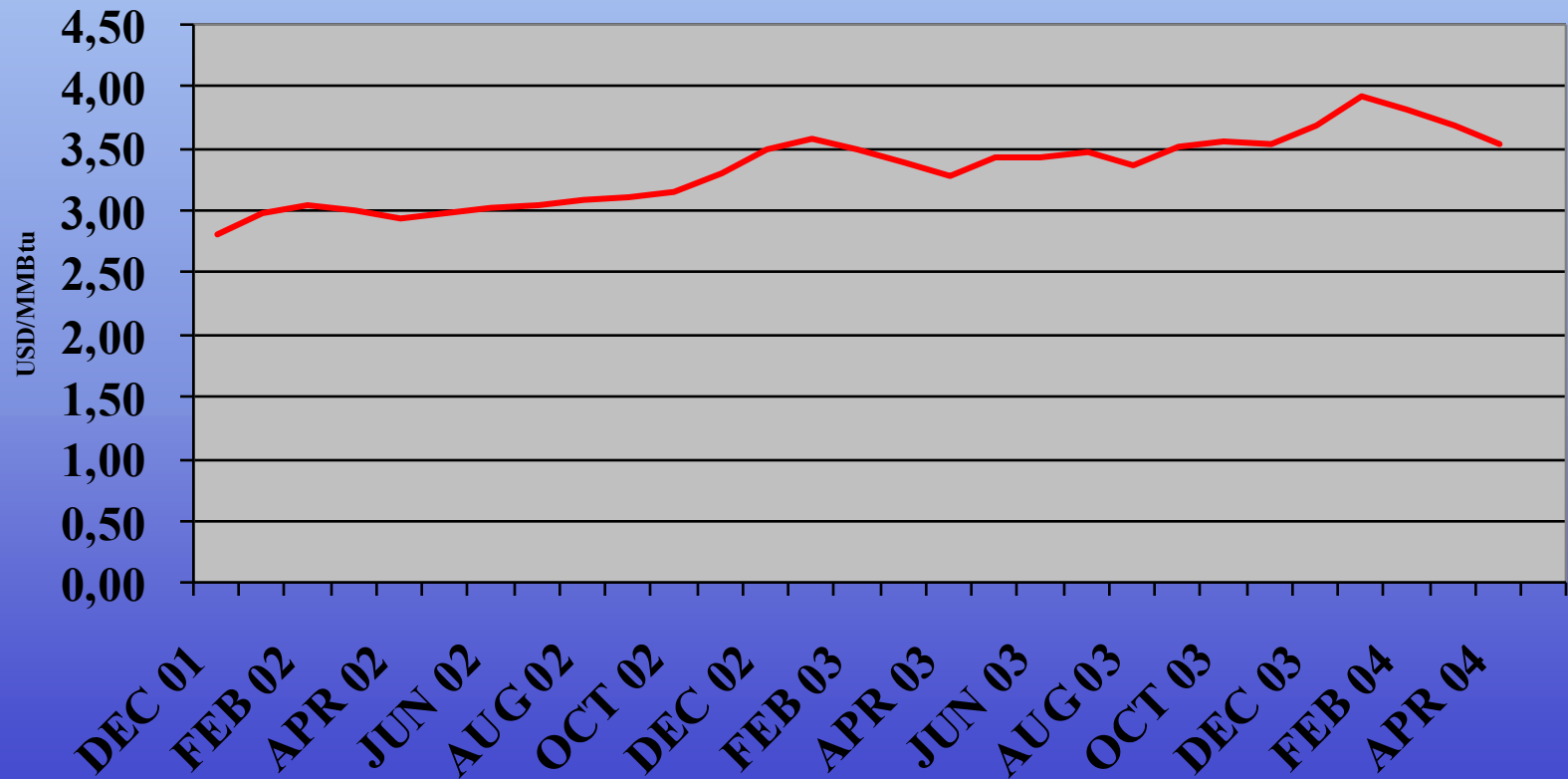


Current Market Situation

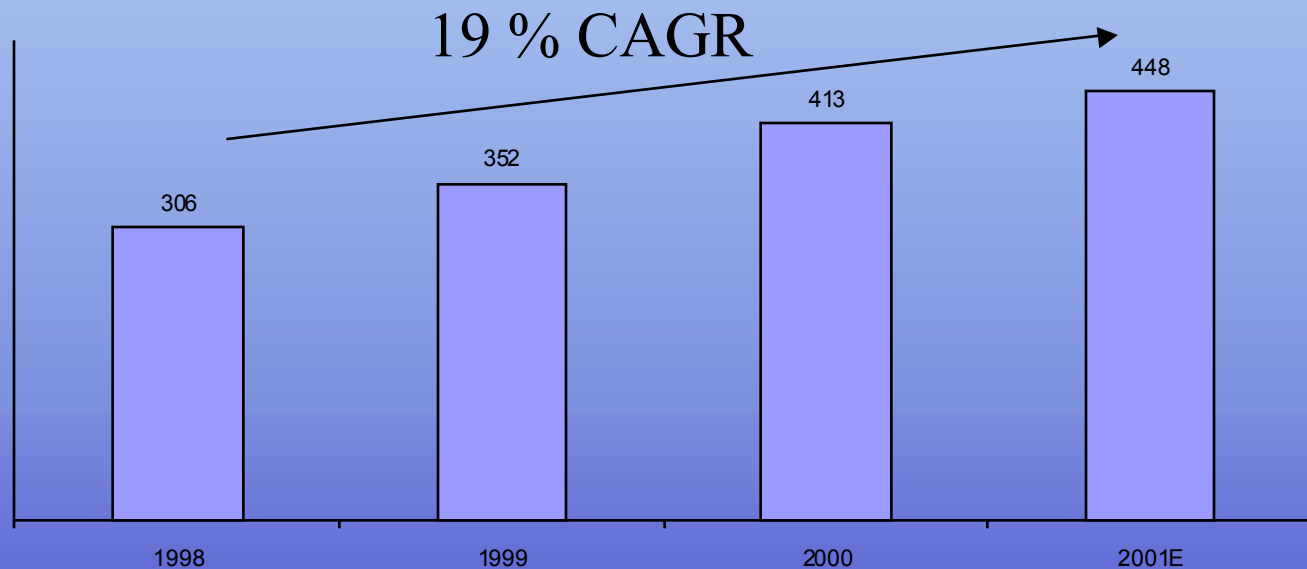
November 2001

- Excess non contracted liquefaction capacity from almost all producers.
- Excess terminal capacity.
- Shipping capacity bottle neck – Only two Enron ships undedicated for trading in 2002.
- Charter rates – Last done :
 - 20 years - USD 65 – 70.000 per day - Modern vessel
 - 10 years – USD 60.000 per day - Old vessel
 - Spot rates : USD 50 – 70.000 per day - Old vessel
- Ordering stopped up. New building prices indicated lower.
- Several tenders outstanding. More to come.

Forward Henry Hub Prices



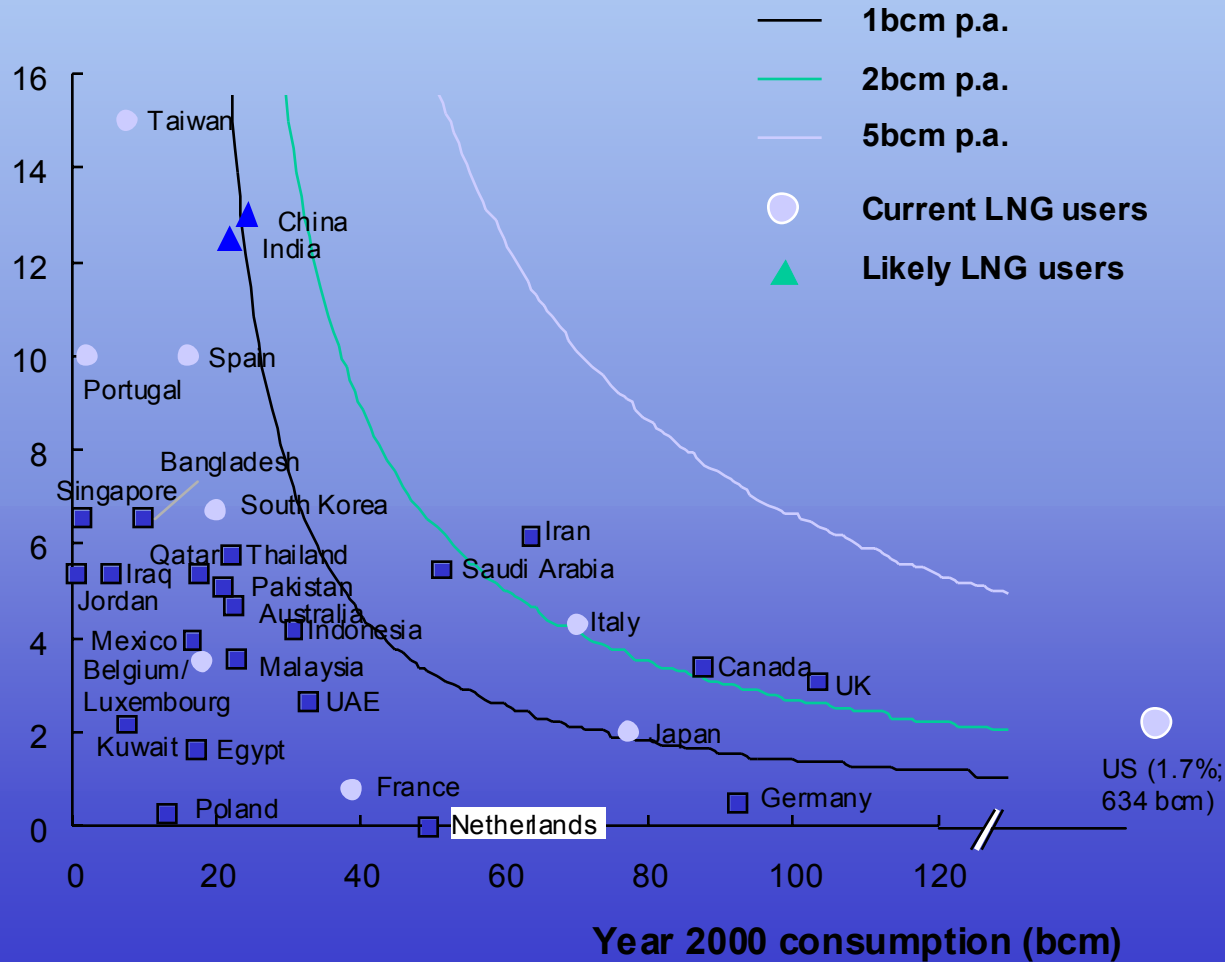
LNG Shipments – High Growth Shipping



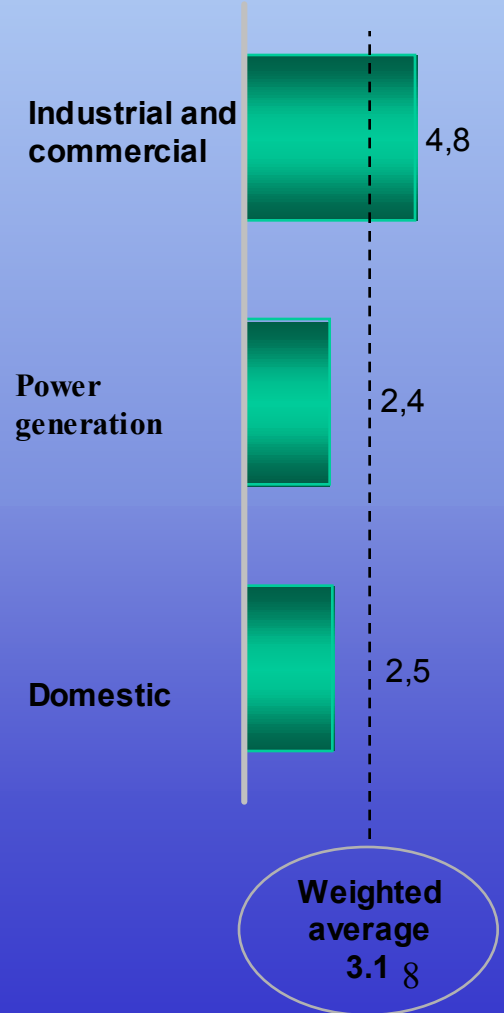
Traded volume (Mta)	83	91	100	105
Average RT distances (nautical miles)	2,710	2,830	3,010	3,110

Gas Demand growth expectations

Average growth rate (2000–10)
Percent

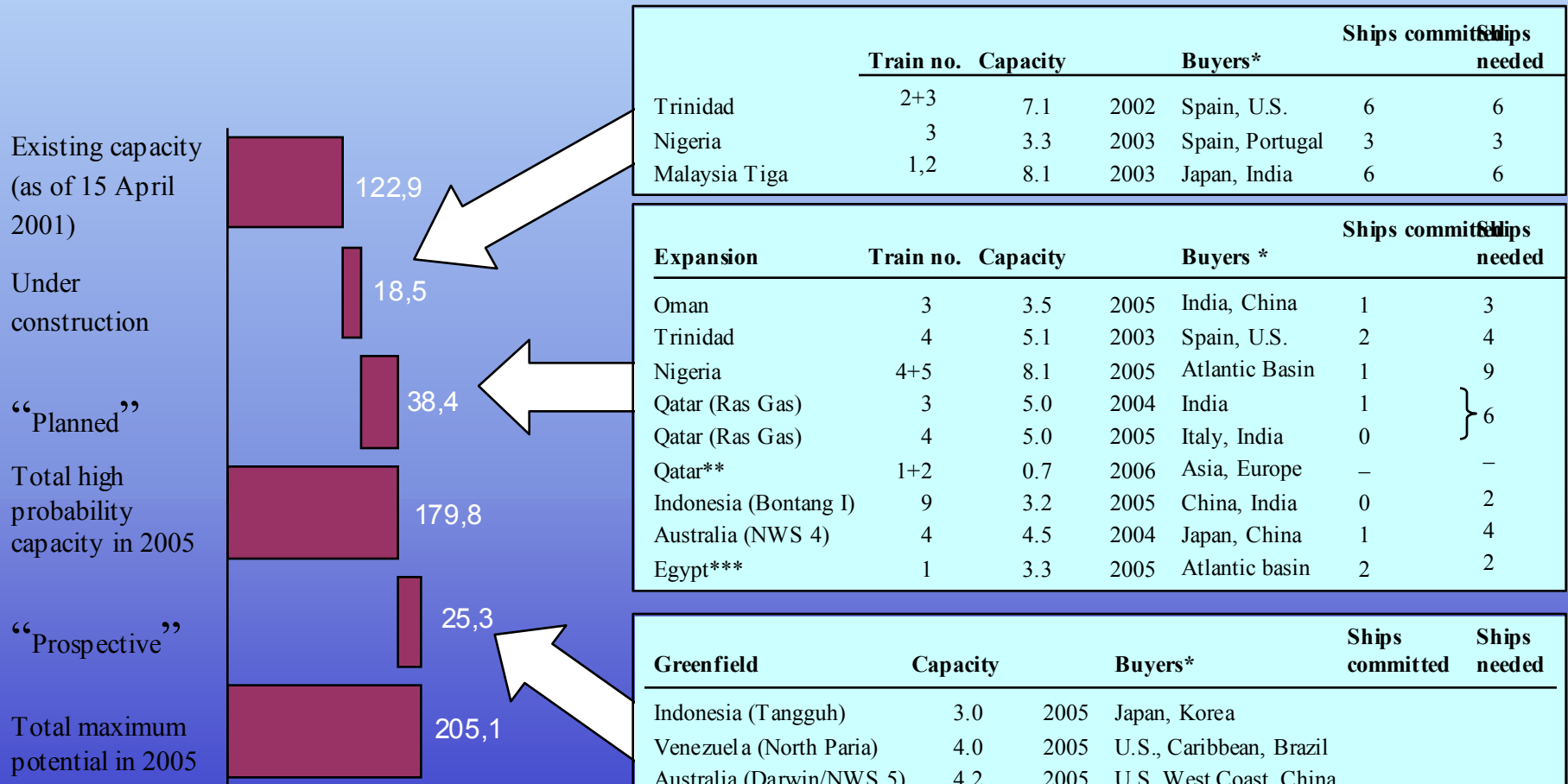


By segment



Liquefaction Projects 2000 – 06

ESTIMATE



	Train no.	Capacity	Buyers*	Ships committed	Ships needed
Trinidad	2+3	7.1	2002 Spain, U.S.	6	6
Nigeria	3	3.3	2003 Spain, Portugal	3	3
Malaysia Tiga	1,2	8.1	2003 Japan, India	6	6

Expansion	Train no.	Capacity	Buyers *	Ships committed	Ships needed
Oman	3	3.5	2005 India, China	1	3
Trinidad	4	5.1	2003 Spain, U.S.	2	4
Nigeria	4+5	8.1	2005 Atlantic Basin	1	9
Qatar (Ras Gas)	3	5.0	2004 India	1	} 6
Qatar (Ras Gas)	4	5.0	2005 Italy, India	0	
Qatar**	1+2	0.7	2006 Asia, Europe	–	–
Indonesia (Bontang I)	9	3.2	2005 China, India	0	2
Australia (NWS 4)	4	4.5	2004 Japan, China	1	4
Egypt***	1	3.3	2005 Atlantic basin	2	2

Greenfield	Capacity	Buyers*	Ships committed	Ships needed
Indonesia (Tangguh)	3.0	2005 Japan, Korea		
Venezuela (North Paria)	4.0	2005 U.S., Caribbean, Brazil		
Australia (Darwin/NWS 5)	4.2	2005 U.S. West Coast, China		
Angola	4.0	2005 U.S., Europe		
Yemen	6.1	2004 India, Japan		
Nigeria (T6)	4.0	2006 Atlantic basin		

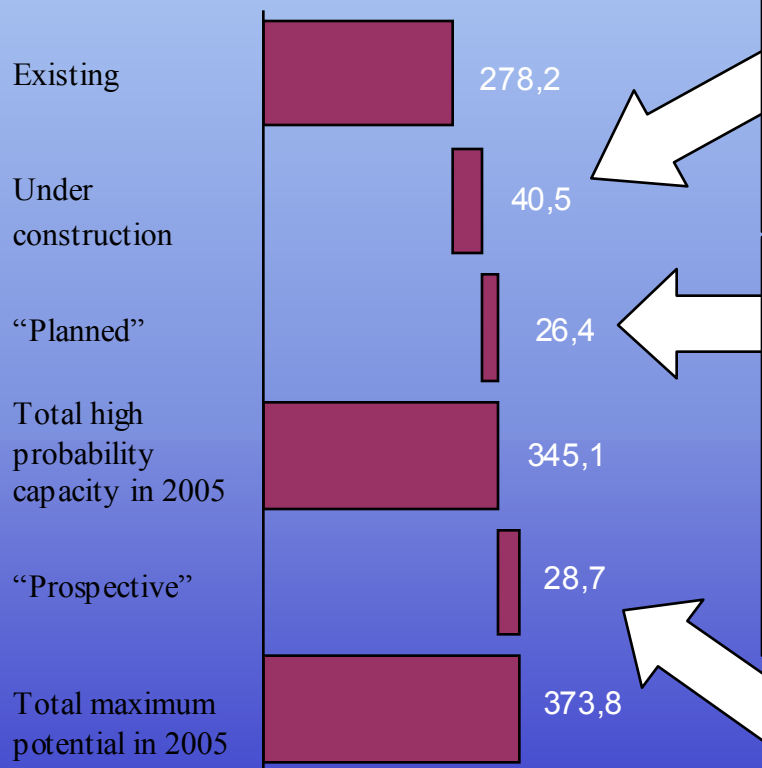
* Contracted buyers or announced buyers

** Qatargas debottleneck

*** Several projects planned; only one is assumed to proceed (greenfield, not an expansion)

Regas Capacity 2000 - 06

ESTIMATE



Terminal	Capacity	Start year	LNG supplier*
Everett expansion, MA	2.5	2002	Atlantic LNG
Cove Point, MD	7.2	2002	Atlantic LNG, NLNG
Elba Island, CA	3.3	2002	Atlantic LNG, NLNG
Andres, Dominican Rep.	3.6	2003	Atlantic LNG
Dabhol, India	6.9	2002	Oman
Chita Midorihama, Japan	4.0	2002	Asian/Middle East suppliers
Tong Young, Korea	8.3	2002	Asian suppliers
Sines, Portugal	1.8	2004	Nigeria
Izmir, Turkey	2.9	2002	Qatar, Algeria

Terminal	Capacity	Start year	LNG supplier *
Huelva expansion, Spain	2.8	2003	NLNG 3
Suape, Brasil	1.5	2005	Nigeria, Angola, Trinidad, Venezuela
Dahej, India	5.0	2004	RasGas III
Cochin, India	3.4	2004	RasGas IV
Bilbao, Spain	2.1	2003	Atlantic LNG 2, 3
Offshore GBS, Italy	4.0	2005	RasGas IV
Shenzhen**, China	3.0	2005	NWS 4, MLNG III
Cartagena expansion, Spain	0.8	2003	NLNG 3
Valencia, Spain	3.6	2005	NLNG
Japan	0.2	2003	Asian supplies

Terminal	Capacity	Start year	LNG supplier *
Hackberry, LA	5.7	2004	Atlantic Basin
US West Coast	5.0	2005	Australia
Florida via Bahamas	5.0	2004	Atlantic Basin
Altamira, Mexico	5.0	2005	Atlantic Basin
Recife, Brazil	2.1	2003	Nigeria, Angola, Trinidad, Venezuela
Pipovav, India	3.4	2005	Malaysia, Australia
Kakinada, India	2.5	2005	Malaysia, Indonesia

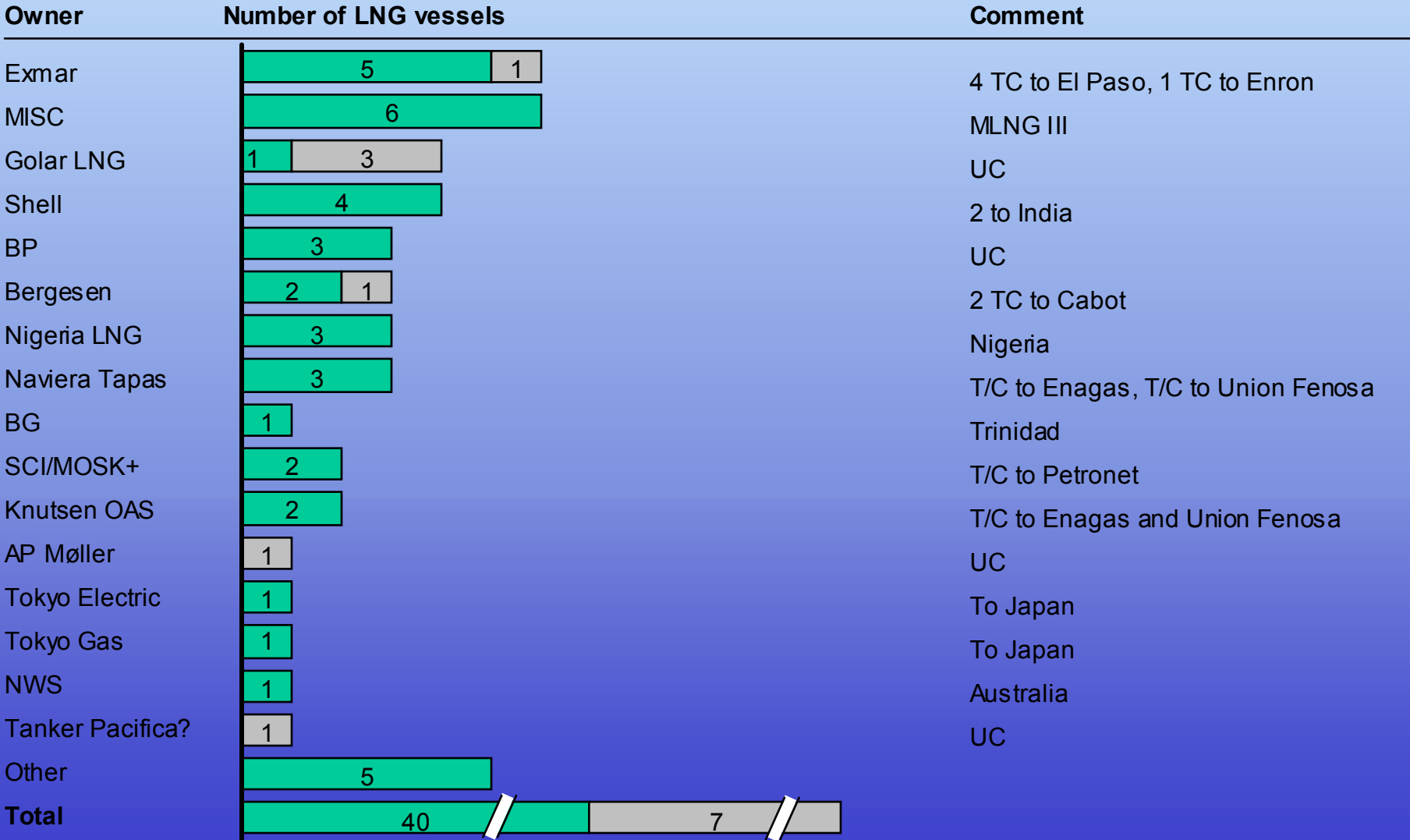
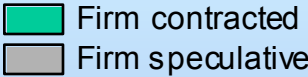
* Contracted suppliers or announced suppliers

** Shenzhen is the port; also referred to as the Guangdong terminal

Source: GIIGNL, GTI LNG Sourcebook 2001, Team analysis

FIRM ORDERS AND OPTIONS

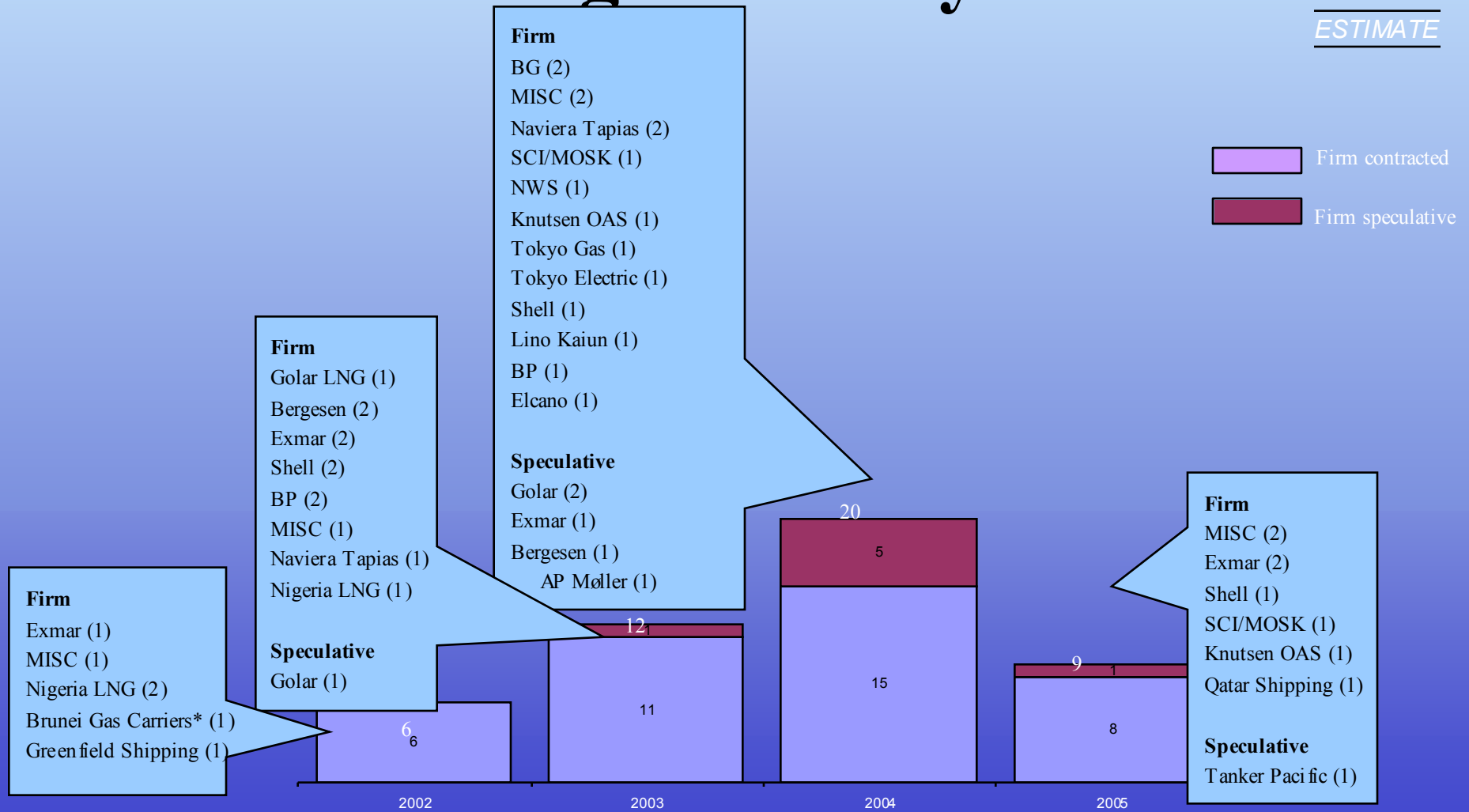
Number of vessels



Source: Platou; Clarkson; shipping reports; press clippings

Newbuildings Delivery Schedule

ESTIMATE

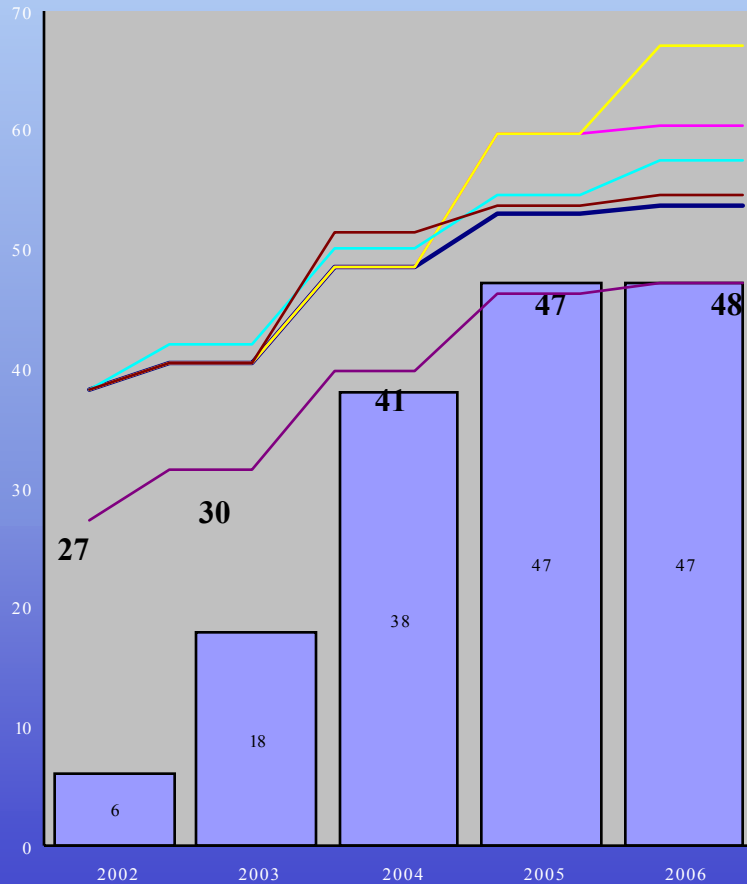


* Will replace vessel to be redelivered to Nigeria LNG

Source: Platou; Clarkson; Shipping reports; Press clippings

Supply / Demand

PRELIMINARY



Sensitivity

US east terminal and 5 mt US west Coast terminal in 2006

Building of economically viable terminal in US East 2004

7 bcm, not 2 bcm, imported into India and China

"Base case" (U.S. Terminal capacity utilized)

Less US trade – 50% of new capacity in US utilized

 Firm ships

Source: Team analysis

Capacity Conclusion 2001 - 2005

- Liquefaction capacity increases from 123 MT to 180 MT.
- Regas capacity increases from 278 MT to 345 MT.
- The number of ships increase based on current orderbook from 126 to 173.
- One US West Coast terminal increases ship demand with 8 – 10 ships.

Will a Spot Market Develop ?

- It has already happened –Evidence :
 - 50 % of US Cargoes in 2000 were spot sales.
 - 8 % of total LNG sold in 2000 were spot sales.
 - Distrigaz has rerouted LNG to US and substituted with European Gas.
 - Increased price linkages Europe / USA
 - The major LNG players plan based on increased spot trading.

The Competitiveness of LNG

Indicated Cost Numbers

<u>Operation</u>	<u>USD/MMBtu</u>
Feed Gas	0.60
Liquefaction Infrastructure	1.00
Transportation	0.60
<u>Terminal</u>	<u>0.40</u>
<u>Total</u>	<u>2.60</u>

The strength of the LNG market

- US Gas Prices have a floor price around USD 2,50/MMBtu created by :
 - Cost curve structure of Gas production
 - Cost of Steam Coal equals USD 2 – 2.50/MMBtu gas.
 - Parity to Oil (0.183)
- Short term prices can show high volatility due to limited storage capacity and weather driven demand.
- US LNG Import covers only 1 % of US gas consumption.
- LNG has large delivery flexibility.

An economical calculation

- Trade: Algeria – Lake Charles
- FOB Price: 60 % of Henry Hub
- Regas: USD 0.40 per MMBtu

Henry Hub Price (USD/MMBtu)	T/C rate (USD/day)
1.50	16.000
2.00	34.000
2.50	54.000
3.00	74.000
3.50	94.000
4.00	110.000



Golar LNG – The Company

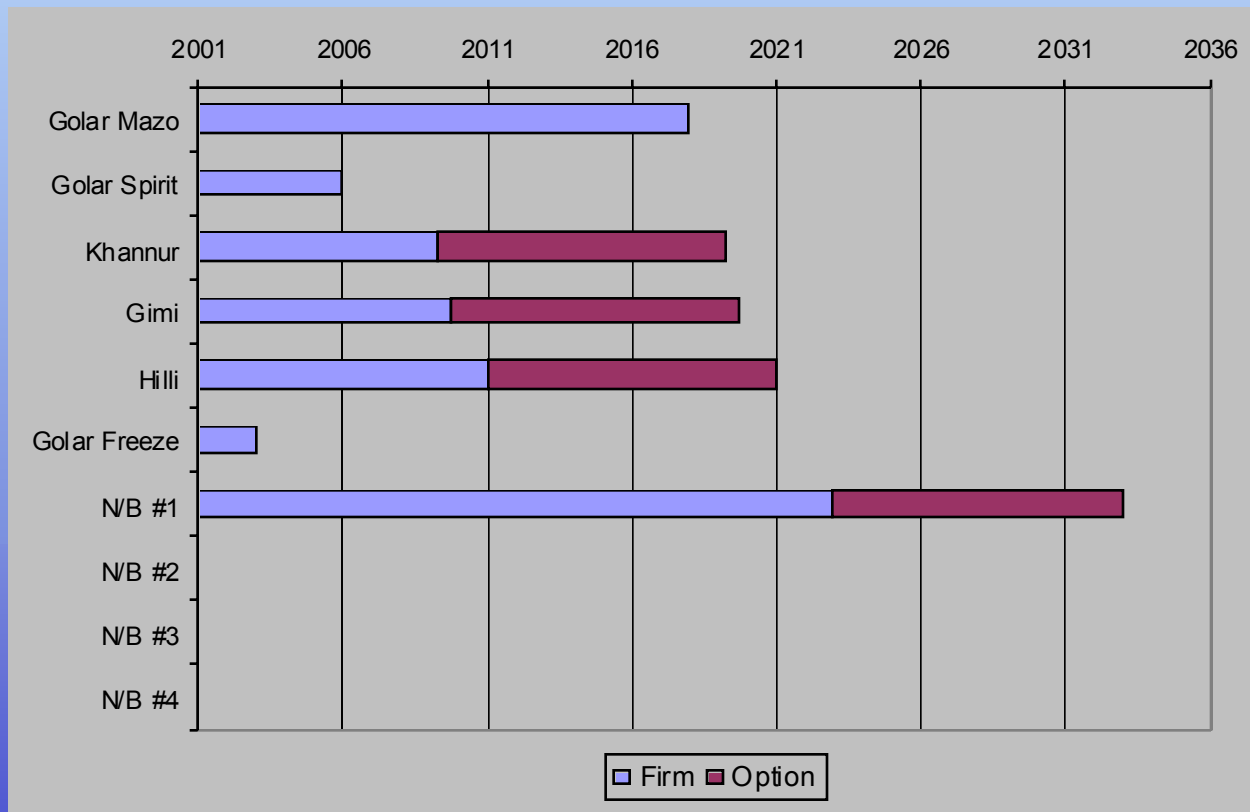
The Golar Strategy

1. Be a ship owner that charters out LNG tonnage for various periods to the market in general.
2. Be an LNG trader that buys LNG FOB from various sources either alone or with a partner, and sells gas to LNG customers all over the world. As part of the trading activity, Golar will consider investing in other parts of the LNG chain, like liquefaction or regasification capacity.
3. Be a LNG development / construction company that invests in or develops new concepts like floating regas or liquefaction units.

Fleet list

Ship	Ownership	Built	Capacity (m3)	Charterer
Golar Mazo	60 %	2000	138,000	CPC (BB)
Golar Spirit	100 %	1981	129,013	Pertamina / KOGAS (BB)
Khannur	100 %	1977	125,003	British Gas (TC)
Gimi	100 %	1976	124,872	British Gas (TC)
Hilli	100 %	1975	124,890	British Gas (TC)
Golar Freeze	100 %	1977	125,862	British Gas (TC)
N/B #1	100 %	3/2003	138,000	British Gas (TC)
N/B #2	100 %	10/2003	137,000	
N/B #3	100 %	3/2004	138,000	
N/B #4	100 %	7/2004	137,000	
NGSCO #1	0 % (mgmt.)			Abu Dhabi
NGSCO #2	0 % (mgmt.)			Abu Dhabi
NGSCO #3	0 % (mgmt.)			Abu Dhabi
NGSCO #4	0 % (mgmt.)			Abu Dhabi

Fleet Employment



Golar Freeze

- The ship is redelivered from BG in March 2003.
- Feasibility study for conversion to floating regas terminal signed with Merlin Offshore.
- Based on 50 cargoes a year and USD 0.40/MMBtu terminal fee, gross revenue is approximately USD 60 million.
- A Freeze terminal can be in operation in the end of 2003 – almost two years ahead of competition.

LNG – an art of financing

- If a 100 % equity project gives 10 % direct yield – a re leverage of the project with 90 % leverage, 30 years flat repayment of the debt and current spot interest levels plus margin increases direct yield to approximately 45 %.
- UK Tax deals gives from 7 – 14 % in upfront cash value.

Future Revenue

- All capacity sold for 2002.
- Committed revenue 2002 approximately USD 127 million calculated based on net 60 % of Golar Mazo.
- Total forward committed revenue approximately USD 1.5 billion.

Management Focus

November 2001

- Seek long term charter for at least one more ship.
- Develop Golar Freeze floating terminal concept.
- Consolidation / Pooling with other owners.
- Optimise existing financing structure to include tax lease.
Arrange financing for New buildings.
- Consider interest hedging for loans.
- Establish partnership with non shipping LNG players.
- Develop trading arm.
- List Company in US.