

Update on Gulf LNG Project

Road Town, Tortola, 28 September 2011. FLEX LNG (Oslo Axess: FLNG) would like to provide comments in relation to an article published in the Norwegian business newspaper "Finansavisen" today containing misleading information that portrays the Gulf LNG project in a manner that neither FLEX LNG nor InterOil Corporation ("InterOil") recognise.

FLEX LNG has invested close to 500 million USD in equity in the construction contracts with SHI and a substantial amount of this equity will be allocated to the Gulf LNG project. The equity already paid in by FLEX LNG to Samsung Heavy Industries will cover all payments to Samsung Heavy Industries until delivery of the FLNG unit, when one final instalment will be due. Between Final Investment Decision ("FID") and first LNG production from the Gulf LNG project, FLEX LNG's funding requirement is limited to general working capital and project management cost in the period.

FLEX LNG is proud to be part of the Gulf LNG project – a project that is expected to bring huge value to the Nation of Papua New Guinea and the Gulf Province from 2014 when first LNG production is expected. This can only be made possible by leveraging off work that has already been carried out by FLEX LNG in cooperation with Samsung Heavy Industries and WorleyParsons.

Samsung Heavy Industries is the world's leading shipyard, with an extensive experience in building complex offshore facilities and WorleyParson is a world leading EPC contractor.

Comments have been made in the press that the PNG government has shelved the Gulf LNG project. This is not correct and we have received confirmation from InterOil that they remain focused on developing a world class LNG project compliant with the Project Agreement signed in 2009 and that FLEX LNG continues to be an integral part of these plans. In order to strengthen the Gulf LNG project a world-class operator will be brought into the project. InterOil and FLEX LNG are jointly working to attract such an operator to the project.

Commenting on the current situation, Chief Executive Officer of FLEX LNG Management Ltd, Philip Fjeld stated:

"FLEX LNG and its partners continue to work hard to achieve FID for the Gulf LNG project within 2011. FID for a large LNG project requires complete dedication by all parties involved and we are confident that all stakeholders involved in the Gulf LNG project are committed towards a timeline that would see LNG produced in 2014".

Commenting on the current situation, the Chairman of InterOil, Phil Mulacek stated:

"LNG development in the Gulf Province has significant support in Papua New Guinea, as well as by the Gulf Ministers and local landowners where we have our vast gas and condensate development, as stated by the Minister of Petroleum late last night, and re-confirmed by the Prime Minister today in our meetings. A clarification which we agreed to today with the Prime Minister, is that the Petroleum Minister would like a proven LNG operator to join the project to strengthen LNG operations. InterOil has committed to ensure this occurs and will be working with all parties for a solid and successful outcome."

About FLEX LNG Ltd.

FLEX LNG was incorporated in 2006 and is listed in Norway under the ticker code FLNG. The Company was incorporated with the objective of commercialising some of the world's first floating liquefaction units (LNG Producers). The Company holds contracts with Samsung Heavy Industries for the LNG Producer Hull and for the Engineering, Procurement, Construction, Integration and Commissioning of the liquefaction unit. In April 2011 the Company executed agreements with InterOil, Pacific LNG, LNGl and Samsung Heavy Industries for a FLNG project that would liquefy natural gas from the onshore Elk and Antelope gas fields in the Gulf Province in PNG. The parties are working to complete FEED and reach a final investment decision before the end of 2011. Commencement of operations is targeted for 2014. The Company is also working on a number of other promising projects.



Illustration Courtesy of Samsung Heavy Industries

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