



ASX/MEDIA RELEASE

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EPC SERVICES AND OPEN BOOK CONTRACT SIGNED GLADSTONE FISHERMAN'S LANDING LNG PROJECT

The Directors of Liquefied Natural Gas Limited (ASX: LNG, **Company**) advise that an EPC Services and Open Book Conversion Contract (**EPCSOBC**) has been signed in Beijing between China Huanqiu Contracting & Engineering Corporation (**HQC**) and the Company's wholly owned subsidiary Gladstone LNG Pty Ltd, in relation to the Company's 3 million tonnes per annum LNG project at Fisherman's Landing, in the Port of Gladstone, Queensland (**LNG Project**).

The signing of the EPCSOBC follows the completion of the Front End Engineering Design (**FEED**) by HQC and provision of an estimated EPC Contract price of US\$760 million, which is line with the Company's expectation. The estimated EPC Contract price is for 1 LNG train, including LNG tank and related infrastructure (but excluding marine works), with a design LNG production capacity of ~1.9 million tonnes per annum and guaranteed LNG production capacity of 1.5 million tonnes per annum.

Based on the estimated EPC Contract price, the Company's total estimated development cost, including marine works and other development and financing costs, remains at ~\$1.1 billion for 1 LNG train.

The Company and HQC will now proceed on an open book basis to complete the detailed engineering design and agree a fixed lump sum EPC Contract price and bankable EPC Contract, by 30 June 2012. The objective is to have the definitive and legally binding Fixed Price EPC Contract agreed and ready for signing on the LNG Project securing gas supply and progressing to Final Investment Decision (**FID**). The EPCSOBC includes an agreed detailed EPC Contract term sheet, which will form the basis of the final Fixed Price EPC Contract.

Based on the FEED, and other work, undertaken by HQC to date, the construction schedule remains unchanged at 30 months from FID to first LNG production.

The Company's Managing Director, Maurice Brand, said "the Company was pleased that this important milestone had been achieved with HQC, its major shareholder and a wholly owned subsidiary of China National Petroleum Corporation".

"The Company's primary focus remains on securing gas supply and ensuring the LNG Project is in a position to then quickly progress to FID and commencement of construction. With the ongoing support of HQC, the Company is confident of achieving these objectives", said Mr Brand.

The Company expects to be in a position to update shareholders on the details of its gas supply plans during the March 2012 quarter.

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