Liquefied Natural Gas Ltd
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Tel: (618) 9366 3700
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Email: lng@lnglimited.com.au
Website: www.lnglimited.com.au
ABN: 19 101 676 779

27 February 2015

In compliance with ASX Listing Rule 4.2A, the ASX Appendix 4D – Half Year Report and Financial Report for the half year ended 31 December 2014 for Liquefied Natural Gas Limited (ASX: LNG) follow this announcement.

David Gardner
Company Secretary

Liquefied Natural Gas Limited

Liquefied Natural Gas Limited
Level 1, 10 Ord Street, West Perth WA 6005
Telephone: (08) 9366 3700 Facsimile**:** (08) 9366 3799
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Liquefied Natural Gas Limited
ABN 19 101 676 779
Appendix 4D
Half-Year Ended 31 December 2014

1. Reporting Period – Half-Year Ended 31 December 2014

Previous Corresponding Period – Half-Year Ended 31 December 2013

2. Results for Announcement to the Market

		$	Increase/ decrease	% Change
2.1	Revenue from ordinary activities	382,399	increase	442%
2.2	(Loss) after tax from ordinary activities attributable to members	(20,047,796)	increase	160%
2.3	(Loss) for the period attributable to members	(20,047,796)	increase	160%

2.4 – 2.5 No dividends have been paid or proposed for the period.

2.6 The consolidated net loss after income tax for the half-year was $20,047,796 (2013: $7,700,985), an increase of 156% on the previous corresponding period's loss reflecting expansion of LNG project development activity.

3. Net Tangible Assets Per Security

Reporting period	13.27c per share
Previous corresponding period	0.36c per share

4. Details of entities over which control has been gained or lost during the period

During the period, the Company acquired a 255-acre site in Nova Scotia Canada, as part of the acquisition of Bear Head Corporation for US$11 million, with a total of US$10.25 million paid in this period and US$0.75m of exclusivity payments expensed in the previous financial year. The site comprises industrial-zoned land (180 acres) and deep-water acreage (75 acres) as well as foundations in place for two 180,000 cubic meter LNG tanks. The land has been cleared, a majority of site works completed and roads have been constructed.

The acquisition was accounted for as an asset acquisition on the basis that the assets acquired do not constitute a business under AASB 3 *Business Combinations.* The consideration paid was allocated to the land acquired, as there were no other material assets or liabilities at acquisition.

Name of the entity	Bear Head Corporation
Date control was gained	26 August 2014

5-9. Not applicable.

LIQUEFIED NATURAL GAS LIMITED

ABN 19 101 676 779

FINANCIAL REPORT
FOR THE HALF - YEAR ENDED
31 DECEMBER 2014

Contents

Corporate Information

DIRECTORS
Richard Jonathan Beresford, Non-Executive Chairman
Leeanne Kay Bond, Non-Executive Director
Yao Guihua (Grace), Non-Executive Director
Paul Cavicchi, Non-Executive Director
Michael Steuert, Non-Executive Director
Fletcher Maurice Brand, Managing Director and Chief Executive Officer

COMPANY SECRETARY
David Michael Gardner

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Perth, WA, 6000

SOLICITORS
Clifford Chance
Level 12, London House, 216 St Georges Terrace
Perth WA 6000

BANKERS
ANZ Banking Group
77 St Georges Terrace
Perth, WA, 6000

SHARE REGISTRY
Link Market Services Limited
Level 4 Central Park, 152 St Georges Terrace
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ASX CODE LNG
LEVEL 1 ADR ON OTC CODE: LNGLY

LIQUEFIED NATURAL GAS LIMITED - HALF-YEAR REPORT

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2014.

DIRECTORS

The names of the Liquefied Natural Gas Limited (the Company or Group) company's directors in office during the half-year and until the date of this report are as below.

Directors were in office for the entire period (unless otherwise stated).

Richard Jonathan Beresford	Non-Executive Chairman
Leeanne Kay Bond	Non-Executive Director
Yao Guihua (Grace)	Non-Executive Director
Paul Cavicchi	Non-Executive Director (appointed 1 October 2014)
Michael Steuert	Non-Executive Director (appointed 9 February 2015)
Fletcher Maurice Brand	Managing Director and Chief Executive Officer

REVIEW AND RESULTS OF OPERATIONS

During the half-year to 31 December 2014, the Company continued to progress its 100% owned LNG projects in the United States, Canada and Australia. Objectives achieved during the half-year include:

(a) Magnolia LNG Project, Lake Charles, Louisiana, United States (Magnolia LNG)

(i) Progressed permitting and approvals for the development of Magnolia LNG with the US Federal Energy Regulatory Commission (FERC) including responses to various engineering data information requests and separate environmental information requests.

(ii) Agreed an engineering, procurement & construction (EPC) contract with SKE&C Group covering the initial 4 million tonnes per annum (mtpa) LNG installation. Estimated cost for the full 8 mtpa project totals US$3.5 billion, equating to US$440/tonne.

(iii) Continued negotiations with all four proposed tolling parties and several others.

(b) Bear Head LNG Project, Nova Scotia, Canada (Bear Head LNG)

(i) Acquired the Bear Head LNG project for US$11 million from a subsidiary of Anadarko Petroleum Corporation.

(ii) Received seven of 10 major environmental and engineering permit approvals required to progress the project.

(iii) Announced expansion of the initial facility production capacity from 4 to 8 mtpa.

(iv) Filed an application with Canada's National Energy Board (NEB) for an export license for up to 12 mtpa of LNG.

(v) Filed an application with the US Department of Energy (DOE) for authorisation to export natural gas to Canada for a 25-year period.

(c) Fisherman's Landing LNG Project, Gladstone, Queensland, Australia (FLLNG)

(i) Gladstone Ports Corporation Limited extended the Option to Lease until 31 March 2015, with an option to extend to 31 March 2016.

(ii) Signed a non-binding memorandum of intent (MOI) for gas supply with Tri-Star Petroleum Company (Tri-Star). The Tri-Star MOI involves FLLNG processing Tri-Star's potentially significant gas reserves to produce 1.5 mtpa of LNG over a 20-year term.

(d) Corporate

(i) A placement of 14.8 million new shares in the Company at $2.60/share was completed on 6 August 2014, raising $38.6 million.

(ii) The Company entered the ASX S&P 200 Index.

(iii) Mr Michael Mott was appointed as the Company's Chief Financial Officer, based in Houston.

(iv) Mr Paul Cavicchi was appointed as the Company's first US based Non-Executive Director, followed by the appointment of Mr Michael Steuert as the second US based Non-Executive Director.

Financial Results

The consolidated net loss after income tax for the half-year, excluding non-controlling interest, was $20,047,796 (2013: $7,698,757). Project development expenditure increased from $5,842,379 (2013) to $24,981,383, reflecting expansion of LNG project activity. Administration expenditure increased from $2,097,631 (2013) to $7,192,800, partly due to the expense of share-based payments issued to directors, employees and consultants during the period ($3,448,755), and as a result of an increasing general activity, including staff numbers and office space, in Australia and the United States. The consolidated net loss was reduced by pre-tax foreign exchange gains of $11,236,414, resulting primarily from the movement in the USD against the AUD in the period.

SIGNIFICANT EVENTS AFTER BALANCE DATE

The following significant events have occurred subsequent to the half-year ended 31 December 2014:

(a) Magnolia LNG

(i) Executed a MOU with Kellogg Brown & Root LLC, a wholly owned subsidiary of KBR, Inc. (KBR), and SKE&C USA, Inc. (SKEC), whereby KBR and SKEC propose to execute a joint venture agreement (JVA) on a 70/30 percent participation basis to deliver the 8 mtpa four train Magnolia LNG Project. KBR will lead the EPC contract work.

(ii) Executed a Gas Pipeline Interconnect Agreement (PIA) with Kinder Morgan Louisiana Pipeline LLC, setting out the technical scope and specifications for gas supply to the Magnolia LNG plant. The PIA defines each party's obligations in relation to the design, procurement, construction, installation, operations, maintenance, and ownership of the facilities.

(b) Bear Head LNG

(i) The Canadian Environmental Assessment Agency (CEAA) issued a letter concluding that the Bear Head LNG project is substantially the same as the project previously approved by CEAA. As a result, no further agency review is required.

(ii) With the receipt of the CEAA, Bear Head LNG Corp. has obtained eight of the 10 initial Canadian federal, provincial and local regulatory approvals needed to construct a liquefied natural gas export facility on the Strait of Canso in Nova Scotia.

(iii) Filed an application with the DOE seeking streamlined approval for US natural gas exports to Canada, and LNG exports from Canada to free trade agreement (FTA) and non-FTA nations. This filing coordinates with previous filings that combined seek long-term, multi-contract authorization to export 440 billion cubic feet (BcF) per year of exports of U.S. natural gas to Canada, and of LNG from Canada to Free Trade Agreement (FTA) and Non-FTA nations. U.S. imports of 440 BcF per year support LNG exports of 8 mtpa.

(c) Corporate

(i) The United States Patent and Trademark Office has allowed a patent application related to the Company's core LNG processing design – the OSMR® process. The Company expects a granted patent to be issued in April 2015. An OSMR® process patent was previously granted in Canada.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration on page 6 forms part of the Directors' Report for the half-year ended 31 December 2014.

Signed in accordance with a resolution of the directors.

R. J. Beresford	F.M. Brand
Chairman	Chief Executive Officer
27 February 2015	27 February 2015

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Auditor's Independence Declaration to the Directors of Liquefied Natural Gas Limited

In relation to our review of the financial report of Liquefied Natural Gas Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young
Fiona Drummond
Partner
27 February 2015

FD:JH:LNG:016

Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014	Note	CONSOLIDATED **2014** **$**	 2013 $
Revenue	2a	469,005	86,606
		469,005	86,606
Other income	2b	11,698,770	307,647
Administration expenses	2c	(7,192,800)	(2,097,631)
Project development expenses		(24,981,383)	(5,842,379)
Other expenses		(41,233)	(152,236)
Finance costs		(698)	(2,992)
Loss from continuing operations before income tax		**(20,048,339)**	(7,700,985)
Income tax expense		-	-
Loss from continuing operations after income tax		**(20,048,339)**	(7,700,985)
Net loss for the period		**(20,048,339)**	(7,700,985)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(6,743,814)	124,745
Other comprehensive income for the period, net of tax		**(6,743,814)**	124,745
Total comprehensive loss for the period		**(26,792,153)**	(7,576,240)
Loss for the period is attributable to:			
Non-controlling interest		(543)	(2,228)
Equity holders of the Parent		(20,047,796)	(7,698,757)
		(20,048,339)	(7,700,985)
Total comprehensive income is attributable to:			
Non-controlling interest		(543)	(2,228)
Equity holders of the Parent		(26,791,610)	(7,574,012)
		(26,792,153)	(7,576,240)

Loss per share attributable to the ordinary equity holders of the Parent:		**Cents**	Cents
– basic loss per share		**(4.37)**	(2.27)
– diluted loss per share		**(4.37)**	(2.27)

Statement of Financial Position

AS AT 31 DECEMBER 2014	Note	CONSOLIDATED 31 Dec 2014 $	30 June 2014 $
ASSETS			
Current assets			
Cash and cash equivalents	3	49,143,667	47,771,425
Trade and other receivables		620,081	342,753
Other financial assets		4,037,138	3,168,142
Prepayments		259,119	156,166
Total current assets		**54,060,005**	51,438,486
Non-current assets			
Receivables		299	299
Property, plant and equipment	4	11,395,589	291,308
Total non-current assets		**11,395,888**	291,607
TOTAL ASSETS		**65,455,893**	51,730,093
LIABILITIES			
Current liabilities			
Trade and other payables		3,142,272	3,409,041
Interest-bearing liabilities		3,012	2,871
Provisions		717,684	507,223
Total current liabilities		**3,862,968**	3,919,135
Non-current liabilities			
Interest-bearing liabilities		10,634	12,177
Provisions		252,738	197,555
Total non-current liabilities		**263,372**	209,732
TOTAL LIABILITIES		**4,126,340**	4,128,867
NET ASSETS		**61,329,553**	47,601,226
EQUITY			
Equity attributable to equity holders of the Parent:			
Contributed equity		224,095,803	187,024,078
Reserves		8,685,663	11,980,722
Accumulated losses		(171,335,509)	(151,287,713)
Parent interests		**61,445,957**	47,717,087
Non-controlling interests		**(116,404)**	(115,861)
TOTAL EQUITY		**61,329,553**	47,601,226

Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Ordinary shares	Share options reserve	Rights reserve	Redeemable preference share reserve	Equity reserve	Foreign currency translation reserve	Accumulated losses	Owners of the Parent	Non-controlling interest	Total
	$	$	$	$	$	$	$	$	$	$
At 1 July 2014	187,024,078	6,077,662	484,875	4,032,001	578,292	807,892	(151,287,713)	47,717,087	(115,861)	47,601,226
Loss for the period	–	–	–	–	–	–	(20,047,796)	(20,047,796)	(543)	(20,048,339)
Other comprehensive income	–	–	–	–	–	(6,743,814)	–	(6,743,814)	–	(6,743,814)
Total comprehensive income/(loss) for the half year	–	–	–	–	–	(6,743,814)	(20,047,796)	(26,791,610)	(543)	(26,792,153)
Transactions with owners in their capacity as owners										
Shares issued on placement	38,670,284	–	–	–	–	–	–	38,670,284	–	38,670,284
Less: Share issue costs	(1,954,119)	–	–	–	–	–	–	(1,954,119)	–	(1,954,119)
Exercise of options	355,560	–	–	–	–	–	–	355,560	–	355,560
Share based payments	–	–	3,448,755	–	–	–	–	3,448,755	–	3,448,755
At 31 December 2014	**224,095,803**	**6,077,662**	**3,933,630**	**4,032,001**	**578,292**	**(5,935,922)**	**(171,335,509)**	**61,445,957**	**(116,404)**	**61,329,553**
At 1 July 2013	117,509,466	5,554,762	484,875	4,032,001	578,292	145,009	(126,627,431)	1,676,974	(110,776)	1,566,198
Loss for the period	–	–	–	–	–	–	(7,698,757)	(7,698,757)	(2,228)	(7,700,985)
Other comprehensive income	–	–	–	–	–	124,745	–	124,745	–	124,745
Total comprehensive income/(loss) for the half year	–	–	–	–	–	124,745	(7,698,757)	(7,574,012)	(2,228)	(7,576,240)
Transactions with owners in their capacity as owners										
Shares issued on placement	19,496,345	–	–	–	–	–	–	19,496,345	–	19,496,345
Less: Share issue costs	(1,162,859)	–	–	–	–	–	–	(1,162,859)	–	(1,162,859)
At 31 December 2013	135,842,952	5,554,762	484,875	4,032,001	578,292	269,754	(134,326,188)	12,436,448	(113,004)	12,323,444

Statement of Cash Flows

		CONSOLIDATED	
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014	**Note**	**2014**	2013
		$	$
Cash flows from operating activities			
Payments to suppliers and employees		(29,330,142)	(7,737,440)
Interest received		508,382	77,064
Receipts from the Australian Tax Office		5,163	38,576
Net cash flows used in operating activities		**(28,816,597)**	(7,621,800)
Cash flows from investing activities			
Investment in security deposits classified as other financial assets		(504,451)	-
Proceeds from sale of available for sale financial assets		-	442,496
Purchase of property, plant and equipment		(11,104,281)	(40,077)
Net cash flows (used in)/from investing activities		**(11,608,732)**	402,419
Cash flows from financing activities			
Proceeds from issue of shares via placement		38,670,284	19,496,345
Less: Share issue costs		(2,166,433)	(1,162,859)
Proceeds from the exercise of options		355,560	-
Repayment of finance lease liability		(1,401)	(216)
Payment for finance lease interest		(698)	(133)
Net cash flows from financing activities		**36,857,312**	18,333,137
Net (decrease)/increase in cash and cash equivalents		**(3,568,017)**	11,113,756
Net foreign exchange differences		4,940,259	162,476
Cash and cash equivalents at beginning of period		47,771,425	1,583,418
Cash and cash equivalents at end of period		**49,143,667**	12,859,650

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

General Information

This general purpose condensed financial report for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 27 February 2015.

Liquefied Natural Gas Limited (the Company or Group) is a company limited by shares, domiciled and incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange.

The Company is a for-profit entity and is primarily involved in mid-scale liquefied natural gas LNG projects in the international energy market, providing an “Energy Link” between smaller proven gas reserves than required for traditional large-scale LNG projects, and existing LNG buyers and new niche energy markets seeking LNG as an alternative fuel.

Basis of preparation

This general purpose condensed consolidated financial report for the half-year ended 31 December 2014 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company and its subsidiaries (the Group) as the full annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2014, and considered together with any public announcements made by the Company during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The consolidated net loss after income tax for the half-year ended 31 December 2014, excluding non-controlling interest, was $20,047,796 and project development expenditure was $24,981,383. The cash balance at 31 December 2014 was $49,143,667.

In considering whether the going concern basis is appropriate for preparing this financial report, the directors recognise that current levels of working capital, whilst adequate to continue as a going concern, may be insufficient to meet its planned levels of expenditure for the Magnolia LNG and Bear Head LNG projects. However, the directors of the Company are confident that the necessary funds will be raised as required and have concluded that the going concern basis is the appropriate basis for preparing the financial statements, based on an ability to reduce both corporate and project expenditure as and if necessary, pending the raising of any required funding at the corporate or project level.

The accounting policies and method of computation are the same as those adopted by the Group in the most recent annual financial report, except the new policies as disclosed below.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

New standards

The adoption of new standards and interpretations has not resulted in a material change to the financial performance or position of the Group; however, it has resulted in some changes to the Group's presentation of, or disclosure in, its half-year financial statements.

All new and amended Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board (AASB), mandatory as of 1 July 2014 to the Group have been adopted, including:

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AAASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 1031 Materiality
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

	CONSOLIDATED	
	31 Dec 2014	31 Dec 2013
	$	$
2. REVENUE, INCOME AND EXPENSES		
(a) Revenue		
Interest revenue	469,005	86,606
	469,005	86,606
(b) Other Income		
Research and development rebate	462,356	307,647
Foreign exchange gains	11,236,414	-
	11,698,770	307,647
(c) Expenses		
Share-based payment expense	3,448,755	-

	CONSOLIDATED	
	31 Dec 2014	30 Jun 2014
	$	$
3. CASH AND CASH EQUIVALENTS		
For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	38,284,184	13,771,425
Short-term deposits	10,859,483	34,000,000
	49,143,667	47,771,425

4. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2014	30 Jun 2014
Plant and equipment	431,850	291,308
Freehold land (i)	10,963,739	-
	11,395,589	291,308

i) During the period, the Company acquired a 255-acre site in Nova Scotia Canada, as part of the acquisition of Bear Head Corporation for US$11 million, a total of US$10.25 million paid in this period and US$0.75 million of exclusivity payments expensed in the previous financial year. The site comprises industrial-zoned land (180 acres) and deep-water acreage (75 acres) as well as foundations in place for two 180,000 cubic meter LNG tanks. The land has been cleared, a majority of site works completed and roads have been constructed.

The acquisition was accounted for as an asset acquisition on the basis that the assets acquired do not constitute a business under AASB 3 *Business Combinations.* The consideration paid was allocated to the land acquired, as there were no other material assets or liabilities at acquisition.

5. DIVIDEND PAID AND PROPOSED

There were no dividends paid or proposed during the half-year ended 31 December 2014.

6. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on information that is reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Management identified the operating segments based on the types of the business activities or operations and/or the nature of services provided, as these are the sources of the Group's major risks and have the most effect on the rates of returns.

Reportable operating segments

The Group has identified the following reportable operating segments:

Oil and gas project development

The oil and gas project development business involves the identification and progression of opportunities for the development of LNG projects to facilitate the production and sale of LNG. This includes project development activities from pre-feasibility, detailed feasibility and advancement of each project to final investment decision at which time the Company expects to obtain reimbursement of all, or part of, the development costs incurred by the Company to that date and then fund the project via a suitable mix of project debt and equity. The oil and gas project development business has been determined as both an operating segment and a reportable segment.

Technology development and licensing

The technology development and licensing business is involved in the development of LNG technology, through research and development activities and the advancement of each developed technology to the patent application stage or ability to commercialise the LNG technology, with the aim being to derive licensing fees or royalties from the utilisation of, or the sub-licensing of the LNG technology. The technology development and licensing has been determined as both an operating segment and a reportable segment.

Management reassessed the segments in the year ended 30 June 2014. The prior year segment note has been restated for comparative purposes.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 1 to the annual report for the year ended 30 June 2014 and in the prior period.

Corporate charges

Corporate charges comprise non-segmental expenses such as certain head office expenses.

6. SEGMENT INFORMATION (Continued)

The following table shows the revenue and profit or loss information for reportable segments for the half-years ended 31 December 2014 and 31 December 2013.

Half-year ended 31 December 2014	Oil and gas project development $	Technology development and licensing $	Total $
Revenue			
Inter-segment sales	-	-	-
Total segment revenue	**-**	**-**	**-**
Inter-segment elimination			-
Unallocated revenue			469,005
Total revenue per the statement of comprehensive income			**469,005**
Unallocated other income			11,698,770
Result			
Segment profit/(loss)	**(24,674,212)**	**(307,171)**	**(24,981,383)**
Reconciliation of segment net profit/(loss) after tax to net profit/(loss) before tax			
Income tax expense at 30% (2013:30%)			-
Unallocated revenue and other income			12,167,775
Finance costs			(698)
Corporate charges			(7,234,033)
Net profit/(loss) before tax per the statement of comprehensive income			**(20,048,339)**

Segment assets for the half-year ended 31 December 2014 are as follows:

Segment assets			
Segment operating assets	**11,830,251**	**4,241**	**11,834,492**
Unallocated assets[1]			53,621,401
Total assets per the statement of financial position			**65,455,893**
Unallocated liabilities			**4,126,340**

[1] Unallocated assets primarily consist of cash and cash equivalents of $49,143,667 and other financial assets of $4,037,138.

6. SEGMENT INFORMATION (Continued)

Half-year ended 31 December 2013	Oil and gas project development $	Technology development and licensing $	Total $
Revenue			
Inter-segment sales	-	-	-
Total segment revenue	-	-	-
Inter-segment elimination			-
Unallocated revenue			86,606
Total revenue per the statement of comprehensive income			86,606
Unallocated other income			307,647
Result			
Segment profit/(loss)	(5,795,778)	(86,121)	(5,881,899)
Reconciliation of segment net profit/(loss) after tax to net profit/(loss) before tax			
Income tax expense at 30% (2012:30%)			-
Unallocated revenue and other income			394,253
Finance costs			(2,992)
Corporate charges			(2,210,347)
Net profit/(loss) before tax per the statement of comprehensive income			(7,700,985)

Segment assets for the half-year ended 31 December 2013 are as follows:

Segment assets			
Segment operating assets	450,864	305	451,169
Unallocated assets[2]			14,100,288
Total assets per the statement of financial position			14,551,457

[2] Unallocated assets primarily consisted of cash and cash equivalents of $12,859,650 and other financial assets of $945,000.

6. SEGMENT INFORMATION (Continued)

Segment assets for the year ended 30 June 2014 were as follows:

Year ended 30 June 2014	Oil and gas project development $	Technology development and licensing $	Total $
Segment assets			
Segment operating assets	239,758	499	240,257
Intersegment eliminations			-
Unallocated assets[3]			51,489,836
Total assets per the statement of financial position			51,730,093

[3] Unallocated assets primarily consisted of cash and cash equivalents of $47,771,425 and other financial assets of $3,168,442.

7. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

At 31 December 2014, there were no capital commitments.

(b) Operating lease – Group as lessee

At 31 December 2014, the future minimum lease rental commitment in relation to the non-cancellable operating leases for the office premises in Australia, the United States and Canada occupied by the Group was $1,222,951 (30 June 2014: $1,081,202).

(c) Finance lease – Group as lessee

At 31 December 2014, the future minimum lease commitment in relation to a photocopier purchased in November 2013, was $13,646 (30 June 2014: $14,225). The lease expires on 4 November 2018.

(d) Contingencies – employment and consultancy contracts

The Group has entered into employment and consultancy agreements whereby the Group has agreed to pay $4,249,811 (30 June 2014: $3,025,755) in the event of termination by the Group of these employment and consultancy agreements.

(e) Guarantees

The Company's subsidiary, Magnolia LNG LLC (MLNG), has provided a bank guarantee (issued by ANZ Bank) for the amount of US$2,000,000, in favour of Kinder Morgan Louisiana Pipeline (KMLP), which is a condition of the Precedent Agreement between MLNG and KMLP, providing firm gas transportation rights for the Magnolia LNG Project.

The Company's subsidiary, Gladstone LNG Pty Ltd has provided a bank guarantee (issued by ANZ Bank) for the amount of $789,263, in favour of Queensland's Department of Environment and Resource Management (DERM), which is a condition of DERM's environmental authority approval. The bank guarantee is valid until all environmental authorities are received and expires on 11 May 2040.

7. COMMITMENTS AND CONTINGENCIES (Continued)

Gladstone LNG Pty Ltd has provided a bank guarantee (issued by ANZ Bank) for the amount of $151,106, in favour of DERM, which is a condition of DERM's environmental authority approval for the Gladstone LNG Project's Fisherman's Landing pipeline. The bank guarantee is valid until it is no longer required by the State of Queensland.

The Company's subsidiary, LNG International Pty Ltd, has provided a letter of credit (issued by the Bank of Montreal) for the amount of C$500,000, in favour of the Nova Scotia Utility and Review Board, as part of the acquisition of Bear Head Corporation.

The Company has provided a bank guarantee (issued by ANZ Bank) for the amount of $100,000 in favour of Colin Street Investments Pty Ltd, pertaining to leasehold improvements for the head office premises.

Term deposits of $4,037,138 are held by the Company as Other Financial Assets and pledged as security for the above guarantees. Other than the above, at balance date, there are no other contingent liabilities.

(f) Insurance claims

There are no active or pending insurance claims at the date of this report.

(g) Legal claims

There are no legal claims outstanding against the Group at the date of this report.

8. CONTRIBUTED EQUITY

	Ordinary shares Number	Ordinary shares $
Movement of shares on issue:		
At 1 July 2013	**267,699,015**	**117,509,466**
Issued for cash from share placements and share purchase plan	78,130,000	19,496,345
Less: share issue costs	-	(1,162,859)
At 31 December 2013	**345,829,015**	**135,842,952**
Issued for cash from share placements	100,000,000	53,700,000
Less: share issue costs	-	(2,880,344)
Exercise of options	650,000	361,470
At 30 June 2014	**446,479,015**	**187,024,078**
Issued for cash from share placements	14,873,186	38,670,284
Less: share issue costs	-	(1,954,119)
Exercise of options	871,000	355,560
At 31 December 2014	**462,223,201**	**224,095,803**

8. CONTRIBUTED EQUITY (Continued)

(a) Ordinary shares

On 6 August 2014, 14,873,186 fully paid ordinary shares were issued for cash on share placement.

During the half-year, 871,000 shares were issued on the exercise of options. The weighted average exercise price of the options exercised was $0.408.

At 31 December 2014, 462,223,201 of the Company's ordinary shares were listed for Official Quotation on the ASX.

(b) Terms and conditions of ordinary shares

Voting rights

Each ordinary share entitles its holder to one vote, either in person or by proxy, attorney or representative at a meeting of the Company. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.

Dividends

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

(c) Rights

The Company has an Incentive Rights Plan under which performance rights to subscribe for the Company's ordinary shares have been granted to the Managing Director and employees. 13,089,553 performance rights were issued during the period, 8,409,848 of which were to Key Management Personnel. No performance rights were cancelled during the period.

The performance rights vest if the Group achieves prescribed targets pertaining to total shareholder returns and the achievement of financial close on an LNG project, on prescribed dates in the future. The performance rights have a zero exercise price. The fair value of the rights granted with market conditions is estimated at the date of grant using a Monte Carlo Simulation model, taking into account the terms and conditions upon which the rights were granted. For performance rights with non-market conditions, the share price on grant date was adopted as the fair value. The contractual life of each right granted is between 1.5 years and 2.7 years from the date of grant.

The Company has a NED Rights Plan under which rights to subscribe for the Company's ordinary shares have been granted to non-executive directors. 77,101 NED Rights were issued during the period, 77,101 of which were to Key Management Personnel. The NED Rights vest after a 12 month service period has passed. No NED Rights were cancelled during the period.

For the six months ended 31 December 2014, the Group has recognised $3,448,755 (30 June 2014: $nil) of share-based payments expense for the rights in the statement of profit or loss.

9. FINANCIAL INSTRUMENTS

(a) Overview of financial instruments

Set out below is an overview of the financial instruments, other than cash, held by the Group as at 31 December 2014:

	31 Dec 14 $	30 Jun 14 $
Financial assets:		
Loans and receivables		
Trade and other receivables	620,081	342,753
Other financial assets	4,037,138	3,168,142
Total Current	**4,657,219**	**3,510,895**
Trade and other receivables	299	299
Total Non-Current	**299**	**299**
Total Financial Assets	**4,657,518**	**3,511.194**
Financial liabilities:		
At amortised cost		
Trade and other payables	3,142,272	3,409,041
Interest-bearing liabilities	3,012	2,871
Total Current	**3,145,284**	**3,411,912**
Interest-bearing liabilities	10,634	12,177
Total Non-Current	**10,634**	**12,177**
Total Financial Liabilities	**3,155,918**	**3,424,089**

(b) Fair Values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 December 2014:

	Carrying Amount $	Fair Value $
Financial assets:		
Trade and other receivables	620,081	620,081
Other financial assets (i)	4,037,138	4,037,138
Total Current	**4,657,219**	**4,657,219**
Trade and other receivables	299	299
Total Non-Current	**299**	**299**
Total	**4,657,518**	**4,657,518**

(i) Due to the short term nature of the above financial instruments, their carrying amounts approximate their fair value.

9. FINANCIAL INSTRUMENTS (Continued)

	Carrying Amount $	Fair Value $
Financial liabilities:		
Trade and other payables	3,142,272	3,142,272
Interest-bearing liabilities	3,012	3,012
Total Current	**3,145,284**	**3,145,284**
Interest-bearing liabilities	10,634	10,634
Total Non-Current	**10,634**	**10,634**
Total	**3,155,918**	**3,155,918**

(c) Risk Management Activities

Foreign exchange risk

As a result of its international activities, the Group is exposed to foreign currency risk on part of its expenditure. In order to reduce this risk the Group actively monitors its exposure to foreign currency exchange rate movements, and has been utilising natural hedges (e.g. matching foreign currency receipts and expenditure). In the future the Group may consider the implementation of foreign currency hedging instruments to mitigate potentially unfavourable foreign exchange rate movements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and term deposits held with several Australian financial institutions. The interest rate risk is managed by the Group through constant analysis of the market interest rates and its exposure to changes in variable interest rates. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates. To minimise interest rate risk, the Group analyses its cash flow position and may invest excess cash into a fixed rate term deposit for a short to medium term.

Credit risk

Financial assets that potentially subject the Group to credit risk consist primarily of cash, trade and other receivables and term deposits. The Group places its cash with high quality Australian, United States and Canadian financial institutions with a minimum Standard and Poor's credit rating of A-1 (short term). The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these financial assets.

10. SIGNIFICANT EVENTS AFTER BALANCE DATE

The following significant events have occurred subsequent to the half-year ended 31 December 2014:

(a) Magnolia LNG Project, Lake Charles, Louisiana, United States (Magnolia LNG)

(i) Executed a MOU with Kellogg Brown & Root LLC, a wholly owned subsidiary of KBR, Inc. (KBR), and SKE&C USA, Inc. (SKEC), whereby KBR and SKEC propose to execute a joint venture agreement (JVA) on a 70/30 percent participation basis to deliver the 8 mtpa four train Magnolia LNG Project. KBR will lead the EPC contract work.

(ii) Executed a Gas Pipeline Interconnect Agreement (PIA) with Kinder Morgan Louisiana Pipeline LLC, setting out the technical scope and specifications for gas supply to the Magnolia LNG plant. The PIA defines each party's obligations in relation to the design, procurement, construction, installation, operations, maintenance, and ownership of the facilities.

(b) Bear Head LNG Project

(i) The Canadian Environmental Assessment Agency (CEAA) issued a letter concluding that the Bear Head LNG project is substantially the same as the project previously approved by CEAA. As a result, no further agency review is required.

(ii) With the receipt of the CEAA, Bear Head LNG Corp. has obtained eight of the 10 initial Canadian federal, provincial and local regulatory approvals needed to construct a liquefied natural gas export facility on the Strait of Canso in Nova Scotia.

(iii) Filed an application with the DOE seeking streamlined approval for US natural gas exports to Canada, and LNG exports from Canada to free trade agreement (FTA) and non-FTA nations. This filing coordinates with previous filings that combined seek long-term, multi-contract authorization to export 440 billion cubic feet (BcF) per year of exports of U.S. natural gas to Canada, and of LNG from Canada to Free Trade Agreement (FTA) and Non-FTA nations. U.S. imports of 440 BcF per year support LNG exports of 8 mtpa.

(c) Corporate

(i) The United States Patent and Trademark Office has allowed a patent application related to the Company's core LNG processing design – the OSMR® process. The Company expects a granted patent to be issued in April 2015. An OSMR® process patent was previously granted in Canada.

11. RELATED PARTY TRANSACTIONS

Directors fees paid to Clearer Sky Pty Ltd, a company in which Mr. R.J. Beresford is a director for the half-year amounted to $79,471 (excluding GST) [2013: $37,008]. At reporting date, no amount is outstanding [2013: $nil].

Directors fees paid to Breakthrough Energy Pty Ltd, a company in which Ms. L.K. Bond is a director for the half-year amounted to $42,628 (excluding GST) [2013: $24,000]. At reporting date, no amount is outstanding [2013: $nil].

Other than the above, executive assistant services provided by Clearer Sky Pty Ltd amounted to $31,957 (excluding GST) [2013: $27,085].

There were no loans made to Key Management Personnel during the year.

Directors' Declaration

In accordance with a resolution of the directors of Liquefied Natural Gas Limited, I state that:

In the opinion of the directors:

a) the financial statements, and notes of the Group are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

   (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Richard Beresford

R. J. Beresford

Chairman

Perth, Western Australia

27 February 2015

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Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Liquefied Natural Gas Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Liquefied Natural Gas Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Liquefied Natural Gas Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Fiona Drummond
Partner
Perth
27 February 2015

FD:JH:LNG:017