

Liquefied Natural Gas Limited



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LNG Exports - Perspectives



North American Gas Forum - 3 October 2016

ASX: LNG and OTC ADR: LNgLY

Forward looking statement / all jurisdictions



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Current LNGL developments



Today's topics

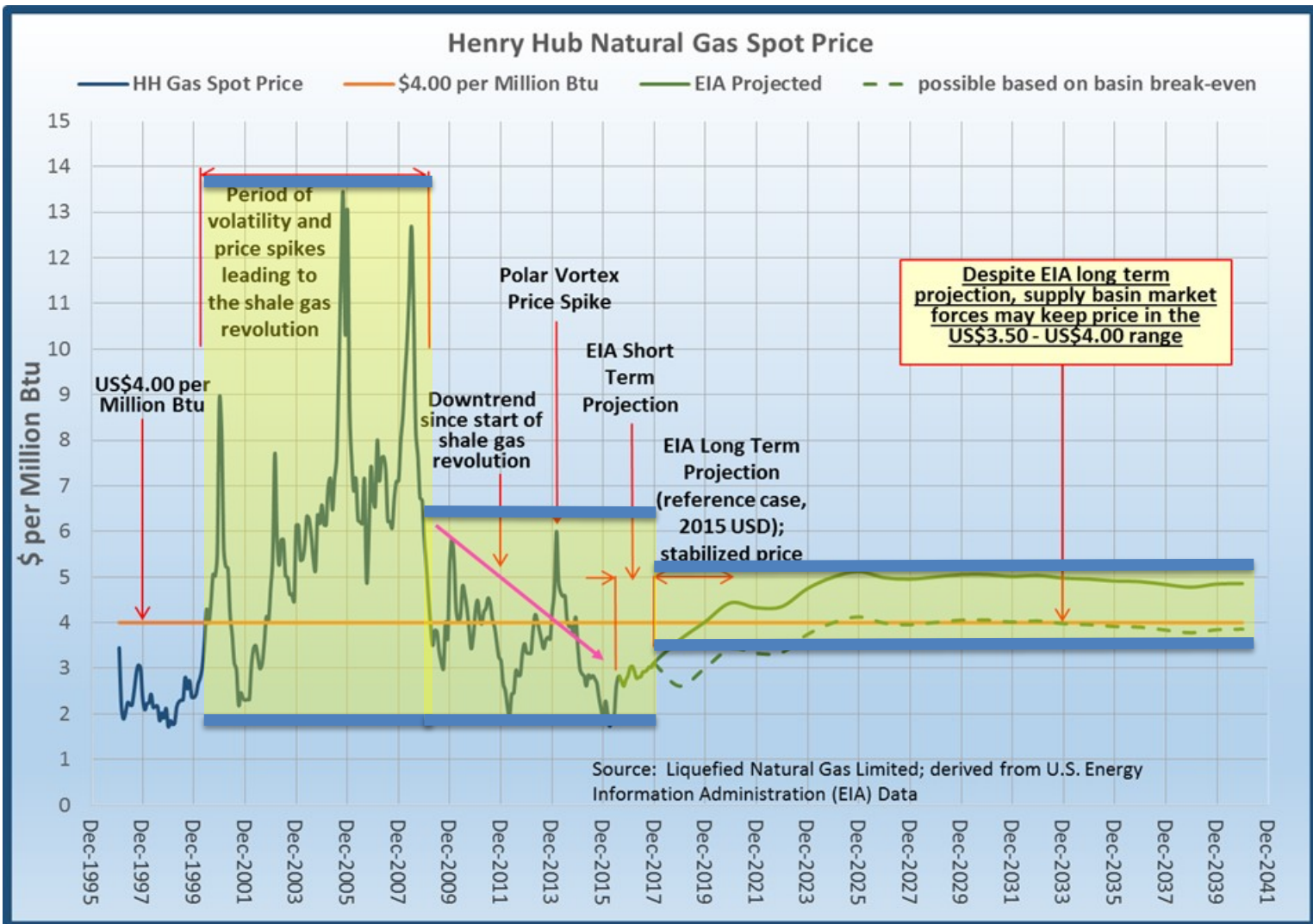


- Stability of North American natural gas supply and price outlook
- Economic trends for LNG liquefaction facilities
- West Coast versus East Coast projects
- Next demand-wave buyer timing

North American shale gas plays



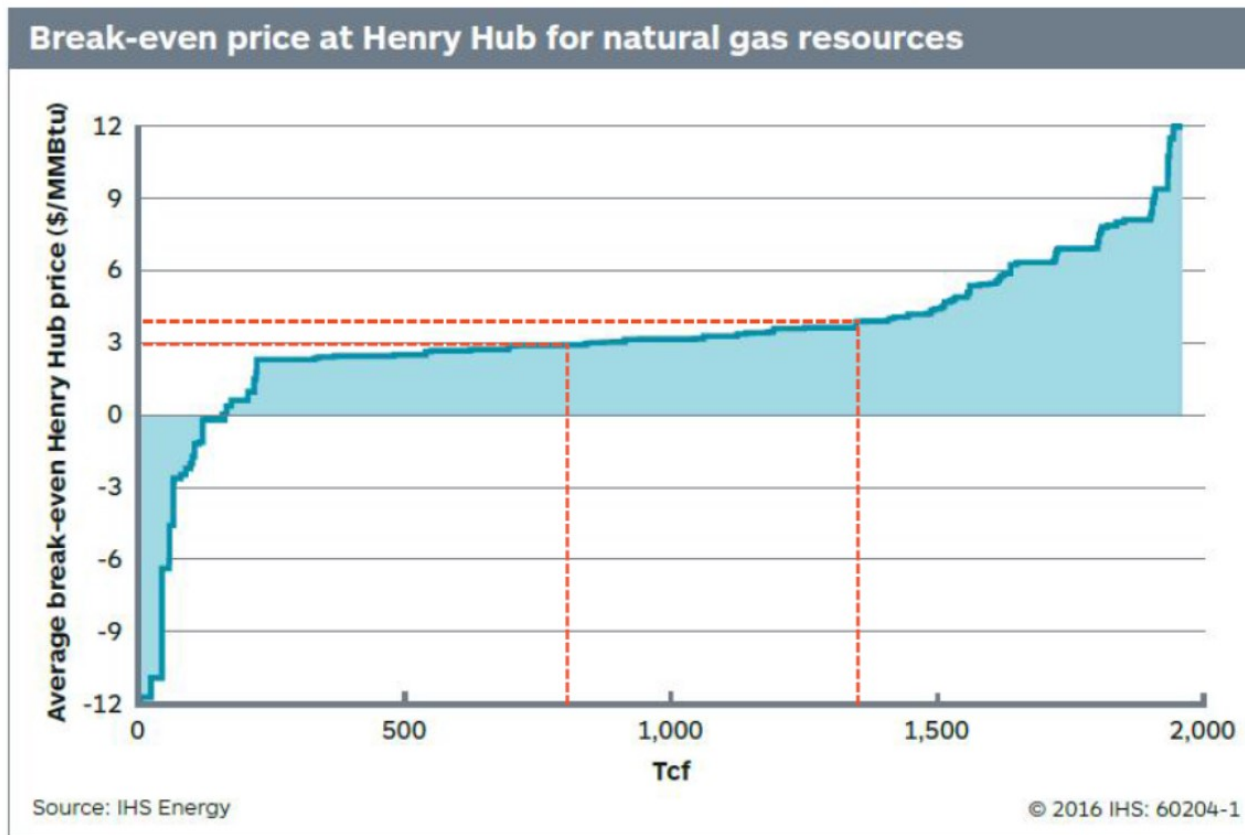
Henry Hub price history and outlook



EIA projects long-term price stabilization; gas play break-even implies lower price range

Shale gas resource break-even Henry Hub prices

Shale Gas Reloaded: More than 800 Tcf can be produced at a break-even Henry Hub price of \$3/MMbtu or less



© 2015 IHS Source: IHS Markit Energy, "Global Gas & Power Outlooks", May 2016. Used by permission of IHS Markit Energy.

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Multi-generational and affordable natural gas supply volumes imply a cap on Henry Hub cost

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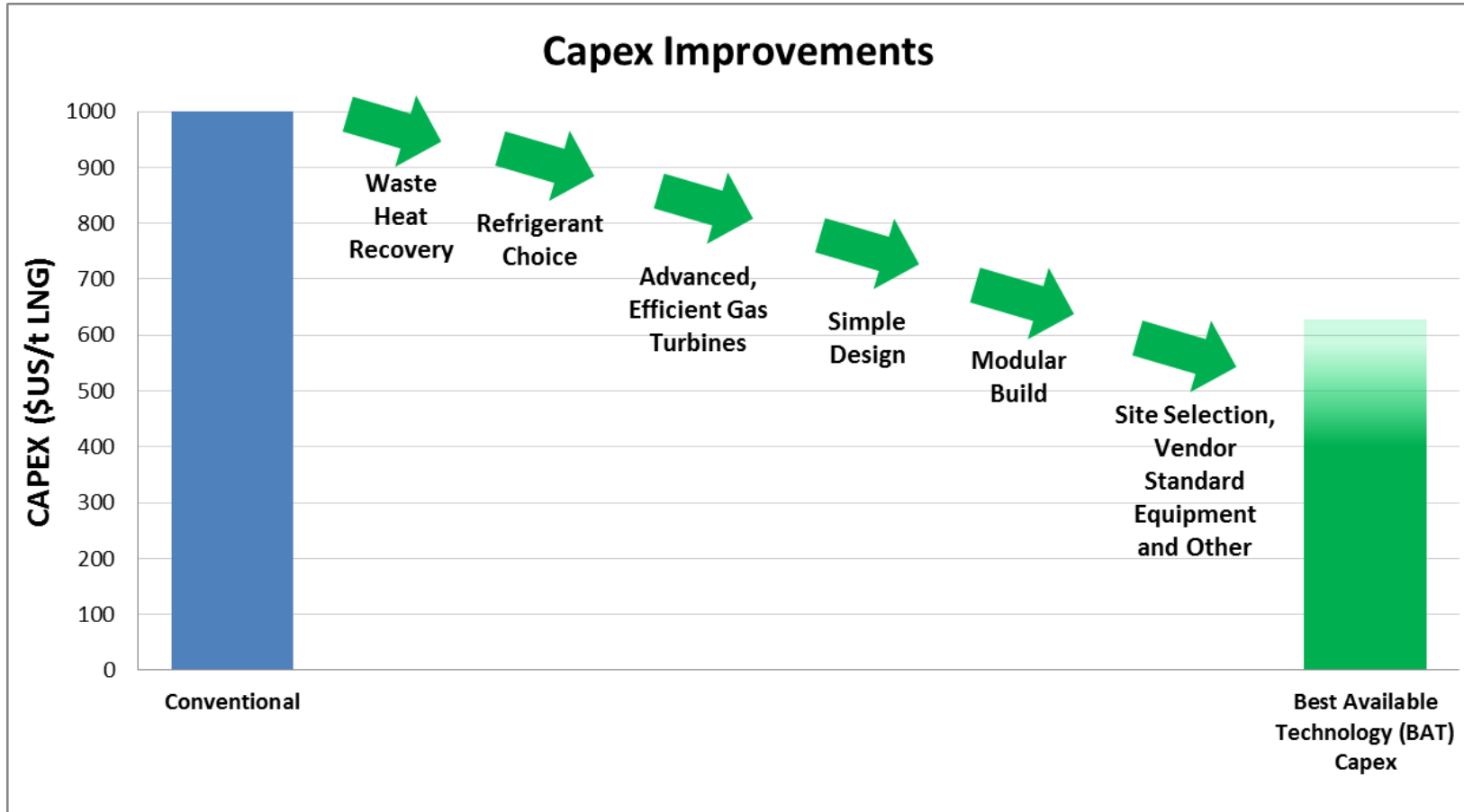
Design factors of successful future LNG projects



- Mid-scale
- Use of combined cycle power
- Optimization of refrigerants
- Advanced, efficient gas turbine refrigerant drivers
- Simple design & modular build
- Superior site selection & land use
- Standardization

CAPEX savings of future LNG projects

LNG customers are looking for lower liquefaction costs, requiring developers to deliver lower CAPEX to realize financeable project returns

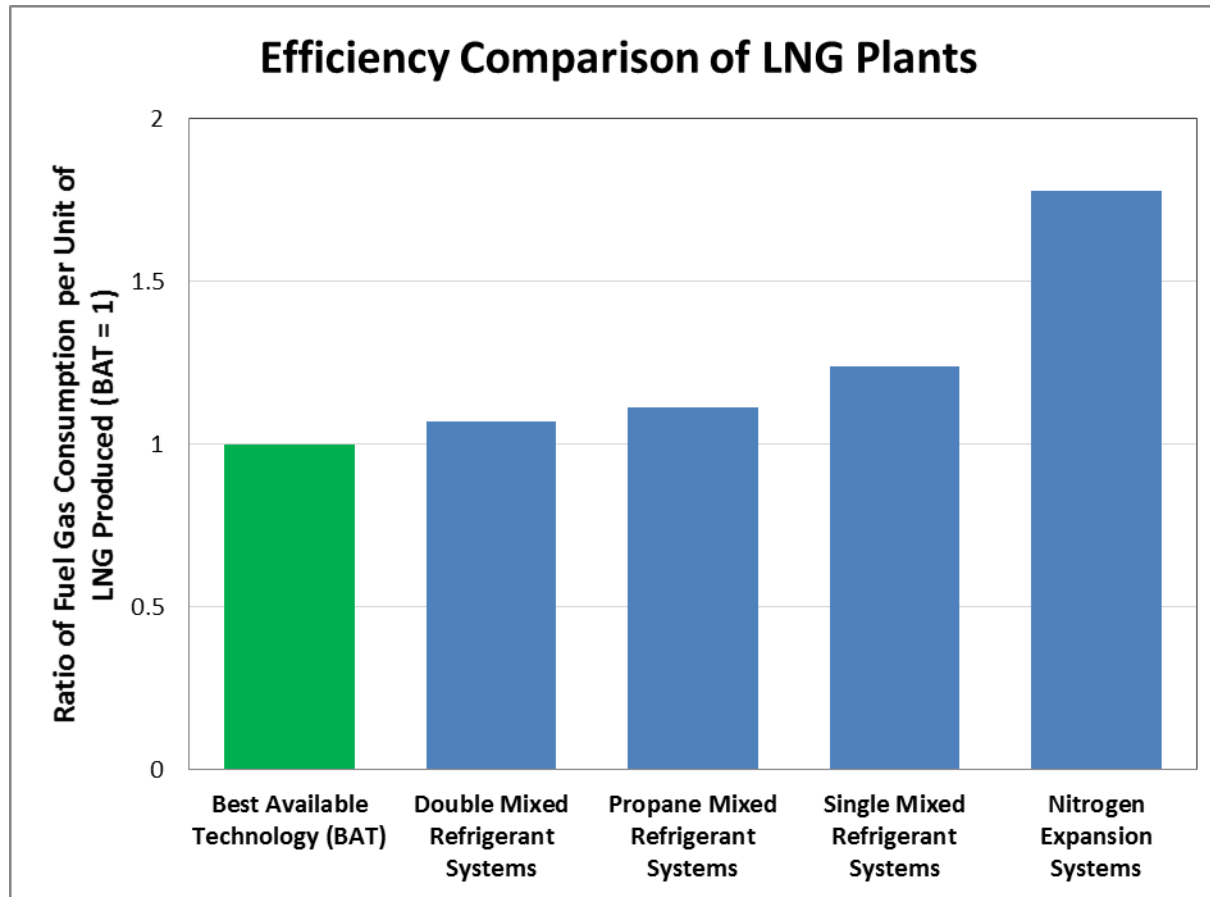


Source: Liquefied Natural Gas Limited, LNG Technology Pty Ltd.

Numerous engineering-design, construction, and procurement factors act to lower CAPEX

OPEX trends required of future LNG projects

Lowering LNG liquefaction prices requires optimizing operating costs

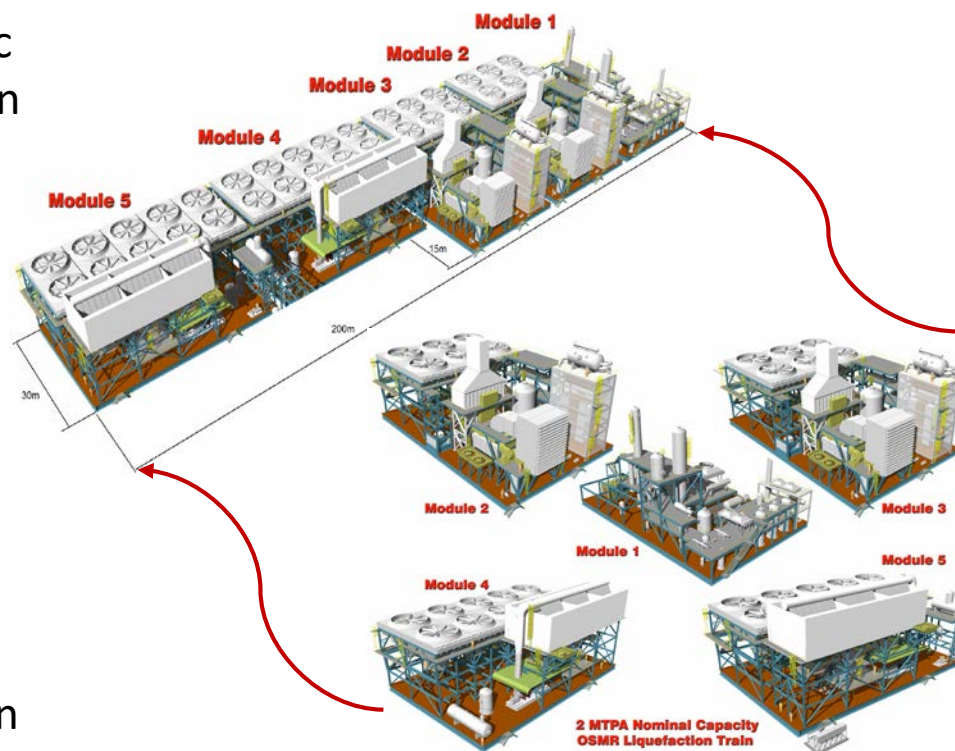


Source: Liquefied Natural Gas Limited, LNG Technology Pty Ltd.

OSMR[®] liquefaction process technology

Key Strategic Advantages and Differentiating Elements of OSMR[®] Technology

- Mid-scale compact modular design
- Ammonia's superior thermodynamic qualities in closed-loop configuration
- Mixed refrigerant pre-cooled by the Ammonia (NH_3)
- Dual drive "2-in-1" configuration
- Driver selection & use of combined cycle power
- Gas turbine inlet air cooling
- Low pressure boil-off gas (BOG) re-liquefaction
- Highly efficient fuel gas consumption
- Site selection & fit-for-purpose philosophy



CAPEX is complete, contracted, or confirmed

Magnolia LNG Project

- EPC + Other Costs per tonne range of US\$549 to US\$628 based on final FID design capacity
- Executed Lump Sum, Turnkey EPC Contract¹ (\$499-544/mtpa)
 - 4 x 2 trains, 2 tanks, all amenities
 - Gas turbines, compressors, cold boxes, bulk materials
 - Mob / de-mob costs
 - Capital spares / contractor insurance
 - EPC profit, risk funds, escalation, contingency
- Other Costs contracted or verifiable (\$50-84/mtpa)
 - Owner's engineer
 - Remaining regulatory, permitting, and environmental costs
 - Commissioning gas and cost
 - O&M mobilization
 - Other minor non-EPC contracts
 - Internal capitalized costs from financial close
- Financing costs will be at market rates as at Financial Close



¹ Price validity through 31 December 2016

Selecting the Best Available Technology (BAT) for LNG liquefaction has positive impacts on many areas of operations as well as the surrounding community

- **Less natural gas consumed as fuel (reduced feed gas retainage)**
 - Annual US\$28 million saving for an 8 mtpa plant (based on 2% retainage reduction from traditional designs, US\$3.00/mm Btu)
- **Lower Greenhouse Gas (GHG) emissions**
 - Annual reduction of 500,000 metric tons GHG for an 8 mtpa plant (based on 2% retainage reduction from traditional designs)
- **Lower overall emissions**
 - Reduced fuel consumption inherently reduces all emissions; very low NOx gas turbines further limit profile
- **Minimal flaring**
 - Innovative plant design and procedures minimize flaring during start-up, cool-down, and other transient conditions
- **High reliability / availability, dual-drive “2-in-1” configuration**
 - Independent, parallel refrigerant circuits mitigate impact of planned / unplanned outages

Western Canadian project delays / cancellations

Exxon says Canada LNG plans to cost up to C\$25 billion

Shell's LNG Canada venture again delays export terminal decision

IS THIS THE END?

LNG Canada's \$50 billion question: when?

Canada LNG Projects Must Cut Costs to Succeed, Woodside CEO says

British Columbia unveils its liquefied natural gas (LNG) tax

Repsol scraps plans to convert Canaport LNG to export gas

Aurora LNG will cost Nexen & friends up to \$20 billion

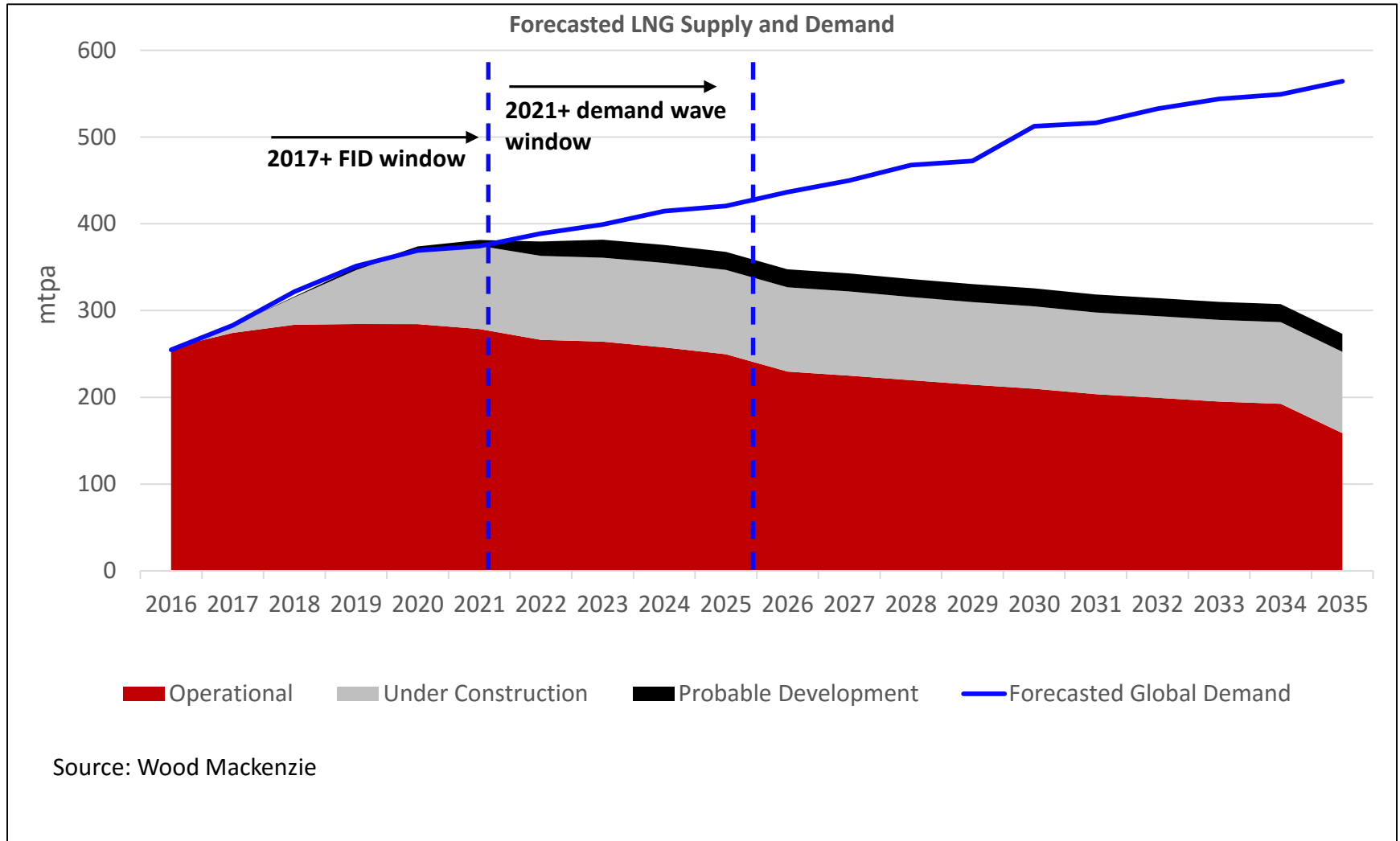
By rejecting \$1bn for a pipeline, a First Nation has put Trudeau's climate plan on trial

BG Group puts Prince Rupert LNG plans on hold

East Coast LNG – “Plan B” for Western shale gas



Forecasted supply deficit



The time to act is now - lead time from FID to first train LNG is typically 45 to 50 months

Regulatory certainty? FERC approval status check

Projects in construction	State	FERC Order	PISD	Pre File	FERC App	SER	DEIS	FEIS	Order	NFTA
1 Sabine Pass (1-4 & 5-6)	LA	‘12 & ‘15	‘16 & ‘19							
2 Freeport LNG	TX	Jul 2014	‘17/’20							
3 Cameron LNG	LA	Jun 2014	‘18/’19							
4 Cove Point	MD	Sep 2014	2017							
5 Corpus Christi (1-3)	TX	Dec 2014	2017							
FERC Order issued	State	FERC Order	PISD	Pre File	FERC App	SER	DEIS	FEIS	Order	NFTA
1 Magnolia LNG	LA	Apr 2016	2019/22	Mar ‘13	Apr ‘14	Apr ‘15	Jul 15	Nov ‘15	Apr ‘16	
2 Trunkline LNG	LA	Dec 2015	TBD	Apr ‘12	Mar ‘14	Jan ‘15	Apr ‘15	Aug ‘15	Dec ‘15	DELAYED BY SHELL
3 Southern LNG	GA	Jun 2016	TBD	Dec ‘12	Mar ‘14	Oct ‘15	n/a	n/a	Jun ‘16	
Other projects	State	FERC Order	PISD	Pre File	FERC App	SER	DEIS	FEIS	Order	NFTA
1 Jordan Cove LNG	OR	TBD	TBD	FERC application denied, rehearing requested						
2 Golden Pass LNG	TX	Pending	TBD	May ‘13	Jul ‘14	Jan ‘16	Mar ‘16	Precedent is ~ 4 quarters to NFTA		
4 Delfin LNG	LA	Pending	TBD	n/a	May ‘15	n/a	Jul ‘16			
3 Gulf LNG	MS	Pending	TBD	Dec ‘12	Jun ‘15	Precedent indicates ~ 9 to 12 quarters to issuance of NFTA for greenfield projects				
5 Venture Global	LA	Pending	TBD	Jul ‘15	Sep ‘15					
6 Texas LNG	TX	Pending	TBD	Dec ‘15	Mar ‘16					
7 Rio Grande LNG	LA	Pending	TBD	Mar ‘15	May ‘16					
8 Annova LNG	LA	Pending	TBD	Mar ‘15	Jul ‘16					
9 Corpus Christi (4 & 5)	TX	Pending	TBD	Jun ‘15	Precedent indicates ~ 14 to 17 quarters to issuance of NFTA for greenfield projects					
10 Driftwood LNG	LA	Pending	TBD	Jul ‘16						
11 SCT&E LNG	TX	Pending	TBD	Pending						

Source: FERC website and K&L Gates reporting

Notes: "PISD" – Planned in Service Date; "TBD" – To Be Determined; "SER" – Schedule of Environmental Review; "DEIS" – Draft Environmental Impact Statement; "FEIS" – Final Environmental Impact Statement; "Order" – FERC Order; "NFTA" – DOE Non-Free Trade Agreement approval

Conclusion – What to consider

Leading Success Factors

- Regulatory certainty matters
- Cost matters
- Reliability matters
- Efficiency matters
- Flexibility matters
- Environmental considerations matter
- Economics matters
- Time to market matters

Questions to Consider

- Can your potential supplier demonstrate:
- A competitive cost via an executed EPC contract - not just a “Class 5” estimate?
 - An O&M strategy and execution plan with 3rd party verified costs?
 - Secure access to gas supply complete with pipeline development costs (if any) in the economics?
 - Fully costed ancillary activities (e.g.):
 - Power supply, including cost of construction of power plant (if required), in the economics
 - Full civil works required to protect site from natural disasters (if required) in the economics
 - Reliability risk from overly complex designs
 - Debt and equity commitment plans that confirm creditors receive required rates of return and overall project financeability?

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