



ASX/MEDIA RELEASE
1 AUGUST 2012

**SIGNIFICANT PROGRESS ON GAS SUPPLY TO
GLADSTONE FISHERMAN'S LANDING LNG PROJECT**

The Directors of Liquefied Natural Gas Limited (ASX: LNG, *LNG Ltd*) are pleased to announce the execution of a Share Sale Agreement between Molopo Energy Limited (*Molopo*) and PetroChina International Investment (Australia) Pty Ltd (*PetroChina Australia*), pursuant to which PetroChina Australia will acquire 100% of Molopo's coal seam gas assets in Queensland (refer to the attached copy of Molopo's ASX Release of today's date).

PetroChina Australia is wholly owned by PetroChina International Investment Company Limited, which in turn is a related company of LNG Ltd's largest shareholder (19.9%) - China Haunqiu Contracting & Engineering Corporation (*HQC*). PetroChina Australia will support HQC for the gas supply arrangements of the LNG Project.

The significance of the announcement for LNG Ltd, is PetroChina Australia's intention to deliver the Molopo gas, under a tolling arrangement, to LNG Ltd's proposed 3 million tonne per annum LNG project at Fisherman's Landing, in the Port of Gladstone, Queensland (*LNG Project*).

PetroChina Australia and LNG Ltd will commence negotiation of a Tolling Agreement pursuant to which PetroChina Australia will deliver the gas to LNG Ltd's LNG Project for liquefaction, storage and loading onto LNG ships arranged by PetroChina Australia. Under the Tolling Agreement, LNG Ltd will receive a fixed Capacity Reservation Fee and also a Tolling Fee calculated on the quantity of LNG loaded onto LNG ships.

Molopo's coal seam gas permit areas (owned ~67% by Molopo and 33% by Mitsui) are located only 150 km from Gladstone (refer to the attached map) and Molopo's share of 3P reserves is 812 petajoules. Based on a number of independent assessments, the Molopo permit areas have the capacity to produce and deliver up to 65 terajoules/day of gas, representing ~50% of the minimum gas delivery volumes required to operate the LNG Project.

The proposed Tolling Agreement between PetroChina Australia and LNG Ltd is an important foundation step in LNG Ltd's gas supply plan for the LNG Project. Discussions and negotiations are continuing on further tolling arrangements, together with potential gas purchase opportunities and direct acquisition of upstream gas resources.

LNG Ltd's Managing Director, Maurice Brand, said "We welcome the announcement of PetroChina Australia's acquisition of Molopo's coal seam gas assets in Queensland. The proposed arrangement between PetroChina Australia and LNG Ltd will represent a significant milestone in the progression and implementation of LNG Ltd's gas supply plan to secure sufficient gas to enable its LNG Project to proceed to final investment decision and construction".

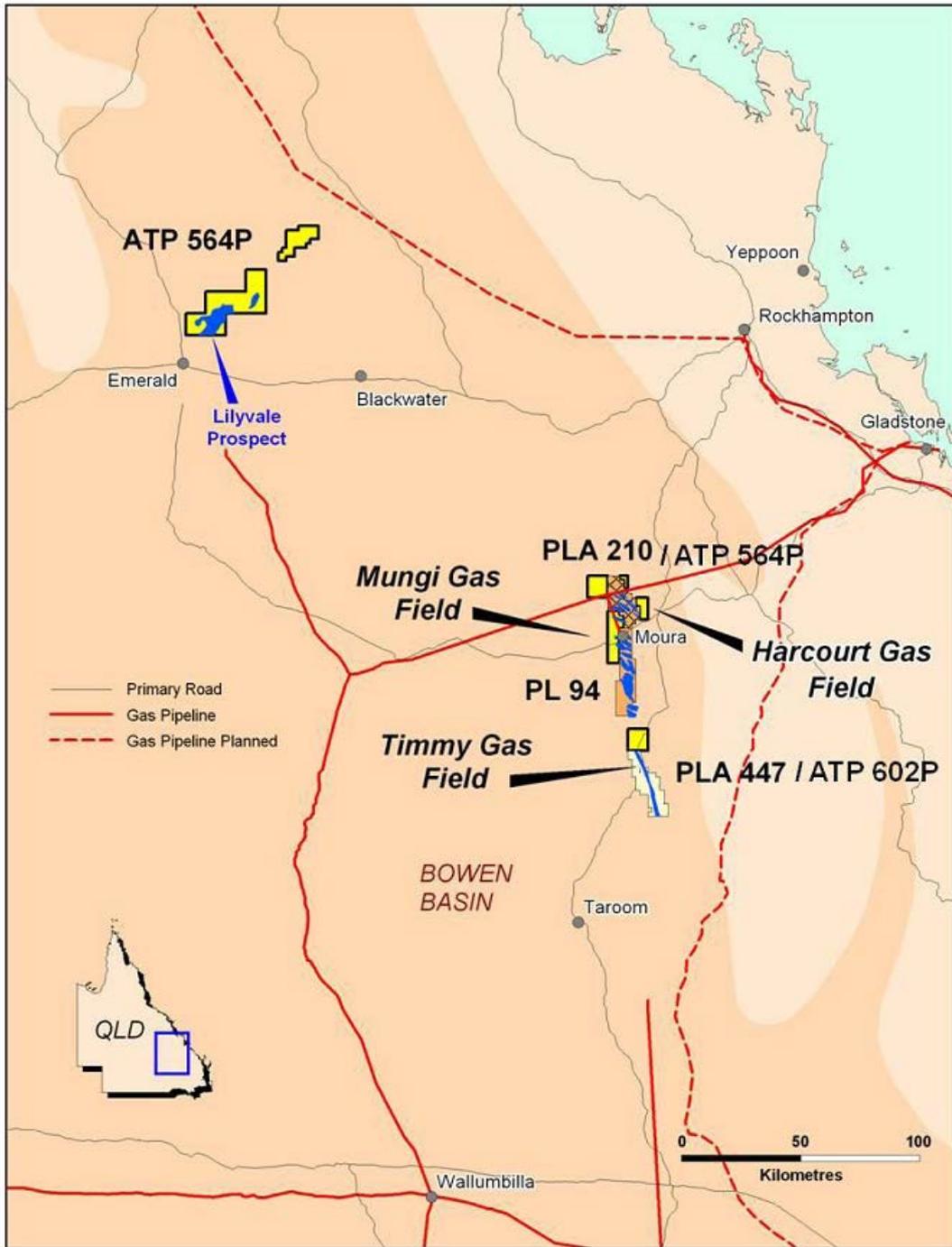
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**MOLOPO'S QUEENSLAND COAL SEAM GAS
PERMITS & RESERVES**



Reserves position at June 2011 (net Molopo share)

1P	24 PJ
2P	341 PJ
3P	812 PJ
Contingent resource	594 PJ
Total recoverable	1,406 PJ



ASX ANNOUNCEMENT / MEDIA RELEASE

1 August 2012

SALE OF QUEENSLAND ASSETS FOR A\$41 MILLION

Molopo Energy Limited (“Molopo”) (ASX:MPO) is pleased to announce that it has entered into an agreement for the sale of its Queensland Bowen Basin coal bed methane assets¹ to a wholly-owned subsidiary of PetroChina International Investment Company Limited for A\$41 million plus a A\$2.4 million adjustment for working capital.

The transaction is subject to review by the Australian Foreign Investment Review Board (“FIRB”) and the purchaser obtaining approval from the Chinese National Development Reform Commission (“NDRC”) which must be obtained within sixty days unless otherwise extended. Settlement of the transaction is expected to occur thirty days after the later of the FIRB and NDRC conditions being satisfied.

CEO Tim Granger commented, “We’re pleased to have reached agreement for this sale, which is an important step in our previously stated strategy of focussing on our unconventional North American oil assets. The sale proceeds, combined with our existing strong cash position, will be used to fund our 2013 capital program as we enter a period of intensive development of our Texas Wolfcamp oil acreage.

“We have conducted a very thorough sales process for these coal bed methane assets and are confident that this transaction is the optimal outcome for shareholders.”

As the anticipated sale proceeds are less than carrying value of the Queensland asset and the disposal costs, Molopo expects to recognise a before tax impairment to its June 30, 2012 accounts of approximately \$24 million. No cash tax is anticipated as this transaction will be offset against accumulated tax losses.

¹Molopo, through its wholly-owned subsidiaries Lowell Petroleum NL, Molopo Generation Pty Ltd and Molopo Queensland LLC, is the majority owner and operator for Authorities to Prospect permits covering 1,370 km over five project areas in the Bowen Basin, west of Gladstone, Queensland.

Issued by: Molopo Energy Limited

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Molopo Energy Limited is an ASX-listed oil and gas exploration and production company. The company is focussed on the development of its unconventional tight oil assets in the Permian Basin, Texas, USA and the Williston Basin, Saskatchewan, Canada. The company has shale gas assets in Quebec, Canada, and onshore gas projects in South Africa.

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