



ASX/MEDIA RELEASE

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GLADSTONE FISHERMAN'S LANDING LNG PROJECT GAS SUPPLY UPDATE

As previously advised to shareholders, Liquefied Natural Gas Limited (ASX: LNG, **LNG Ltd**) and PetroChina International Investment (Australia) Pty Ltd (**PetroChina Australia**) executed a non-binding Letter of Intent in August 2012. The Letter of Intent related to the parties working together to secure gas supply for LNG Ltd's proposed 3 million tonne per annum LNG project at Fisherman's Landing, in the Port of Gladstone, Queensland (**LNG Project**).

Pursuant to the Letter of Intent, PetroChina Australia, in November 2012, completed the acquisition of Molopo Energy Limited's (**MPO**) Queensland gas assets (**MPO Acquisition**). As the potential gas delivery volumes, from the MPO Acquisition alone, are insufficient to meet the LNG Project's minimum gas requirement, PetroChina Australia commenced due diligence and negotiations in relation to the acquisition of 100 per cent of the shares in Westside Corporation Limited (**Westside**), which holds gas assets adjacent to MPO's gas permit areas in Queensland (**Westside Acquisition**).

However, LNG Ltd was indirectly informed yesterday that the Westside Acquisition would not proceed and notes Westside's ASX announcement that this is in fact the case. Westside's ASX announcement cites PetroChina's reason for not proceeding with the Westside Acquisition as being, "the general situation in Australia has changed so much".

While LNG Ltd is disappointed at PetroChina's withdrawal from the Westside Acquisition, LNG Ltd now intends to pursue the option of gas supply directly from Westside due to the location and quality of their resource. LNG Ltd will also continue to work with PetroChina Australia, under the August 2012 Letter of Intent, and LNG Ltd's major shareholder China Huanqiu Contracting & Engineering Corporation (**HQC**) to secure gas supply for the LNG Project.

Aside from the ongoing cooperation between LNG Ltd, PetroChina Australia and HQC, LNG Ltd in its own right will continue to progress other potential gas supply sources for the LNG Project.

LNG Ltd's Managing Director, Maurice Brand, said "this is an unexpected development, particularly given the lengthy period of the due diligence process and negotiations in respect of the Westside Acquisition."

"We remain firmly of the view that the LNG Project provides a lower cost alternative to other LNG project's in Australia and an opportunity for gas suppliers, with uncommitted gas resources, to access higher international gas prices. We will be using all endeavours to secure such gas resources for the LNG Project", he further said.

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