



**March 2019**

**Quarterly Highlights and Appendix 4C**

**A Message from the Managing Director and Chief Executive Officer**

Liquefied Natural Gas Limited’s (LNGL or the Company) emphasis over the third quarter of the fiscal year remained on our unrelenting efforts to sign long-term offtake contracts for Magnolia LNG. In addition, our efforts continue to ensure all processes and pathways are finalized for a final investment decision and commencement of construction.

Despite a general malaise slowing the execution of long-term contracts in the LNG market stemming from the U.S. – China trade issues and soft LNG spot pricing, our negotiations with customers we believe will be part of Magnolia LNG’s portfolio are moving in a positive direction. We have received comments from multiple shareholders claiming that our competitors are all signing deals, but I would encourage you to read each of those carefully. Many are non-binding headline grabs, or they contain elements we would never incorporate as they do not provide the type of economics an LNG development project requires. It is factual that competition for long-term offtake contracts among greenfield and brownfield U.S. LNG projects is fierce. However, we are emboldened by the advanced engagement we have with several customers through a significant number of bilateral consultations during the quarter. In addition, the interest and jam-packed schedule our team experienced for Magnolia LNG at the recent LNG2019 conference in Shanghai and other events exceeded even our strong expectations.

As noted in my previous quarterly highlights message, our team is progressing approval from the U.S. Federal Energy Regulatory Commission (FERC) to increase the authorized capacity of Magnolia LNG from 8.0 million tonnes per annum (mtpa) to 8.8 mtpa. The team’s hard work is paying dividends as we gained authorization from the U.S. Department of Energy (DOE) for Magnolia LNG to expand its LNG export capacity to 8.8 mtpa to free trade agreement (FTA) countries. We expect that FERC approval and non-FTA consent from the DOE will follow in short order.

At LNG2019, we unveiled a new video animation of the Magnolia LNG facility providing a clear and concise explanation of its commercial advantages. If you haven’t already, I encourage you to watch it. The video can be found near the lower left corner of the homepage of our website, [www.lnlimited.com.au](http://www.lnlimited.com.au), under “About LNG Limited.”

In keeping with our promise to shareholders, we continue to manage our liquidity closely, consistent with our stated plans. We continuously analyze various options for future liquidity should the need arise. We closed March 2019 with the Company’s total cash position at A\$28.7 million. LNGL remains 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 at March 31, 2019**

Shares on Issue	571,812,166
Performance Rights	18,124,033
ADRs on Issue	5,782,629

**SUBSTANTIAL SHAREHOLDERS at Mar 31, 2019**

Top 20 Shareholders	59.1%
- Baupost Group, LLC	10.9%
- IDG Energy Investment Group Ltd	9.9%
North American	52.1%
Australasia and Asia	22.5%
Directors & Management	< 1.0%

**QUARTER HIGHLIGHTS*****Magnolia LNG:***

- On March 22, 2019, Magnolia LNG, LLC received notice from the United States Department of Energy (DOE) that the agency had granted authorization for Magnolia to expand its export capacity to 8.8 million tonnes per annum (mtpa) of LNG to countries that have free trade agreements (FTA) with the United States.

***Bear Head LNG:***

- On February 19, 2019, Bear Head LNG Corporation Inc. signed agreements with the Assembly of Nova Scotia Mi'kmaq Chiefs (Assembly) and the Nova Scotia Construction Labour Relations Association Limited and Cape Breton Unions (together, Unions) delivering on Bear Head's commitments to ensure local benefits and meaningful Mi'kmaq participation in the project in an environmentally sustainable manner.

***Corporate:***

- On March 28, 2019, LNG Limited changed its registered office address to Level 25, 20 Bond Street, Sydney, New South Wales 2000, Australia.

***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:***

- On February 5, 2019, LNG Limited announced in an Appendix 3B notice the issue of 60,000 Shares to Joe B'Oris (Chief Development Officer of LNGL) following the vesting of 60,000 Retention Rights on January 31, 2019.
- On March 20, 2019, LNG Limited was given a Notice of ceasing to be a substantial holder by Valinor Management, L.P. and its affiliates.

***Financial Position:***

During the three-months ended March 31, 2019, net operating cash outflow was A\$7.9 million, which compared with the net operating cash outflow of A\$10.5 million for the three-months ended December 31, 2018. LNGL's total cash balance as at March 31, 2019 was A\$28.7 million (inclusive of A\$2.0 million of restricted cash), which compares to A\$36.6 million at December 31, 2018, reflecting a net decrease in reported cash of A\$7.9 million. The change in reported cash between periods reflected net cash outflows of A\$7.9 million.

The preponderance of forecasted cash outflows is denominated in US dollars, supporting maintenance of a majority of cash and cash equivalents in US dollars as a foreign exchange risk mitigation strategy. Historically, LNGL maintained a material portion of its existing cash and cash equivalents in US dollars and will look to do so in the future to coordinate cash reserves with forecasted cash outflows. 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 the second quarter 2020. 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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**Joint Company Secretary**  
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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**<sup>®</sup> 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.

**Liquefied Natural Gas Limited**  
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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](http://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 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	71	111
1.2 Payments for		
(a) research and development/patents	(26)	(50)
(b) LNG project development	(3,131)	(11,077)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(3,808)	(8,653)
(f) administration and corporate costs	(1,136)	(4,277)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	124	718
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	3
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(7,906)</b>	<b>(23,225)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
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<b>2. Cash flows from investing activities</b>		
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 (Sale of Gladstone LNG Pty Ltd)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
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	-	-

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

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	36,570	50,698
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,906)	(23,225)
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	20	1,211
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>28,684</b>	<b>28,684</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	26,696	33,208
5.2 Call deposits	1,988	3,362
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>28,684</b>	<b>36,570</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

<b>Current quarter \$A'000</b>
701
-

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**

*Add notes as necessary for an understanding of the position*

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	1,575
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	2,787
9.6	Administration and corporate costs	1,229
9.7	Other (provide details if material)	-
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>6,316</b>

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions \$A'000	Disposals \$A'000
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: 29 April 2019

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.