



ASX/MEDIA RELEASE

4 May 2011

Share Placement Agreement & Process Deed Signed with HQCEC

The Directors of Liquefied Natural Gas Limited (ASX: LNG, *LNG LTD*) are pleased to announce that a definitive share Placement Agreement (*Placement Agreement*) and Process Deed (*Process Deed*) have been executed with China Huanqiu Contracting & Engineering Corporation (*HQCEC*). HQCEC is a wholly owned subsidiary of China National Petroleum Corporation (*CNPC*), which is China's largest producer and supplier of crude oil and natural gas.

The Placement Agreement and Process Deed are consistent with the terms of the previously announced Term Sheet, dated 27 January 2011, between HQCEC and LNG LTD.

The Placement Agreement includes the following key provisions:

- HQCEC to subscribe for 53,250,000 shares (~19.9%) in LNG LTD (*Placement*) at a price which is the lesser of:
 - A\$0.48 cents (~A\$25.6 million), or
 - 80% of the volume weighted average market price (as such term is defined in the ASX Listing Rules) of ordinary shares in LNG LTD on the ASX, calculated over the five days in which sales of ordinary shares in LNG LTD are recorded on the ASX prior to the Placement date.
- Application of the Placement proceeds for the development of LNG LTD's wholly owned 3 million tonne per annum Fisherman's Landing LNG Project, at Fisherman's Landing, Port of Gladstone, Queensland, Australia.
- Subject to the provision of a waiver by the ASX, under Listing Rule 6.18, HQCEC will have the right to subscribe for additional shares in LNG LTD from time to time, at market share prices, to preserve its % shareholding in LNG LTD if any existing securities which are convertible into LNG LTD shares are converted within 5 years of the Placement date.
- Appointment of HQCEC, or an affiliate of HQCEC or CNPC, as the sole Engineering, Procurement, Construction and Commissioning (*EPC*) contractor for the Fisherman's Landing LNG Project, conditional on HQCEC providing a competitive EPC proposal based on LNG LTD's wholly owned *OSMR*[®] LNG process technology.
- Subject to agreement of final terms, HQCEC, CNPC and their affiliates will have the right to use LNG LTD's *OSMR*[®] LNG process technology worldwide on preferential terms.
- Consideration by CNPC, or an affiliate of CNPC, as to their potential involvement in the Fisherman's Landing LNG Project, including the purchase of all or part of the proposed initial 3 million tonne per annum LNG production capacity of the project's first two LNG trains on preferential terms and provision, or arranging, of debt financing for the development of the project.
- LNG LTD's ongoing pursuit of gas supply for the Fisherman's Landing LNG Project's first two LNG trains.

The Process Deed includes the following key provisions:

- Subject to shareholder approval, the appointment of Madam Wang Xinge as an Executive Director to the Board of LNG LTD and Co Chief Executive Officer of LNG LTD, to work with the existing Managing Director/Chief Executive Officer, Maurice Brand. Madam Wang is currently a Senior Vice President of HQCEC, responsible for the international global operations of HQCEC. Further background information on Madam Wang is provided in Annexure A.
- Subject to shareholder approval, the appointment of Mr Zhang Gaowu as a Non-Executive Director to the Board of LNG LTD. Mr Zhang is the Deputy Director of Finance & Asset Management Division of HQCEC. Further background information on Mr Zhang is also provided in Annexure A.
- Requirement for LNG LTD to consult with HQCEC and, in prescribed cases, obtain HQCEC's prior consent to material transactions proposed by LNG LTD.

Completion of the Placement is conditional on certain matters including:

- HQCEC obtaining final approval from CNPC;
- HQCEC receiving approval from the Ministry of Commerce and the National Development and Reform Commission of the People's Republic of China;
- LNG LTD obtaining the approval of its shareholders, at a General Meeting of shareholders scheduled for 7 June 2011; and
- LNG LTD's satisfaction of several conditions in relation to its Fisherman's Landing LNG Project.

HQCEC has obtained Australian Foreign Investment Review Board approval for the Placement and, as previously announced, LNG LTD has obtained a Petroleum Facility Licence for its Fisherman's Landing LNG Project, both of which were conditions precedent to the Placement in the Term Sheet between HQCEC and LNG LTD.

The Placement remains on schedule for completion in the second quarter of 2011.

LNG LTD's Chairman, Richard Beresford said "the LNG LTD Board looks forward to welcoming Madam Wang and Mr Zhang to the Board on completion of the Placement and working with them and HQCEC to deliver on LNG LTD's business objectives".

Refer to Annexure B to this ASX/Media release for further information on HQCEC and CNPC.

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APPOINTMENTS TO THE BOARD OF LNG LTD

Madam Wang Xinge: Senior Vice President HQCEC

Madam Wang holds a BSc in Mechanical Engineering from Beijing Chemical Engineering University and an Executive MBA from the University of Texas at Arlington, USA.

Madam Wang joined HQCEC in 1987 as a Mechanical Engineer. She became Project Manager, Management Department between 1994-1998; Director International Business Department between 1998 – 2002; appointed Vice President in 2002 and in January 2006 was promoted to Senior Vice President.

Her responsibilities in this role include domestic and overseas business development within South East Asia, the Middle East, North America and Central and Latin America countries; she has additional responsibility for subsidiary companies and branch offices in Canada, Costa Rica, Venezuela, UAE, Saudi Arabia, Egypt, Singapore, Vietnam and Sri Lanka.

Madam Wang has over 24 years working experience in Petrochemical, Oil and Gas engineering and construction; including 13 years experience in overseas business management with 6 years Enterprise management.

Mr Zhang Gaowu: Deputy Director of Finance and Assets HQCEC

Mr Zhang has an MBA from Beijing Jiaotong University.

Mr Zhang joined HQCEC in 2010 as Deputy Director of Finance and Assets division. His responsibilities include the financial management of the overseas business interests of HQCECS; responsibility of the group's Asset Management and its Mergers and Acquisitions.

His previous experience includes Financial Controller of HQSM Engineering, Singapore; Finance Supervisor of Beijing Ershang Group; Auditor of Shaanxi Kodo; and Finance Manager of Shaanxi Yongli construction Co.

Mr Zhang has over 15 years working experience in finance and accounting in China and overseas, and has a complete practical familiarity with both the CAS (Chinese Accounting Standards) and the IFRS (International Financial Report Standards).

ABOUT HQCEC:

HQCEC, headquartered in Beijing and wholly owned by CNPC, is an intelligence and technology intensive/oriented state-owned enterprise and is engaged in such diversified businesses as consultation, research and development, engineering, procurement, construction management, equipment manufacture and commissioning guidance.

HQCEC has, for over 50 years, fulfilled the tasks of consultation, engineering, construction and EPC contracting for over 2,000 cross-industry large and medium scale domestic and foreign projects. HQCEC has extensive experience in contracting on an EPC basis including 14 categories of plants, including ethylene, polypropylene, LNG and chemical fertilizer plants, all of international scale. HQCEC's business covers 30 provinces, cities and autonomous regions across China and nearly 20 countries and regions in Southeast Asia, Western Europe, America and the Middle East. HQCEC was the first Chinese company to independently enter into high-end refinery markets such as Saudi Arabia, Singapore, Canada and Italy.

HQCEC executed and delivered the Guangdong LNG import terminal, China's first LNG receiving terminal, and has an active project portfolio, including:

- EPC contractor for the Jiangsu LNG receiving terminal near Shanghai;
- EPC contractor for the Dalian LNG receiving terminal, being the first LNG terminal in northern China and featuring the use of HQCEC's proprietary technology; and
- EPC contractor for the 500,000 tonne per annum Ansai LNG Project in the Shaanxi Province China, featuring HQCEC's proprietary liquefaction technology, which is scheduled for commissioning in the fourth quarter 2011.

HQCEC currently has more than 9,500 staff, including 165 professor-title senior engineers and 1,103 senior engineers. Having strong R&D capabilities, HQCEC tackles key technical problems for many large chemical plants and have been awarded 42 state patents, with application for 22 more accepted, 2 national construction methods and 13 provincial/ministerial construction methods. HQCEC now has 41 competitive know-hows, more than 10 innovative process technologies that were independently developed or are being developed and 34 independently developed computer software program. HQCEC has won 423 international, national, provincial and ministerial invention awards, technological progress awards and excellent engineering design awards, and taken the lead or participated in drafting 18 national standards, 34 industrial standards and 8 association standards.

By virtue of its advanced technology, numerous project achievements and proven credibility, HQCEC was rated as one of the "Ten Best Project Contractors" in a national survey by the design industry, on the 60th National Day, and is one of the first companies to win the title of "AAA Credit Enterprise" and Beijing's "High-Tech Enterprise".

ABOUT CNPC:

China National Petroleum Corporation (*CNPC*) is an integrated international energy company.

CNPC is China's largest oil and gas producer and supplier, as well as one of the world's major oilfield service providers and a globally reputed contractor in engineering construction, with businesses covering petroleum exploration & production, natural gas & pipelines, refining & marketing, oilfield services, engineering construction, petroleum equipment manufacturing and new energy development, as well as capital management, finance and insurance services.

Based in China, CNPC has oil and gas assets and interests in 30 countries in Africa, Central Asia-Russia, South America, the Middle East and the Asia-Pacific.

CNPC was ranked 10th, in terms of revenue, amongst the 2010 Fortune Global 500 companies.