

FLEX LNG LTD (FLEX LNG) Executes Agreements With InterOil Corporation (InterOil), Pacific LNG Operations (Pacific LNG), Liquid Niugini Gas (LNGL) and Samsung Heavy Industries for a Floating Liquefaction (FLNG) Project in Papua New Guinea (PNG) With Targeted Start of LNG Production in 2014.

Road Town, Tortola, 11 April 2011. FLEX LNG (Oslo Axess: FLNG) is pleased to announce that agreements have been executed with InterOil, Pacific LNG, LNGL and Samsung Heavy Industries for an FLNG project that would liquefy natural gas from the onshore Elk and Antelope gas fields in the Gulf Province in PNG. Commencement of operations is targeted for 2014.

FLEX LNG has already completed the generic Front-End Engineering and Design (FEED) in 2009 and the project specific FEED is targeted to start in May 2011, with the parties to work towards reaching a final investment decision (FID) before the end of 2011. The agreements are a result of a strong collaboration over the past 12 months between FLEX LNG, Samsung Heavy Industries, InterOil, Pacific LNG and LNGL to work together to develop what is likely to become the first ever floating facility to produce LNG.

Samsung Heavy Industries has agreed to restructure the commercial relationship between the two parties whereby, upon achieving FID, the intention is to transfer substantially all previous instalments paid to Samsung Heavy Industries under the existing four shipbuilding contracts to the single FLNG unit that is destined for the PNG project. FLEX LNG would retain its right to construct additional FLNG units at SHI.

FLEX LNG and Samsung Heavy Industries will be responsible for the design, engineering, construction and commissioning of the FLNG vessel. FLEX LNG will also be joint operator of the FLNG unit together with LNGL, which is a joint venture between InterOil and Pacific LNG. Construction of the FLNG unit will be fully financed until delivery. 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. FLEX LNG will not require any additional working capital from its shareholders prior to reaching FID. FLEX LNG's funding requirement between FID and delivery of the FLNG vessel is limited to general working capital and project management cost in the period.

The FLNG vessel is expected to be moored alongside a jetty, which will be shared with LNGL's land-based LNG facilities, and have a nominal production capacity of close to 2 million tons of LNG per annum and to process an estimated 2.25 trillion cubic feet of gas over a firm 25-year period. FLEX LNG will receive, less agreed deductions and premiums, 14.5% of the revenue from the sale of LNG from the FLNG vessel for an initial 15-year period. For the next 5 years FLEX LNG will receive 12.5% of the revenue and 10% of the revenue for the last 5-year period. During the life of the contract, LNGL will become a part owner of the FLNG vessel.

As a part of the arrangements InterOil and Pacific LNG will receive options, exercisable no later than 15 days after FLEX LNG shareholder approval of this equity transaction, to acquire 11,315,080 common shares in FLEX LNG at an average strike price of 4.5909 NOK. This is approximately a 12% premium to the average share price during October 2010 when an initial non-binding agreement was executed between FLEX LNG, InterOil and Pacific LNG.

As compensation for providing a conditional security package, which is to be provided by InterOil and Pacific LNG to ensure payment of the final Samsung Heavy Industries instalment once construction of the FLNG unit has been completed, FLEX LNG has agreed to grant further equity to InterOil and Pacific LNG. Upon the project achieving FID, InterOil and Pacific LNG will receive shares at par value equivalent to 5% of FLEX LNG. An additional amount of shares equalling up to 15% ownership in FLEX LNG may be issued to InterOil and Pacific LNG at par value in three 5% tranches during the period from FID until 9 months after FID.

The agreements signed with InterOil, Pacific LNG, LNGL and Samsung Heavy Industries are all conditional upon FLEX LNG's shareholders approving the proposed equity transaction with InterOil and Pacific LNG. Such approval is targeted no later than the end of April 2011.

Commenting on the agreements reached with InterOil, Pacific LNG, LNGL and Samsung Heavy Industries, Chief Executive Officer of FLEX LNG Management Ltd, Philip Fjeld stated:

"FLEX LNG has today on the backbone of extensive work with Samsung Heavy Industries, InterOil and Pacific LNG, taken a momentous step towards successfully materialising the vision of the company and to establishing a strong foundation for the world's first FLNG unit to commence operations in 2014. Through this project FLNG will move from concept to reality, which is a major step forward for FLEX LNG and the FLNG industry as a whole.

The LNG landscape is rapidly changing and the agreements signed for the FLNG project in PNG are a prime example of FLEX LNG's capability to structure innovative, value-added customer solutions in close partnership with Samsung Heavy Industries.

We are looking forward to start FEED on the PNG project shortly and to work with our partners to put final documentation in place to achieve FID within 2011"

Commenting on the agreements, the Chairman of InterOil, Phil Mulacek stated:

"InterOil is proud to be partners with FLEX LNG, Samsung Heavy Industries and Pacific LNG in this historic event to accelerate and monetise our vast natural gas assets in PNG, and using an FLNG vessel to deliver these results. The economic terms will reward all stakeholders in developing the fixed floating LNG producer on the backbone of our land based infrastructure. The scale up in overall LNG capacity will drive greater economy of scale to all our partners."

Commenting on the agreements, President of Pacific LNG and LNGL, Henry Aldorf stated:

“Following our land based mid-sized modular LNG approach we are again using innovative solutions, to reduce construction cost and time in the LNG industry, with the fixed floating LNG producer developed by FLEX LNG and Samsung Heavy Industries.

As we did for the land based project, we are aligning the returns of the solution provider with future returns of the project. The FLNG vessel will allow us to further accelerate the monetisation of our large Elk and Antelope resources and bring value to the State of Papua New Guinea and all other stakeholders.

We are happy to be forging a relationship with FLEX LNG and Samsung Heavy Industries and are looking forward to bring this exciting project to FID within 2011. The project will also provide an additional supply source of secure and stable environmentally friendly LNG to the needy markets in Asia”

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) and has signed four ship building contracts with Samsung Heavy Industries for LNG Producer hulls utilising the SPB LNG containment system. In addition FLEX LNG on 17 September 2008 signed a contract with SHI for the Engineering, Procurement, Construction, Integration and Commissioning of the world’s first floating liquefaction unit. This provides the LNG industry with a unique possibility of accessing currently uncommitted gas reserves for LNG production from 2014 onwards.

By using the proven nitrogen expander liquefaction cycle, the most robust and flexible liquefaction technology in use in the LNG industry, the LNG Producer is to source gas from numerous potential offshore or onshore locations worldwide where natural gas today is either left stranded or is being flared.

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