



## ASX/MEDIA RELEASE

8 October 2010

### EMPLOYEE SHARE OPTION PLANS

Liquefied Natural Gas Limited (“LNG”) (ASX Code: LNG) advises that, following a comprehensive review of its 2004 and 2005 Employee Share Option Plans (“Plans”), it has reported to the Australian Securities and Investments Commission (“ASIC”) and the Australian Stock Exchange (“ASX”), potential contraventions of section 707(3) of the Corporations Act.

The Plans were drafted so as to permit the issue of options to consultants. Based on advice received at the time, LNG was unaware that this had the consequence of the Company being unable to rely on the relief under ASIC Class Order 03/184, in relation to the issue of shares upon the exercise of options granted under the Plans.

As a result, persons who were issued shares, on the exercise of options granted under the Plans, and then sold those shares within 12 months, were inadvertently and unknowingly in contravention of the Corporations Act.

In reporting the potential contraventions to ASIC, LNG has commenced the first step in the required process to regularise the position. Such process may require an application by LNG to the Federal Court of Australia, for an order seeking relief from the potential contraventions.

LNG and its legal advisers are satisfied that:

- there has been no contravention of the Corporations Act by LNG; and
- the current Employee Share Option Plan is fully compliant with Class Order 03/184.

LNG is further satisfied that:

- LNG has at all times complied with its continuous disclosure obligation;
- at the time of each of the issues of shares concerned there was no information withheld from the market pursuant to the provisions of ASX Listing Rule 3.1A;
- no affected person was aware of the potential contravention at the time they exercised the options or subsequently sold the subject shares; and
- each person who has exercised options and not yet sold their shares has been advised not to sell those shares until further notice.

LNG has instructed its legal advisers to liaise with ASIC so as to ensure that appropriate steps are taken to regularise the position. LNG does not believe any action will be required by the affected persons and appropriate remedial action costs will be borne by LNG.

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