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Cheniere and Klaipedos Nafta Sign Agreement to Address Natural Gas Needs and Assess LNG Options for the Lithuanian Company

HOUSTON, May 11, 2011 /PRNewswire/ -- Klaipedos Nafta (Vilnius: KNF1L) and Cheniere Energy, Inc. ("Cheniere") (NYSE Amex: LNG) announced today that they have signed a Memorandum of Understanding ("MOU") to address Klaipedos Nafta's future natural gas needs and assess LNG purchase and supply options. This agreement has been signed at the Embassy of the Republic of Lithuania in the United States of America.

"Today we signed an MOU with Cheniere to initiate discussions on natural gas supply options and the optimal structure under which Cheniere would be the future LNG supplier for our Klaipeda LNG receiving terminal project being designed with an initial LNG import capacity between 1.5 to 2.2 million tonnes per annum ("mtpa"), with expansion capabilities. Due to intensive shale gas developments, the U.S. has the potential to become a meaningful exporter of natural gas, which would not only benefit our project but our country as well, by providing a more diversified source of supply in Lithuania and boosting energy security," said Rokas Masiulis, General Manager of Klaipedos Nafta.

"We look forward to working with Klaipedos Nafta on developing solutions for their natural gas needs in Lithuania. The U.S. is becoming recognized as a key potential source of natural gas for global markets as evidenced by the widespread interest we have received around our liquefaction project at Sabine Pass LNG. With the abundance of estimated natural gas reserves and the expectation that gas prices will remain competitive for years to come, the U.S. is positioned to become an attractive, low cost alternative supplier of natural gas for international buyers," said Charif Souki, Chairman, President and CEO of Cheniere Energy, Inc. "We are confident that the U.S. administration and government support free trade and recognize the important role that the U.S. can play in the global energy markets. Exporting LNG to Lithuania will allow one of our allies to diversify its natural gas supply, increase its energy security and strengthen its economy. Cheniere is happy to fill this important role in the global energy markets."

Klaipedos Nafta is in the process of building the first LNG import terminal on the Eastern Baltic coast, for use in Lithuania and potentially for export to its Baltic region neighbors.

Lithuania intends to become one of the first European countries to implement the European Union's Third Package of energy market reforms, which would result in the creation of a free and open energy market similar to what now exists in the U.S. The development of the Klaipeda LNG terminal is a critical component in the plan to open the energy markets in the Baltic region.

Subject to the terms and conditions of the MOU, Cheniere and Klaipedos Nafta have agreed to proceed with negotiations to discuss various LNG supply structures, which if successful, would lead to negotiations of a long term LNG purchase and supply agreement or similar type agreement.

Cheniere is a Houston-based energy company primarily engaged in LNG related businesses, and owns and operates the Sabine Pass LNG terminal and Creole Trail pipeline in Louisiana. Cheniere is pursuing related business opportunities both upstream and downstream of the Sabine Pass LNG terminal. Through its subsidiary, Cheniere Energy Partners, Cheniere has initiated a project to add liquefaction services that would transform the Sabine Pass LNG terminal into a bi-directional facility capable of liquefying natural gas and exporting LNG in addition to importing and regasifying foreign-sourced LNG. As currently contemplated, the liquefaction project would be designed and permitted for up to four LNG trains, each with a nominal production capacity of approximately 4.0 mtpa. Additional information about Cheniere may be found on its website at www.cheniere.com.

Klaipedos Nafta is a Lithuanian company that owns and operates one of the most modern crude oil and crude oil products terminals in Europe. It operates in the ice-free port of Klaipeda, a major Lithuanian transport junction connecting sea routes, motorways and railways between the East and West. Klaipedos Nafta is currently in the process of building the first LNG import terminal on the Eastern Baltic Sea shore with an initial LNG import capacity between 1.5 to 2.2 mtpa. Additional information about Klaipedos Nafta may be found on its website at www.oil.lt.

This press release contains certain statements that may include "forward-looking statements" within the meanings of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included herein are "forward-looking statements." Included among "forward-looking statements" are, among other things, (i) statements regarding Cheniere's business strategy, plans and objectives and (ii) statements expressing beliefs and expectations regarding the development of Cheniere's LNG terminal and pipeline businesses, including liquefaction services. Although Cheniere believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Cheniere's actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed in Cheniere's periodic reports that are filed with and available from the Securities and Exchange Commission. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Other than as required under the securities laws, Cheniere does not assume a duty to update these forward-looking statements.

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