



ASX/MEDIA RELEASE
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GLADSTONE LNG PROJECT UPDATE
ARROW HOA HAS EXPIRED

The Board of Liquefied Natural Gas Limited (ASX: LNG, *Company*) wishes to advise that the Heads of Agreement (*HOA*) with Arrow Energy Limited (*Arrow*) expired on 30 June 2010. The HOA related to the potential sale, to Arrow, of the Company's Gladstone LNG Project.

Subsequent to the Shell and PetroChina announced takeover bid for Arrow, there has been no progress under the HOA with Arrow and as a result the Company considered there was no value to shareholders in pursuing an extension in the HOA term. Importantly, the expiry of the HOA removes an element of uncertainty for other potential gas suppliers.

As reported to shareholders in the Company's Quarterly Report March 2010, released on 19 April 2010, the Company has been actively evaluating gas supply alternatives for the Gladstone LNG Project (**Gas Supply Plan**) and continues to be open to exploring all options.

Mr Brand, the Company's Managing Director, said that "Considerable work has been undertaken in relation to the Gas Supply Plan and assessing all viable gas supply alternatives for the Gladstone LNG Project. The Company is pleased with the progress being made on gas supply options.

"In tandem, the Company is reviewing strategic partner opportunities with the objective of proceeding to strategic partner selection once the Gas Supply Plan is finalised", Mr Brand added.

The Company remains strongly of the view that the Gladstone LNG Project site at Fisherman's Landing, the mid scale nature of the LNG plant, all the approvals and licenses already obtained and the site work undertaken, renders the Gladstone LNG Project well placed to be successfully developed and commercialised, in a much shorter time frame than other, much larger, LNG projects.

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