



ASX/MEDIA RELEASE

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Letter of Claim Issued to Mitsubishi Corporation

PT LNG Energi Utama (**PTLNG**), an Indonesian incorporated subsidiary of Liquefied Natural Gas Limited (**LNG Ltd** – ASX code: “LNG”), has, through its legal counsel in Indonesia, issued a letter dated 5 April 2011 to Mitsubishi Corporation (**Mitsubishi**) requesting compensation of US\$70.9 million, in relation to the Donggi-Senoro LNG Project, in Central Sulawesi, Indonesia.

The Indonesian Commission for the Supervision of Business Competition (**KPPU**) on 5 January 2011 handed down its decision that PT. Pertamina (Persero) (**Pertamina**), Medco Energi Internasional Tbk (**Medco**), Medco E&P Tomori Sulawesi and Mitsubishi violated Articles 22 and 23 of Law No. 5, concerning “The Ban on Monopolistic and Unfair Business Competition”. The violations relate to the proposed Donggi-Senoro LNG Project. Pertamina, Medco and Mitsubishi have submitted appeals, against KPPU’s decision, to the Jakarta District Courts.

By way of brief background, LNG International Pty Ltd (**LNGI**, owned 100% by LNG Ltd) signed an agreement with Pertamina and Medco in early 2005 to progress the development of an LNG project in Central Sulawesi, based on gas feedstock from Pertamina and Medco (now referred to as the **Donggi-Senoro LNG Project**). As required in the agreement, LNGI, and its Indonesian partner, subsequently incorporated an Indonesian foreign investment company (PTLNG), to own and develop the LNG project. In 2006, Mitsubishi undertook detailed due diligence of PTLNG’s proposed LNG project on the basis of Mitsubishi potentially becoming a partner in, and buyer of LNG from, PTLNG’s LNG project. Such due diligence, under a confidentiality agreement, included access to all project technical, financial, modeling, planning and development information.

Despite PTLNG having significantly advanced the project and incurred considerable costs, Pertamina and Medco decided, in late 2006, to seek tenders to develop the Donggi-Senoro LNG Project. Furthermore, despite Mitsubishi’s due diligence of PTLNG, Pertamina and Medco allowed Mitsubishi to submit a tender. Pertamina and Medco subsequently awarded the Donggi-Senoro LNG Project to Mitsubishi and notwithstanding PTLNG’s protestations have not retracted this decision.

PTLNG protested its concerns to the Government of Indonesia and after a lengthy and comprehensive investigation KPPU determined that the tender process was in fact unfair and, in such determination, cites LNGI and PTLNG as affected parties.

While, in relation to the KPPU investigation, PTLNG and LNGI assessed their total losses and damages, including lost profits from the Donggi-Senoro LNG Project, at US\$709 million, PTLNG and LNGI have requested reduced compensation of US\$70.9 million from Mitsubishi on the basis of an expedited settlement and to allow development of the Donggi-Senoro LNG Project to proceed for the benefit of Indonesia. In doing so, PTLNG and LNGI reserve all their rights at law if the terms of the letter are rejected, or not complied with, by Mitsubishi.

PTLNG is yet to receive a reply from Mitsubishi, pertaining to the letter of claim and is consulting with its legal counsel to further assess the potential remedies for PTLNG in relation to the losses it has suffered.

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