



ASX/MEDIA RELEASE

14 MARCH 2014

MAGNOLIA LNG PROJECT UPDATE

The Directors of Liquefied Natural Gas Limited (**Company**) wish to provide a general update on the development progress of its wholly owned 8 million tonnes per annum (**mtpa**) Magnolia LNG Project (**MLNG Project**), in Lake Charles, Louisiana, United States of America (**US**). The MLNG Project is held through the Company's indirect 100% owned US subsidiary, Magnolia LNG, LLC (**MLNG**) and is being designed to comprise four LNG trains, each of 2 mtpa nominal (1.7 mtpa firm) LNG production capacity.

Attached is a copy of the February 2014 Monthly Progress Report, submitted to the US Federal Energy Regulatory Commission (**FERC**), as required under the FERC regulations.

MLNG remains on schedule to submit its application to FERC for the granting by FERC of full filing status in late April 2014.

Since the last report and up to this date, the following three significant milestones have been completed:

- MLNG executed a non-binding Tolling Agreement Term Sheet (**Agreement**), with AES Latin American Development, Ltd (**AES**) which is a wholly owned subsidiary of The AES Corporation Group (NYSE: AES). The Agreement is for LNG production capacity rights of between 800,000 tonnes per annum (**tpa**) and 1 million tpa from MLNG's proposed MLNG Project. AES is a Fortune 200 global power company with extensive investment in power generation throughout the Caribbean and Latin America (www.aes.com), including countries such as the Dominican Republic, Chile, El Salvador, and Colombia, all of which have Free Trade Agreements with the United States of America.
- The United States Department of Energy (**DOE**), has granted authorisation for MLNG to export an additional 4 mtpa of LNG, from the MLNG Project. This follows the DOE's initial approval granted on 26 February 2013 to export up to 4 mtpa of LNG to Free Trade Agreement (**FTA**) countries with the United States. The DOE authorisation is valid for first LNG sales to commence within 10 years and then for a period of 25 years from first LNG sales. LNG sales are permitted to all existing, and any future, countries that have, or enter into, a Free Trade Agreement with the Government of the United States.
- MLNG executed a legally binding pipeline capacity agreement, known in the United States as a Precedent Agreement (**PA**), with Kinder Morgan Louisiana Pipeline LLC (**KMLP**). The PA secured sufficient firm gas transportation service rights for the full 8 mtpa capacity of the MLNG Project, subject to the fulfilment of various preliminary conditions. KMLP's Open Season process closed on 7 March 2014. On the 12 March 2014, KMLP issued a formal notification to MLNG of the award of capacity to MLNG.

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March 11, 2014

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Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: Magnolia LNG, LLC
PF13-9-000
Monthly Status Report, February 1 - February 28, 2014

Dear Secretary Bose:

On March 20, 2013, the Commission issued an Approval of the Pre-Filing Process Request for Magnolia LNG, LLC's ("Magnolia") proposed Magnolia LNG Project ("Project") and the associated National Environmental Policy Act ("NEPA") review process, as filed under the above-referenced docket.

Pursuant to Section 157.21(f)(6) of the Commission's regulations, Magnolia hereby submits the monthly status report for the period of **February 1 through February 28, 2014**.

If you have any questions regarding this filing, please contact me at (202) 778-9178 or sandra.safro@klgates.com.

Best regards,

/s/ Sandra E. Safro

Sandra E. Safro
Counsel for Magnolia LNG, LLC



Introduction

By letter order dated March 20, 2013, Magnolia LNG, LLC (“Magnolia LNG”) was granted approval by the Director of the Office of Energy Projects of the Federal Energy Regulatory Commission (“FERC” or “Commission”) to utilize the Commission’s Pre-Filing review process for the proposed Magnolia LNG Project (“Project”). The Commission’s Pre-Filing review of the Project has been assigned Docket No. PF 13-09-000.

The proposed Magnolia LNG Project includes an 8 million tonne per annum (“mtpa”) liquefied natural gas (“LNG”) facility in the Port of Lake Charles, Louisiana, that will receive natural gas sourced from North America via an existing pipeline and liquefy, store, and deliver it as needed to LNG carriers for export overseas; LNG carriers and barges for domestic marine distribution and the possibility of LNG bunkering; and LNG trucks for road distribution to LNG refueling stations in Louisiana and the surrounding states. The Project will include four 2-mtpa LNG trains.

This Monthly Progress Report, which covers the period from February 1, 2014 through February 28, 2014, provides a brief summary of significant Project activities or changes in Project information that have occurred during the reporting period.

Filings with the Commission

No filings were made with the Commission during this period.

Agency Contacts

The following agency contacts were held during the reporting period:

- A representative of Magnolia LNG participated in meetings scheduled by the Port of Lake Charles between February 4 – 6, 2014, with Mr. Mark Mazzanti, Chief of Programs, U.S. Army Corps of Engineers (“USACE”), in Washington, D.C. with the purpose of requesting the USACE to allocate additional funding from the USACE’s FY14 discretionary O&M funds to the Calcasieu Channel dredging program. In addition to the meeting with the USACE, meetings were also scheduled with Representatives Boustany (R-LA) and Scalise (R-LA), Senators Landrieu (D-LA) and Vitter (R-LA), House and Senate Budget Committee Staff, Senate Appropriations Committee Staff, Department of Commerce, and MARAD. Rep. Cassidy (R-LA) also attended the meeting with USACE.



The MLNG representative provided an overview of the Project and the impact that the channel dredging program would have on the Project.

- Magnolia LNG representatives met with the U.S. Coast Guard on February 13, 2014, to review comments received on draft Follow-On Waterway Suitability Assessment.
- A monthly conference call/meeting was held with FERC staff and consultants on February 25, 2014, to review current status of the Project.
- A meeting was held with senior FERC staff on February 25, 2014, to discuss process and timing for the Magnolia LNG and Kinder Morgan Louisiana Pipeline (“KMLP”) applications.

Engineering

The following engineering work was performed during the reporting period:

- Continuation of the vapor dispersion modeling based on the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration’s approved guidelines for recent projects pending official response related to the proposed vapor dispersion protocols for the Project.
- Completed various ‘Proof-of-Concept’ marine simulations at the MSI facility in Newport, RI.

Environmental

The following environmental work was performed during the reporting period:

- Continued the preparation of responses to FERC’s Comments on Draft Resource Reports 1 through 8 and 10, dated January 16, 2014.
- Continued the development of draft air model, including the development of a new Marine emissions protocol.
- Continued the development of an ‘IT Questionnaire’ that will accompany Magnolia LNG’s draft air permit application to the Louisiana Department of Environmental Quality.

Scope Update

There are currently no changes to the Project scope.



Stakeholder Activities

The following Stakeholder meetings have been held during the reporting period:

- Met with Cameron Parish Police Jury members on February 13, 2014, to provide overview of Project.

Schedule Update

No changes were made in the Project schedule during the reporting period.