



Schematic Site Layouts for the proposed 8 mtpa or greater Magnolia LNG Project in the Port of Lake Charles, Louisiana, USA (left) and the 8 mtpa or greater Bear Head LNG Project, in Richmond County, Nova Scotia, Canada (right)

March 2017

Quarterly Highlights and Appendix 4C

A Message from the Managing Director and Chief Executive Officer

During this past quarter, Liquefied Natural Gas Limited (LNGL or the **Company**) unveiled its updated Vision, Mission, Values, and Strategy statement underpinning execution of our three-path strategy aimed at realizing our desire to be the world's premier provider of mid-scale LNG liquefaction solutions.

The quarter began with Magnolia LNG gracing the January 2017 cover of LNG Industry magazine, which hailed Magnolia LNG as the next US Gulf Coast project. The quarter closed with delivery of an investor presentation detailing the multitude of competitive advantages that Magnolia LNG has over its competition.

The key takeaway from this work is that Magnolia LNG is the only US greenfield project that offers prospective LNG buyers absolute certainty.

- Certainty on design;
- Certainty on costs;
- Certainty on permitting and approvals;
- Certainty on source of equity; and
- Certainty on pricing required to finance a project.

We reiterated our message in April at the Gastech Conference in Japan. Our message is clearly resonating with the LNG industry, and importantly with LNG buyers. While our competitors struggle to offer any firm execution plans, LNGL instead continues to provide certainty on all fronts. The transparency of our disclosures and work at Gastech has prompted buyers to question the basis for promises and price quotes made by our competition. Our fact-based disclosures are truly differentiating Magnolia LNG and demonstrate a significant competitive advantage for LNGL.

I am more confident today in our competitive advantages including our patented OSMR® liquefaction technology, our portfolio of diverse projects, and our certainty of cost structure, regulatory approvals, and commercial offerings that separate LNGL as the preferred partner for global LNG buyers. Our focus is to lead the next wave of U.S. LNG contracts.

In keeping with our promise to shareholders, we have managed our liquidity closely consistent with our stated plans. We closed March 2017 with the Company's total cash position at A\$49.3 million, and we 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 31st Mar '17

Shares on Issue	512,979,962
Performance Rights	12,131,299
ADRs on Issue	3,275,928

SUBSTANTIAL SHAREHOLDERS as at 31st Mar '17

Top 20 Shareholders	54.5%
North American	46.8%
- Baupost Group, LLC	12.2%
- Valinor Management, LLC	8.2%
Australasia and Asia	21.1%
Directors & Management	1.0%



QUARTER HIGHLIGHTS

Magnolia LNG:

- The quarter was dominated by an all-hands-on-deck marketing effort to secure offtake agreements for Magnolia LNG.
- On 23 January 2017, Magnolia LNG announced a non-binding heads of agreement (HOA) with Vessel Gasification Solutions, Inc. (VGS) for sales to KGLNGT terminal in India. The non-binding HOA provides for a 20-year free-on-board (FOB) sale and purchase agreement (SPA) of up to 4 mtpa. The obligations of the parties are conditional upon Magnolia LNG's satisfaction with or waiver of conditions precedent including financial close of the KGLNGT terminal and satisfaction by VGS of defined credit requirements underpinning their LNG purchases within agreed timeframes.
- On 31 March 2017, management conducted an investor presentation and conference call highlighting the competitive advantages and greater certainty of the Magnolia LNG project relative to other LNG projects in North America.
- Managing Director & CEO, Greg Vesey, Chief Commercial Officer, Mr Anthony (AG) Gelotti, Chief Technical Officer, John Baguley, and other marketing staff attended the Gastech international gas and LNG market conference in Tokyo in early April 2017.
- On 30 January 2017, Magnolia LNG announced a further extension of the validity period of the current binding EPC contract with KSJV through 30 June 2017.
- LNGL continued to examine technical improvements in the OSMR[®] technology and plant modular design to further reduce costs.
- On 24 March 2017, Magnolia LNG requested the Lake Charles Harbor and Terminal District proceed with finalizing the Ground Lease for the Magnolia LNG project.

Bear Head LNG:

- The Transport Canada's TERMPOL Review Committee completed their review of the Bear Head LNG TERMPOL report. The TERMPOL review process is a technical review of marine terminal systems and transshipment sites. It is a voluntary review of the proposed shipping route and marine terminal, but mandated under the separate environmental assessment process, and identifies navigational and marine transportation-related recommendations to support a safe shipping environment.

Corporate:

- None

Security movements:

On 27 January 2017, 952,137 ordinary shares were issued from the conversion of 952,992 Incentive Rights relating to a 2014 Incentive Rights grant held by Mr Paul Bridgwood, a former KMP (key management personnel) and employee of LNGL. Upon vesting, the number of Performance Rights outstanding reduced from 13,084,291 to 12,131,299.



Financial Position:

During the three-months ended 31 March 2017, net operating cash outflow was A\$7.1 million, which compared with the net operating cash outflow of A\$5.1 million for the three-months ended 31 December 2016. Management believes the liquidity management plan remains on course to deliver its goal of liquidity into 2019 but acknowledges there remain risks to realizing the goal.

LNGL's total cash balance as at 31 March 2017 was A\$49.3 million, which compares to A\$59.9 million as at 31 December 2016, reflecting a net reduction in reported cash of A\$10.6 million. The change in reported cash between periods reflected net cash outflows of A\$7.1 million and a non-cash reduction of A\$3.5 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). The quarter ended March 2017 included several expenditures of a non-recurring or annual nature, which inflated the quarterly cash outflow relative to the quarter ended December 2016.

LNGL maintains a material portion of its existing cash and cash equivalents denominated in US dollars. The preponderance of forecasted cash outflows are 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.



For further information, contact:

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Chief Financial Officer
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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;
- 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.

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 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 2017

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	136	454
1.2 Payments for		
(a) research and development/patents	(19)	(130)
(b) LNG project development	(1,979)	(4,595)
(c) advertising and marketing	-	-
(d) leased assets	(1)	(3)
(e) staff costs	(4,163)	(12,992)
(f) administration and corporate costs	(1,053)	(3,718)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	125	272
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(120)	(120)
1.7 Government grants and tax incentives	-	499
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(7,074)	(20,333)

+ See chapter 19 for defined terms
1 September 2016

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	-	(409)
(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	-	(409)
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	-	674
3.4 Transaction costs related to issues of shares, convertible notes, rights or options	(5)	(23)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-

+ See chapter 19 for defined terms
1 September 2016

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
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(5)	651

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	59,879	71,457
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,074)	(20,333)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(409)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5)	651
4.5	Effect of movement in exchange rates on cash held	(3,527)	(2,093)
4.6	Cash and cash equivalents at end of quarter	49,273	49,273

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	44,919	34,672
5.2	Call deposits	4,354	25,207
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)	49,273	59,879

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	656
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.

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

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development/patent costs	-
9.2 LNG project development	1,461
9.3 Advertising and marketing	-
9.4 Leased assets	1
9.5 Staff costs	2,220
9.6 Administration and corporate costs	1,200
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,882

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: 28 April 2017

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.