ASX/MEDIA RELEASE

16 NOVEMBER 2015

MAGNOLIA LNG EXECUTES EPC CONTRACT WITH KBR–SK JV

Liquefied Natural Gas Limited **(ASX: LNG; OTC ADR: LNGLY)** (**LNGL** or the **Company**) is pleased to advise that its wholly owned subsidiary, Magnolia LNG LLC (**Magnolia**), has agreed a legally binding lump sum turnkey (**LSTK**) engineering, procurement and construction contract (**EPC Contract**) with the KBR-SKE&C joint venture (**KSJV**) in relation to the Magnolia LNG project (**MLNG**).

Contract Highlights:

- EPC Contract LSTK cost of US$4.354 billion for four LNG trains and associated facilities
- EPC guaranteed production of 7.6 mtpa, or 0.8 mtpa greater than previous guidance
- The EPC Contract LSTK plant design utilises LNGL's patented OSMR® technology
- Installed capacity cost/tonne range of US$495 to US$544 based on final design at FID
- LNG plant fuel gas consumption of 8%, or 92% feed gas production efficiency guaranteed
- EPC Contract LSTK price is valid to 30 April 2016

The EPC Contract covers the engineering, procurement and construction of four LNG production trains with design capacity of 2 mtpa or greater each, two 160,000m^3 full containment storage tanks, LNG marine and ship loading facilities, supporting infrastructure and all required post-FID approvals and licenses.

On 24 August 2015, MLNG announced selection of the Siemens Energy Inc. (Siemens) process compression and driver equipment. The increased power available from the Siemens equipment potentially enables higher final plant design capacity which, following completion of remaining engineering and analysis, will be confirmed prior to Final Investment Decision (FID). As a result, MLNG's per tonne EPC cost may reduce within the range of US$495/tonne - US$544/tonne based on the final installed capacity design.

The EPC guaranteed production totalling 7.6 mtpa for the four-train MLNG project will not change.

The KSJV also provided pricing on a reduced (three train) project scope. The take out cost for one train, estimated by KSJV at US$630 million, is subject to final confirmation by 31 December 2015.

Other Costs:

Post-FID costs to commercial operations date in early 2019, which include owner's engineer, O&M mobilisation, insurance, commissioning gas, regulatory, other minor contracts, and capitalized overhead costs, are expected to range between 13.5% (US$585 million) and 15.5% (US$675 million) of the EPC Contract price. These estimates exclude capitalised interest during construction.

Equity and debt transaction costs, letter of credit fees, and financing costs will be determined at the time of FID, based on final terms agreed with BNP Paribas, lenders and equity providers.

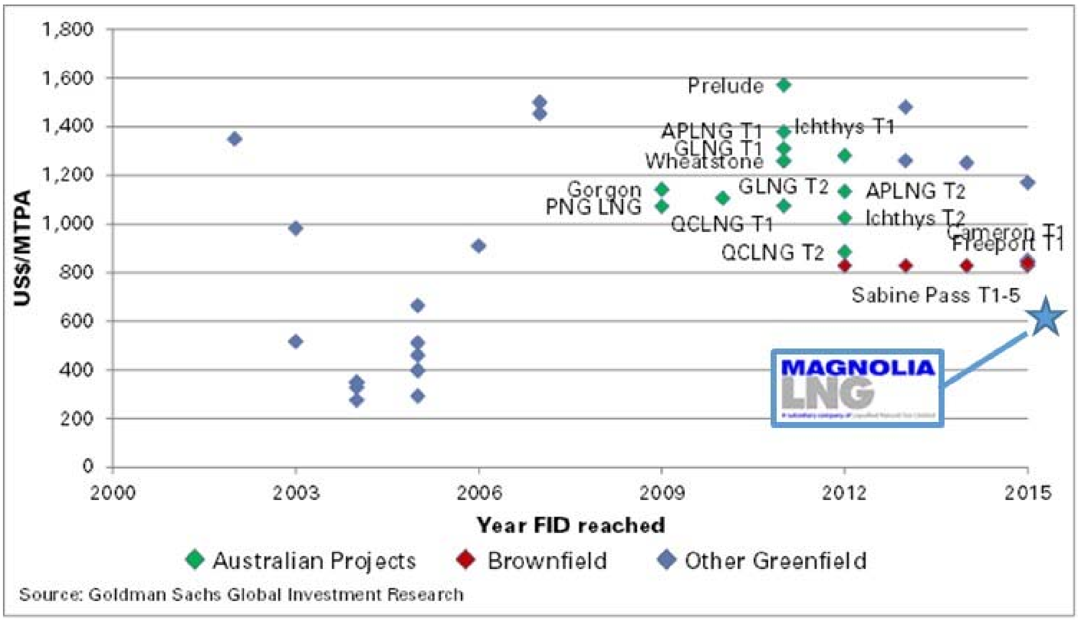
Managing Director's Comments

LNGL Managing Director and Chief Executive Officer, Maurice Brand said, "We are pleased to announce the final lump sum turn-key EPC contract pricing details after significant efforts by the KSJV and the Magnolia project team, managed by MLNG's Chief Operating Officer, John Baguley. I want to thank the KBR and SKE&C leadership for their diligence and hard work on delivering the LSTK pricing. The total EPC capital cost in the range of US$495 to US$544 per tonne of LNG plant capacity (for the 8 mtpa or greater plant) establishes a new low for U.S. Gulf Coast projects and is substantially lower compared with recent LNG projects around the world (Figure 1)."

"With execution of the EPC contract in hand, we shall continue with final engineering activities but will not commit to out-sized, non-cancellable commitments in advance of execution of offtake agreements for at least 4 mtpa of additional sales," continued Brand.

"The EPC Contract costs agreed with KSJV reinforce the Company's view that our business model of mid-scale, modular based LNG trains of nominally 2 mtpa design capacity, incorporating the Company's OSMR® LNG liquefaction process is valid, providing a sustainable long-term business platform that can be replicated in future projects."

Figure 1: Comparative LNG Project Capital Costs per million tonne of LNG (plant capacity)



Note: The graphic reflects EPC costs plus post-FID owner's costs, including commissioning costs but excluding financing costs, divided by installed design capacity. The Company inserted the MLNG capital cost marker into the graphic.

Revenue Sharing Agreement

For a period of up to 15 years following the declaration of commercial start date for each train, the KSJV may be eligible for annual revenue sharing payments ranging from $0 to $30 million across the four-train plant (maximum of about $0.07/mmBtu per annum). Annual amounts to be paid to the KSJV reflect a near linear inclining slope starting at $0 for production below 1.7 mtpa up to $30 million for production over 2.0 mtpa, with all annual payments based on actual LNG production achieved in a year reflected on a per train average across the 8 mtpa or greater liquefaction plant.

The revenue sharing arrangement, associated with KSJV's support of the initial scaled commercialisation of LNGL's OSMR® technology and construction approach, when combined with operating and other costs across the 8 mtpa or greater plant is expected to approximate $0.50/mmBtu. The target cost amount of $0.50/mmBtu represents the estimated operating cost implicit in the unchanged EBITDA guidance of approximately $2.50/mmBtu across the four train project.

KSJV Comments

"We are delighted to work with Magnolia LNG on this ground-breaking project for more innovative, cost effective, efficient and greener LNG," said Stuart Bradie, KBR President and CEO. "KBR's long history of success in global LNG, ammonia and plant modularization make us a natural fit for this exciting project and we are pleased to have the opportunity to bring our unique skills, together with our self-perform construction capability and outstanding safety record, to create exceptional value for MLNG," continued Bradie.

Conference Call Details:

LNGL invites shareholders to join a conference call about this ASX release with Maurice Brand (Managing Director and CEO of LNGL), Michael Mott (Chief Financial Officer of LNGL) and John Baguley (Chief Operating Officer of Magnolia LNG) at 9.00am (AEDT) on Monday (today) 16th November 2015 which is Sunday 15th November at 4:00 pm (US-CST).

Conference call (toll free) numbers are as follows:

Australia: 1800 123 296 or +61 2 8038 5221

Outside Australia:

Canada:	1855 5616 766
China:	4001 203 085
Hong Kong:	800 908 865
India:	1800 3010 6141
Japan:	0120 477 087
New Zealand:	0800 452 782
Singapore:	800 616 2288
United Kingdom:	0808 234 0757
United States:	1 855 293 1544

After dialling the conference call number above, please then enter:
CONFERENCE ID: 8006 0604.

ABOUT MAGNOLIA LNG:

MLNG is 100% owned by Magnolia, which is wholly owned by LNGL. The greenfield project comprises an 8 mtpa or greater plant on a 115-acre site, located on an established LNG shipping channel in the Lake Charles District, State of Louisiana, USA. The design is based on four LNG production trains of 2 mtpa or greater, each using the Company's OSMR® LNG process technology.

Feed gas supply for the 8 mtpa or greater project will come from the US Gulf Coast gas market via several gas suppliers, delivered via the Kinder Morgan Louisiana Pipeline (KMLP) under a 20-year binding pipeline capacity agreement with Kinder Morgan Louisiana Pipeline LLC.

FERC issued the project's final environmental impact statement (**FEIS**) and the associated Kinder Morgan Louisiana Pipeline (**KMLP**) Lake Charles Expansion Project on 13 November 2015. The next step in the FERC process is for the FERC Commissioners to act on MLNG's and KMLP's respective applications. U.S. law requires that FERC wait at least 30 days following the issuance of an FEIS before making a decision. Once the 30-day period has elapsed, FERC may then issue an order on the applications.

MLNG signed a binding agreement with Meridian LNG Holdings Corp for firm capacity rights for up to 2 mtpa on 22 July 2015. MLNG continues negotiations with a number of other LNG buyers for the purchase of LNG on 20-year terms (with extension options).

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**,** 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 (**Bear Head LNG**), a Canadian based subsidiary, which is developing an 8 mtpa or greater LNG export terminal in Richmond County, Nova Scotia, Canada with potential for further expansion;
- Gladstone LNG Pty Ltd, a subsidiary which plans to develop the 3.5 mtpa **Fisherman's Landing LNG (FLLNG) Project** at the Port of Gladstone in Queensland, Australia; 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.

For further information contact:

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