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BEAR HEAD LNG PLANS INITIAL PHASE OF 8 MTPA

Liquefied Natural Gas Limited (ASX:LNG; OTC ADR:LNGY) (**LNG** or the **Company**) wishes to announce that on 31 October 2014, its wholly owned company Bear Head LNG Corporation (**Bear Head LNG**), filed for modifications to the existing construction and environmental permits granted by the Nova Scotia Utility and Review Board and Nova Scotia Environment.

“This is a major step in adapting Bear Head LNG’s 12 existing construction and environmental permits to an export project. These key regulatory filings help maintain our accelerated pace in executing the project development plan,” says John Godbold, Bear Head LNG Chief Operating Officer and Project Director.

In addition, Bear Head LNG is announcing expansion of the initial facility production capacity to 8 million tonnes per annum (**mtpa**), doubling the 4 mtpa previously announced. “Bear Head LNG is targeting a higher rate of production capacity based on market response and gas supply projections. This change also reflects our conversations with regulatory agencies and political leaders. We have been on a fast-track from day one, with significant permitting approvals already in place and detailed level engineering and initial site construction completed,” said Mr. Godbold.

Bear Head LNG will be developed on a world-class site that was partially developed and then maintained in hot-idle status. “With the existing permitting and the construction that is already underway, we have a material head start of 6 to 12-months against competing LNG projects,” said Mr. Godbold.

Project advantages include:

- Bear Head LNG is located on the deep, ice-and dredge free waters of the Strait of Canso in Point Tupper, Richmond County, Nova Scotia, and is being developed on a 255-acre site comprising industrial-zoned land (180 acres) and deep-water acreage (75 acres).
- The prior owners of Bear Head LNG spent more than \$100 million to design, and complete engineering work and site construction of the Bear Head LNG site in the early 2000’s maintaining the facility in hot-idle status since then – all benefits that Bear Head LNG is utilizing.
- Bear Head LNG already has 12 permits in place to build an LNG facility, including an approved environmental assessment; permits to construct a gas plant facility from both the Department of Natural Resources and the Nova Scotia Utility and Review Board; and a Development

Permit from the municipal government in Richmond County. Modifications of these existing permits to apply to a LNG liquefaction facility are the subject of Friday's filing.

- The Bear Head LNG project will piggyback on design and engineering work nearing completion for the LNG export terminal under development in Louisiana by Magnolia LNG LLC, also a wholly owned subsidiary of LNGL.
- The Bear Head LNG site is about half the shipping distance to major European markets compared to U.S. Gulf ports. The location also puts Bear Head LNG closer than its North American competitors, including those in British Columbia, to burgeoning natural gas markets in India, Argentina, and other major LNG markets.

Maurice Brand, Bear Head LNG President, and LNGL Managing Director and Chief Executive Officer, said investors signaled their confidence in the project when the company raised \$38.6 million to fund the Bear Head LNG project in July, 2014. "The share placement was oversubscribed and quickly taken up by existing U.S. and Australian institutional investors."

Ian Salmon, Bear Head LNG Chief Financial Officer and Chief Commercial Officer, said the project is investigating several options for natural gas supply. "There are 15 proven and undeveloped Significant Discovery Licenses of natural gas offshore Nova Scotia, with recoverable reserves sufficient to underpin the project. In addition, we believe there is potential to access onshore natural gas from prolific North American production basins to provide feedstock to Bear Head LNG," said Mr. Salmon.

The Bear Head LNG team has held extensive meetings with business, community, and political leaders provincially and federally, and enjoys the support of officials in the host community of Richmond County, Nova Scotia and the Government of Nova Scotia. "This project is off to a solid start with the partial development at Bear Head, which means reduced risk for LNGL," said Nova Scotia Energy Minister Andrew Younger in July 2014 after meeting with Bear Head LNG team members. "LNGL also has an experienced executive team to drive the project's development, further increasing the export terminal's likelihood of success."

A final investment decision on the project is expected in late 2015 to 2016. LNGL anticipates that the Bear Head LNG export facility could be in commercial operation in late 2018 to 2019.

LNGL, based in Perth, Australia, is also developing the 8 mtpa Magnolia LNG project at Lake Charles, Louisiana, using LNGL's efficient and patented OSMR® technology. LNGL purchased 100% of the stock and assets of Bear Head LNG Corporation on 27 August 2014 from a subsidiary of Anadarko Petroleum Corporation for US\$11 million.

Figure 1: Aerial View of the Bear Head LNG Project Site, Nova Scotia, Canada



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