ASX/MEDIA RELEASE

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LNG Ltd and Metgasco to Co-operate on Gas-to-LNG Project

Liquefied Natural Gas Limited (ASX: LNG "***LNG Ltd***") has executed an agreement with Metgasco Ltd (ASX: MEL "***Metgasco***") to jointly study the feasibility of a gas to LNG project.

The joint study will include the viability of gas supply, transportation, liquefaction and sale of LNG from Metgasco's 100% owned coal seam reserves and conventional gas resources in the Clarence Moreton Basin, to LNG Ltd's 100% owned Gladstone LNG Project, at Fisherman's Landing, Port of Gladstone, Queensland. The study will also include the option of gas supply to a potential LNG project to be sited within the Port of Brisbane.

LNG Ltd is currently the largest shareholder in Metgasco with 12,604,412 shares, representing 5.03 % of the issued share capital.

Metgasco currently has 2,239 PJ of certified 3P reserves in 50% of the PEL 16 acreage alone and an overall contingent resource of 14,285 PJ (Metgasco estimate). Metgasco's internal estimates indicate that its gas resources, present within PEL 16, 13 and 426, may be sufficient to supply an LNG plant of up to 3 million tonnes per annum **("mtpa"**) over a 20 year gas supply contract term. This would require approximately 3,600 PJ of gas feedstock.

"Following a review of various long term gas supply options for LNG Ltd's Gladstone LNG Project, we consider Metgasco has several material technical and commercial benefits for a CSG to LNG project and both companies are now well placed to benefit by working together on this project. In conjunction with the study we will be continuing our program to attract a strategic partner and LNG buyer, based on a more integrated gas to LNG project. This agreement, together with our shareholding in Metgasco is consistent with our strategy to integrate with the gas resource for our proposed LNG projects" said Maurice Brand, Managing Director of LNG Ltd.

"Our preliminary assessment shows that the extra gas pipeline distance from Metgasco's resource to Gladstone is not a critical factor in the overall project economics or project schedule" added Mr Brand.

LNG Ltd's Fisherman's Landing site in Gladstone has sufficient area for 4 LNG trains totalling a guaranteed 6 mtpa, with a nameplate capacity of 7 mpta, based on the current completed Front End Engineering and Design for the first LNG train of 1.5 mtpa (nameplate 1.75 mtpa).

"We are also working on additional gas supply to Fisherman's Landing so that the full potential value of our Gladstone LNG Project is realised", said Mr Brand.

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