



ASX/MEDIA RELEASE

1 July 2014

KINDER MORGAN FILES FERC APPLICATION TO TRANSPORT GAS TO MAGNOLIA LNG PROJECT

Highlights

- **KMLP lodges application with the Federal Energy Regulatory Commission (FERC)**
- **Application is for the installation of compression and related facilities on the KMLP Pipeline, allowing gas to be transported to the Magnolia LNG Project**
- **Another step towards LNG Limited achieving Financial Close mid 2015**

Liquefied Natural Gas Limited (**ASX: LNG; OTC ADR: LNgLY**) (**LNGL** or **the Company**) advises that Kinder Morgan Louisiana Pipeline, LLC (**KMLP**), a wholly owned subsidiary of Kinder Morgan, Inc. (**NYSE: KMI**) has filed an application with the US Federal Energy Regulatory Commission (**FERC**) seeking the Commission's authorisation to install compression and other related facilities on the KMLP Pipeline, allowing gas to be transported to the proposed Magnolia LNG (**MLNG**) Project, which is located along the Calcasieu River, near Lake Charles, Louisiana, United States of America. Refer to Figure 1 for the Magnolia LNG site.

The KMLP Pipeline transverses the Magnolia LNG Project's site. The expansion of the KMLP Pipeline involves the installation of new compression facilities and the interconnect facilities between the MLNG Project and the KMLP Pipeline. This expansion will enable gas supply of up to 1,400,000 Dth/day for the 8 mtpa Magnolia LNG Project site from several major interconnected interstate pipelines in the region. Refer to Figure 2.

As part of KMLP's FERC application, MLNG and KMLP executed a First Amendment Agreement to the Precedent Agreement, in which i) KMLP and MLNG have agreed to the final form of the Firm Transportation Service Agreement; and ii) KMLP has confirmed the final design and rates for the expansion facilities for the KMLP Pipeline.

KMLP's FERC approval process will run in parallel with FERC's regulatory review of the MLNG Project. FERC formally accepted the MLNG Project's filing application on 15 May 2014, as announced to the ASX.

Following KMLP's FERC filing, FERC Staff will now prepare a Draft Environmental Impact Statement (**DEIS**) to satisfy the National Environmental Policy Act. The DEIS will be open for review and comment by the public and other federal, state and local agencies. Anticipated timing for the DEIS is late 2014.

MLNG expects the Final Environmental Impact Statement (**FEIS**) to be issued approximately 4 months after the DEIS, which the Company anticipates will be in March/April 2015.

The final stage of the FERC process incorporates:

- The issuance by the Commission of a conditional order approximately 30-45 days after the FEIS authorising the project; and
- Following the satisfaction of key conditions in the conditional order, FERC staff would then issue a Notice to Proceed (**NTP**) that would authorize MLNG to commence construction on the MLNG Project. The issuance of the NTP would be a condition to MLNG achieving Financial Close.

Managing Director and CEO Comments

The Company's Managing Director, Maurice Brand, said "This is another important milestone for the MLNG Project. Following the Kinder Morgan and MLNG FERC Filings, there is a proven regulatory process and indicative timetable that helps us work towards Financial Close of the Project in mid-2015. This process incorporates FERC engaging an independent consultant to prepare an Environmental Impact Statement (**EIS**) to satisfy the National Environmental Policy Act (**NEPA**). The EIS is open for review and comment by public and permitting agencies".

"We are on target for the planned Financial Close for the Magnolia LNG Project in mid 2015", said Mr Brand.

For further information contact:

Mr Maurice Brand
Managing Director & Chief Executive Officer

Mr David Gardner
Company Secretary

Liquefied Natural Gas Limited
Ground Floor, 5 Ord Street, West Perth WA 6005
Telephone: (08) 9366 3700 **Facsimile:** (08) 9366 3799
Email: LNG@LNGLimited.com.au
Web site: www.LNGLimited.com.au

About Liquefied Natural Gas Limited

Liquefied Natural Gas Limited is an ASX listed company (Code: **LNG** and OTC ADR: **LNGLY**) whose portfolio consists of 100% ownership of the following assets:

- Magnolia LNG LLC (**Magnolia LNG**), a US-based wholly owned subsidiary of LNGL, which is developing an 8 million tonne per annum (**mtpa**) LNG export terminal, in the Port of Lake Charles, Louisiana, US;
- Gladstone LNG Pty Ltd, a wholly owned subsidiary, which is seeking gas supply in order to recommence the **Fisherman's Landing LNG (FLLNG) Project** at the Port of Gladstone in Queensland, Australia; and
- LNG Technology Pty Ltd, a wholly owned subsidiary, which owns and develops the Company's **OSMR[®] LNG liquefaction process**, a mid-scale LNG business model that plans to deliver: lower capital operating costs; faster construction; and improved efficiency, relative to larger traditional LNG projects.

About the Magnolia LNG Project

The Magnolia LNG Project is 100% owned by Magnolia LNG LLC, which is a wholly owned subsidiary of Liquefied Natural Gas Limited. The project comprises the proposed development of an 8 mtpa LNG project on a 116 acre site, in an established LNG shipping channel in the Lake Charles District, State of Louisiana, United States of America.

The development is based on the development of 4 x 2 mtpa LNG production trains using the Company's wholly owned OSMR[®] LNG process technology and the completed LNG plant front end engineering and design of the Company's Gladstone Fisherman's Landing LNG Project in Queensland, Australia.

The business model being adopted for the Magnolia LNG Project is to provide liquefaction services to LNG buyers who pay a monthly fixed capacity fee, plus all LNG plant operating and maintenance costs. In addition, each LNG Tolling Party is responsible for supplying and transporting gas to the Magnolia LNG Project at its own expense.

For further information on the Magnolia LNG project, please see their website: www.magnoliaeng.com.

About Kinder Morgan

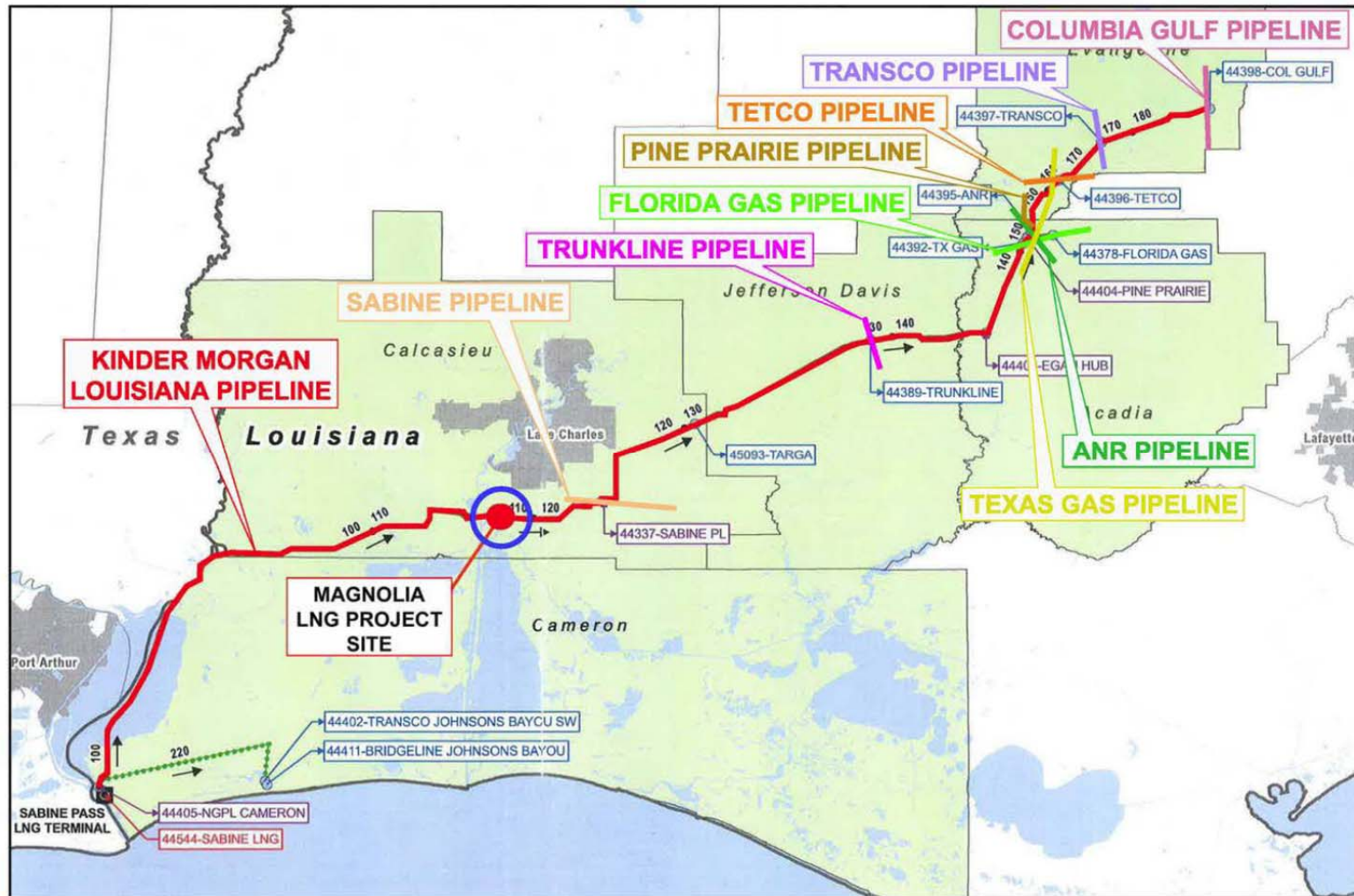
Kinder Morgan is the largest midstream and the fourth largest energy company (based on combined enterprise value) in North America. The Company has an interest in or operates approximately 80,000 miles of pipelines and 180 terminals. Their pipelines transport natural gas, refined petroleum products, crude oil, carbon dioxide (**CO₂**) and more. The Company also stores or handles a variety of products and materials at their terminals such as gasoline, jet fuel, ethanol, coal, petroleum coke and steel.

The Kinder Morgan group of companies has four publicly traded entities: Kinder Morgan, Inc. (**NYSE: KMI**), Kinder Morgan Energy Partners, L.P. (**NYSE: KMP**) (one of the largest publicly traded pipeline master limited partnerships in America), Kinder Morgan Management, LLC (**NYSE: KMR**) and El Paso Pipeline Partners (**NYSE: EPB**). Combined, the Kinder Morgan companies have an enterprise value of approximately US\$105 billion.

Figure 1 – Schematic Representation of the Proposed Magnolia LNG Project at the Port of Lake Charles, Louisiana, US



Figure 2: Map of the Kinder Morgan Louisiana Pipeline which transverses Magnolia LNG Project's site.



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