



ASX / MEDIA RELEASE
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METGASCO EVALUATES GAS SUPPLY TO GLADSTONE - MOU WITH LNG LTD

Metgasco has commenced feasibility studies into the delivery of gas to liquefied natural gas (LNG) export markets.

Metgasco intends to evaluate the commercial, environmental and technical feasibility of a number of export LNG options and form a view on whether an LNG export project is commercially feasible and in the best interests of its shareholders. If this review determines that this commercialisation option has merit and is feasible Metgasco expects to be able to select a preferred LNG project option in 2011.

To this end, Metgasco has entered into a Memorandum of Understanding (MOU) with Liquefied Natural Gas Limited (ASX: LNG) (LNG Ltd) to evaluate the feasibility of gas supply, transportation, liquefaction and sale of LNG from Metgasco's 100% coal seam gas reserves and conventional resources in the Clarence Moreton Basin to LNG Ltd's 100% owned Gladstone LNG Project, at Fisherman's Landing, Port of Gladstone, Queensland.

Over the next few months Metgasco and LNG Ltd will assess whether the supply of gas from the Clarence Moreton Basin in NSW to Fisherman's Landing is a viable proposition. The study will also evaluate the option of gas supply to a potential LNG project to be sited at the Port of Brisbane.

Commenting on the LNG Feasibility Study, David Johnson, the Managing Director of Metgasco said "We believe that the development of export market opportunities for gas from the Clarence Moreton basin will bring significant economic and employment benefits to NSW. We are pleased to be working with LNG Ltd who recently became a substantial shareholder in Metgasco. LNG Ltd has a well advanced project at the Port of Gladstone and strong technical capabilities in LNG project engineering and design. Metgasco is well advanced in developing the Lions Way gas pipeline which will deliver gas from its gas fields in northern NSW to south east Queensland. There are likely to be benefits in extending this pipeline to enable gas supply to the Port of Gladstone or the Port of Brisbane."

Metgasco currently has 2,153 PJ (3P) of independently certified reserves in PEL 16 (100% owned) and has recently commenced work to delineate coal seam gas reserves in its other tenements (PEL 13 and PEL 426) which are 100% owned by Metgasco. The Company has developed an internal prospective resource estimate of approximately 14 Tcf of coal seam gas in place in its tenements. Additionally, Metgasco has begun to delineate the conventional gas supply potential of the Clarence Moreton Basin. Metgasco has recently

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made its first conventional gas discovery in the Kingfisher gas field and has identified an exciting portfolio of conventional leads and prospects to be evaluated.

Metgasco has recently concluded a review of the coal seam and conventional gas supply capabilities of the tenements it operates in northern NSW (PEL 16, PEL 13 and PEL 426) which indicates that the gas resources present within these areas are sufficient to supply an LNG plant of up to 3 million tonnes per annum over a 20 year gas supply contract term.

About LNG Ltd (ASX:LNG)

LNG Ltd has undertaken considerable work to progress the design and approvals for an export LNG facility at the Port of Gladstone. To that end, LNG Ltd has signed an agreement with the Gladstone Ports Corporation to lease a site at Fisherman's Landing (Fisherman's Landing LNG Project). In addition, LNG Ltd is well advanced in obtaining approvals for the development of this site with the Environmental Assessment approved by the Queensland Department of Environment and Resource Management and a number of other key approvals received. LNG Ltd is listed on the Australian Securities Exchange (ASX Code:LNG). For further information on LNG Ltd please refer to their website at www.lnqlimited.com.au