ASX/MEDIA RELEASE

13 December 2011

GLADSTONE "FISHERMAN'S LANDING" LNG PROJECT UPDATE

The Directors of Liquefied Natural Gas Limited (ASX: LNG, ***Company***) are pleased to provide an update on the Company's wholly owned 3 million tonnes per annum LNG project at Fisherman's Landing, in the Port of Gladstone, Queensland (***LNG Project***).

- The term of the Agreement for Lease (***Agreement***), between Gladstone Ports Corporation Limited (***GPC***) and Gladstone LNG Pty Ltd (a wholly owned subsidiary of the Company), has been extended for a further 6 months to 30 June 2012. The Agreement relates to the site for the Company's planned LNG Project. The Agreement:
    - specifies the conditions, including the procurement of gas supply for the LNG Project, which are required to be satisfied by 30 June 2012, following which Gladstone LNG Pty Ltd will have a further six months to satisfy any "remaining conditions". These remaining conditions are primarily related to the obtaining of necessary approvals to recommence construction of the LNG Project;
    - includes, as an annexure, the agreed definitive "Lease" (including all terms and conditions), to be executed by GPC and Gladstone LNG Pty Ltd, on satisfaction of the Agreement conditions. The "Lease" terms and conditions can only be varied by the mutual agreement of GPC and Gladstone LNG Pty Ltd; and
    - subject to satisfying the Agreement conditions (including applicable government approvals), provides Gladstone LNG Pty Ltd with a 30 year lease over the LNG Project site, with Fisherman's Landing being the only mainland area in the Port of Gladstone designated for an LNG project.
- The Company is continuing the process, with the active support of its major shareholder HQC, of reaching agreement with gas suppliers for the delivery of gas to Wallumbilla; Callide and Ipswich in accordance with the Company's gas supply and delivery plan.
- The Company is continuing to progress all engineering, procurement and construction activities with HQC under a proposed Services & Open Book Conversion Contract which includes an EPC Contract Term Sheet. The benefit of this approach is that it allows the Company to work closely with HQC on a fully transparent basis to reduce costs and the overall construction schedule.
- The Company has taken the opportunity over the last six months to design the LNG train such that it can be fabricated in China, in only 5 modules, and shipped to Gladstone. This will minimise site construction costs in Gladstone.

For further information contact:

Mr Maurice Brand
Managing Director & Joint Chief Executive Officer
Telephone: + 61 8 9366 3700

Mr David Gardner
Company Secretary
Telephone: + 61 8 9366 3700

Liquefied Natural Gas Limited
Ground Floor, 5 Ord Street, West Perth WA 6005
Telephone: (08) 9366 3700 Facsimile**:** (08) 9366 3799
Email: LNG@LNGLimited.com.au
Web site: www.LNGLimited.com.au