



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)

**June 2017**

## Quarterly Highlights and Appendix 4C

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

The final quarter of Liquefied Natural Gas Limited's (LNGL or the **Company**) fiscal year was headlined by three significant announcements:

- Initiation of exploratory efforts into redomiciling the Company to the U.S. accompanied by a listing of the Company's shares on either the New York Stock Exchange or NASDAQ;
- Execution of an Amended and Restated Equity Commitment Agreement with Stonepeak Infrastructure Partners (Stonepeak), a New York headquartered infrastructure fund, relating to equity financing of the Magnolia LNG projects; and
- Exiting the Fisherman's Landing LNG project.

I believe each of these important announcements will positively impact the Company's future. Redomiciling LNGL in the U.S. could allow us to be better positioned in a market where we have peers and competitors, unlike the current situation on the ASX. In addition, it seems important to be listed where our projects are located.

The amended and restated agreement with Stonepeak for the Magnolia LNG project provides the Company with an attractive deal we believe to be very competitive in the LNG industry. Stonepeak is a highly-regarded infrastructure fund that provided a strong message to the industry about the virtues and advantages of the Magnolia project. We think potential offtakers have taken notice of the agreement and our outlook on Magnolia remains bullish.

The inability to secure a long-term gas supply was the main driver of our decision to exit the Fisherman's Landing LNG project. We believe it was a responsible decision and the best choice for our shareholders.

I would like to thank all shareholders who attended our various presentations and meetings during our road show to Australia and Hong Kong in June. We hope your questions were answered, and the update we provided about the Company shows that our top priority remains securing the offtake agreements required to gain a final investment decision (FID) for Magnolia. As such, we are in the process of re-energizing our commercial efforts through some staffing changes.

Lastly, I wish to once again congratulate John Baguley, who was appointed Chief Operating Officer of LNGL in June. John is a trusted advisor and together with the rest of our team, we look forward to delivering shareholder value as we achieve our goals and aspirations for the Company.

In keeping with our promise to shareholders, we have managed our liquidity closely consistent with our stated plans. We closed June 2017 with the Company's total cash position at A\$44.5 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 at 30 June 2017

Shares on Issue	512,979,962
Performance Rights	12,131,299
ADRs on Issue	3,839,993

#### SUBSTANTIAL SHAREHOLDERS at 30 June 2017

Top 20 Shareholders	54.4%
North American	48.2%
- Baupost Group, LLC	12.2%
- Valinor Management, LLC	8.2%
Australasia and Asia	19.9%
Directors and Management	< 1.0%



## **QUARTER HIGHLIGHTS**

### ***Magnolia LNG:***

- On 5 May 2017, Magnolia LNG received its Notice to Proceed (NTP) from the Federal Energy Regulatory Commission (FERC) to commence initial site preparation activities.
- On 13 June 2017, Magnolia LNG announced a further extension of the validity period of the current binding EPC contract with KSJV through 31 December 2017.
- LNGL continued to examine technical improvements in the OSMR® technology and plant modular design to further reduce costs.

### ***Corporate:***

- On 16 June 2017, John Baguley was appointed Chief Operating Officer.

### ***Security movements:***

- As disclosed 12 July 2017, 2,532,823 Performance Rights lapsed at or around 30 June 2017. Performance Rights totalling 2,274,137 lapsed as performance conditions were not met during the measurement period and 258,686 Performance Rights lapsed as a participant ceased employment with the Company and was no longer eligible to participate.
- Effective 10 July 2017, 5,205,000 Incentive Rights were issued, consisting of a) 3,123,000 Performance Rights and b) 2,082,000 Retention Rights. These Incentive Rights were issued to employees pursuant to the Incentive Rights Plan summarized in 2016 Notice of Annual General Meeting and released to ASX on 18 October 2016. No Exercise price or other amount is payable on vesting of Incentive Rights.

### ***Financial Position:***

During the three-months ended 30 June 2017, net operating cash outflow was A\$4.5 million, which compared with the net operating cash outflow of A\$7.1 million for the three-months ended 31 March 2017. 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 30 June 2017 was A\$44.5 million, which compares to A\$49.3 million as at 31 March 2017, reflecting a net reduction in reported cash of A\$4.8 million. The change in reported cash between periods reflected net cash outflows of A\$4.5 million and a non-cash reduction of A\$0.3 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).

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

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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")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	594	1,048
1.2 Payments for		
(a) research and development/patents	(61)	(191)
(b) LNG project development	(903)	(5,498)
(c) advertising and marketing	-	-
(d) leased assets	(1)	(4)
(e) staff costs	(2,630)	(15,622)
(f) administration and corporate costs	(1,571)	(5,289)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	110	382
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(120)
1.7 Government grants and tax incentives	-	499
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,462)</b>	<b>(24,795)</b>

+ See chapter 19 for defined terms  
1 September 2016

<b>2.</b>	<b>Cash flows from investing activities</b>		
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(409)</b>

<b>3.</b>	<b>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	-	674
3.4	Transaction costs related to issues of shares, convertible notes, rights or options	-	(23)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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>651</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	49,273	71,457
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,462)	(24,795)
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)	-	651
4.5	Effect of movement in exchange rates on cash held	(362)	(2,455)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>44,449</b>	<b>44,449</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1	Bank balances	40,293	44,919
5.2	Call deposits	4,156	4,354
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>44,449</b>	<b>49,273</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	427
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.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development/patent costs	-
9.2 LNG project development	1,011
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	2,193
9.6 Administration and corporate costs	1,028
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>4,232</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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

+ See chapter 19 for defined terms  
1 September 2016

### 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 July 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.