



March 2018

Quarterly Highlights and Appendix 4C

A Message from the Managing Director and Chief Executive Officer

Though discussions and negotiations related to offtake remain confidential, we believe the progress we made toward selling LNG capacity at Magnolia LNG during the third quarter of Liquefied Natural Gas Limited's (LNGL or the Company) fiscal year will prove to be extremely valuable toward finalizing sale agreements. After the end of a cold winter across key LNG import markets and a long-term outlook of demand significantly outpacing supply, we remain confident that the market continues to move in a direction advantageous to LNGL. We seek your continued understanding that offtake agreements are significant financial commitments for buyers, and therefore can become protracted.

Our commercial marketing team made four separate extended trips to Asia, which have significantly progressed our efforts there. We also remain engaged with potential European customers. Further, during the quarter, Magnolia LNG and Meridian LNG agreed to extend the financial close date of their legally binding offtake agreement to June 30, 2018.

The Company has seen an increased interest in Bear Head LNG on the Canadian East Coast as Western Canadian LNG projects have been cancelled or delayed. Discussions on agreements with producers and pipeline partners in support of advancing Bear Head toward an eventual final investment decision (FID) continues. Bear Head also continues to work to close remaining conditions associated with its completed suite of permits.

During the third quarter, LNGL undertook a robust process to analyse various options to extend our liquidity runway. We believe the process is close to completion and will report significant developments as they occur. In keeping with our promise to shareholders, we continue to manage our liquidity closely, consistent with our stated plans. We closed March 2018 with the Company's total cash position at A\$27.5 million, and remain debt free.

Yours sincerely,

Gregory M. Vesey, Managing Director and Chief Executive Officer

Liquefied Natural Gas Limited

ASX Code: LNG
OTC ADR: LNGLY
ABN: 19 101 676 779

CONTACT DETAILS

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BOARD OF DIRECTORS

Paul J. Cavicchi
Chairman
Gregory M Vesey
Managing Director and Chief Executive Officer
Leeanne Kay Bond
Non-Executive Director
Richard Jonathan Beresford
Non-Executive Director
D. Michael Steuert
Non-Executive Director
Philip D. Moeller
Non-Executive Director

ISSUED CAPITAL as at 29 March '18

Shares on Issue	513,701,956
Performance Rights	14,903,442
ADRs on Issue	4,871,614

SUBSTANTIAL SHAREHOLDERS as at 29 March '18

Top 20 Shareholders	50.4%
North American	44.4%
- Baupost Group, LLC	12.1%
- Valinor Management, LLC	8.2%
Australasia and Asia	21.3%
Directors & Management	<1.0%



QUARTER HIGHLIGHTS

Magnolia LNG:

- On March 29, 2018, LNGL announced that Magnolia LNG and Meridian LNG Holdings Corporation (Meridian LNG) had agreed to extend the financial close date of their legally binding offtake agreement to June 30, 2018. All other provisions of the governing agreements not specifically amended by this extension remain in full force and effect. LNGL's initial agreement with Meridian LNG was signed on July 23, 2015 and included firm capacity rights at Magnolia for up to 2 million tonnes per annum (mtpa) for an initial term of 20 years with an option to extend by a further five years.
- During the third quarter, marketing of Magnolia LNG capacity continued with serious discussions with credit-worthy customers seeking three to four times the planned project capacity. Substantially all offtake agreement negotiations are for initial 20-year terms under liquefaction tolling agreements (LTA) or sales and purchase agreements (SPA).

Bear Head LNG:

- During this quarter, Bear Head LNG continued to market capacity primarily to major Western Canada sedimentary basin producers and address gas path solution opportunities with Canadian pipeline companies.

OSMR® Process Technology:

- LNGL continued to examine technical improvements in the OSMR® technology and plant modular design to further reduce costs.
- The Company continues to engage with third-parties interested in using the OSMR® technology in their projects.

Security movements:

- The number of unlisted rights as at quarter end was 14,903,442 reflecting a reduction of 47,500 rights from the 26 February 2018 half-year report balance of 14,950,942. This amount was further reduced to 14,616,472 after quarter end due to an additional forfeiture of 286,970 rights. The forfeitures reflect the rights lost by employees who left the Company.

Financial Position:

During the three-months ended March 31, 2018, net operating cash outflow was A\$5.7 million, which compared with the net operating cash outflow of A\$5.3 million for the three-months ended December 31, 2017. LNGL's total cash balance as at March 31, 2018 was A\$27.5 million (inclusive of \$4.1 million of restricted cash), which compares to A\$33.0 million as at December 31, 2017, reflecting a net reduction in reported cash of A\$5.5 million. The change in reported cash between periods reflected net cash outflows of A\$5.7 million, and a non-cash impact of A\$0.2 million from currency translation effect relating to movements in exchange rates associated with cash held in denominations other than the Australian dollar (primarily U.S. dollars).



LNGL maintains a material portion of its existing cash and cash equivalents denominated in US dollars. The preponderance of forecasted cash outflows is denominated in US dollars, supporting maintenance of a majority of cash and cash equivalents denominated in US dollars as a foreign exchange risk mitigation strategy. Because LNGL's reporting currency is Australian dollars, the US dollar denominated cash balances are translated to Australian dollars at each balance sheet date, with the net effect reflected as unrealized gain (loss) from translation as a period end-to-period end reconciling item in reported cash balances. The Company has no debt.

The liquidity management plan in place remains on course to fund operating requirements into 2019. The Company contemplates the continuity of normal business activity in delivering its goals of reaching financial investment decisions, constructing, and operating its liquefaction projects. LNGL's ability to extend available liquidity beyond existing capacity is dependent upon the future successful raising of incremental funding through any one or a combination of: the successful marketing of offtake capacity and the resulting financing of one or more of its projects; marketing of the OSMR® technology and services; the sale of equity and/or debt; or the sale of assets. Management believes it has options for raising incremental capital and that execution of its plans will enable extension of existing liquidity as and when required. However, Management acknowledges the risks and uncertainty of raising additional capital through the above means and that failure to do so would impose negative implications to the business.



For further information, contact:

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ABOUT LIQUEFIED NATURAL GAS LIMITED

LNGL is an ASX listed company (Code: **LNG** and OTC ADR: **LNGLY**) whose portfolio consists of 100% ownership of the following companies:

- Magnolia LNG LLC (**Magnolia LNG**), a US-based subsidiary, which is developing an 8 mtpa or greater LNG export terminal, in the Port of Lake Charles, Louisiana, USA;
- Bear Head LNG Corporation Inc. (**Bear Head LNG**), a Canadian based subsidiary, which is developing an 8 - 12 mtpa LNG export terminal in Richmond County, Nova Scotia, Canada;
- Bear Paw Pipeline Corporation Inc. (**Bear Paw**), which is proposing to construct and operate a 62.5 km gas pipeline lateral to connect gas supply to Bear Head LNG; and
- LNG Technology Pty Ltd, a subsidiary which owns and develops the Company's **OSMR**[®] LNG liquefaction process, a mid-scale LNG business model that plans to deliver lower capital and operating costs, faster construction, and improved efficiency, relative to larger traditional LNG projects.

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Disclaimer

Forward-looking statements may be set out within this correspondence. Such statements are only predictions, and actual events or results may differ materially. Please refer to our forward-looking statement disclosure contained on our website at www.LNGLimited.com.au and to the Company's Annual Report and Accounts for a discussion of important factors, which could cause actual results to differ from these forward-looking statements. The Company does not undertake any obligation to update publicly, or revise, forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Liquefied Natural Gas Limited

ABN

19 101 676 779

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	49	143
1.2 Payments for		
(a) research and development/patents	(2)	(39)
(b) LNG project development	(1,577)	(4,593)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(2,834)	(8,280)
(f) administration and corporate costs	(1,439)	(4,543)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	77	258
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(1)	(9)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(5,727)	(17,063)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes, rights or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	33,014	44,449
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(5,727)	(17,063)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	180	81
4.6 Cash and cash equivalents at end of quarter	27,467	27,467

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	23,407	28,991
5.2 Call deposits	4,060	4,023
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	27,467	33,014

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	416
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments to directors include salaries, directors' fees, bonuses and superannuation payments to executive and non-executive directors.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Not applicable.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
Not applicable.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development/patent costs	-
9.2 LNG project development	1,822
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	2,845
9.6 Administration and corporate costs	1,511
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	6,178

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/a	N/a
10.2 Place of incorporation or registration	N/a	N/a
10.3 Consideration for acquisition or disposal	N/a	N/a
10.4 Total net assets	N/a	N/a
10.5 Nature of business	N/a	N/a

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
Joint Company Secretary

Date: 26 April 2018

Print name: Andrew Gould

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.