

FLEX LNG Notice of Share Option Exercise

Road Town, Tortola, 16 May 2011. FLEX LNG (Oslo Axess: FLNG) The Board of Directors hereby gives notice that InterOil Corporation (NYSE: IOC) (InterOil) and Pacific LNG Operations (Pacific LNG), have exercised the option to subscribe for 11,315,080 shares in FLEX LNG on 16 May 2011 at an average strike price of NOK 4.591. The split of shares will be 8,938,913 to InterOil (a 7.18% holding in FLEX once issued) and 2,376,167 to Pacific LNG (a 1.91% holding in FLEX once issued). The Company will issue the shares as soon as the necessary approvals have been completed and consideration has been received from InterOil and Pacific LNG. The number of FLEX LNG shares before this issue is 113,162,122.

Additionally 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 Final Investment Decision (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 first 5% issuance is conditional on the project achieving FID and the next three tranches on the utilisation of the conditional security package.

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.



Illustration Courtesy of Samsung Heavy Industries

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