



September 2017

Quarterly Highlights and Appendix 4C

A Message from the Managing Director and Chief Executive Officer

The first quarter of Liquefied Natural Gas Limited's (LNGL or the **Company**) fiscal year was very active as we maintained our focus on securing offtake for Magnolia LNG in a slowly more bullish market, continued to progress the Bear Head LNG project, and wrap up our year-end activities highlighted by the distribution and filing of our annual report.

In addition, LNGL made three significant announcements:

- The signing of an amended and restated equity commitment agreement with Stonepeak Infrastructure Partners for the Magnolia LNG project.
- The signing of a dredging servitude agreement for Magnolia LNG with Turners Bay, LLC, to deposit dredge spoils that will recreate approximately 100 acres of Louisiana wetlands previously destroyed by hurricanes.
- A decision to suspend the Company's U.S. redomiciling and listing efforts to a time when maximum value can be achieved for shareholders.

LNGL's Board remains fully committed to redomiciling the Company to the U.S., but at the same time, recognizes the utmost importance of maintaining the focus on offtake and strengthening the Company's cash position with a goal of increased liquidity. In addition, the completion of regulatory requirements associated with the redomiciling was taking longer than expected leading to an extended project timeline.

Over the last quarter, our discussions with potential offtakers have increased significantly. With a colder than normal winter expected in Asia and a closing window to secure a long-term LNG supply, buyers are more willing to have serious discussions, and we remain confident in signing offtake agreements with credit-worthy buyers later this year or early in 2018.

For Bear Head LNG, the recent cancellation of the Pacific Northwest LNG project has turned Western Canadian producers' attention to the East to distribute their stranded gas outside of Canada to the global market. We have seen a significant increase in activity and interest in the project and continue to work with potential offtakers and pipeline partners to make Bear Head a reality. I was in Nova Scotia recently, and there is a tremendous amount of enthusiasm and support for our project.

In keeping with our promise to shareholders, we continue to manage our liquidity closely consistent with our stated plans. We closed September 2017 with the Company's total cash position at A\$38.2 million, and we remain debt free.

We look forward to seeing you at the Company's Annual General Meeting in Melbourne, Australia on November 16.

Yours sincerely,

Gregory M. Vesey, Managing Director and Chief Executive Officer

Liquefied Natural Gas Limited

ASX Code: LNG
OTC ADR: LONGLY
ABN: 19 101 676 779

CONTACT DETAILS

PERTH	HOUSTON
45 Ventnor Street West Perth 6005 Western Australia Australia	1001 McKinney Street Suite 600 Houston, TX 77002 USA

Tel: +61(0)8 9366 3700 Tel: +1 713 815 6900
Fax: +61(0)8 9429 8800 Fax: +1 713 815 6905
Email: LNG@LNGLimited.com.au
Website: www.lnlimited.com.au

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 29th September '17

Shares on Issue	512,979,962
Performance Rights	13,633,476
ADRs on Issue	4,057,069

SUBSTANTIAL SHAREHOLDERS as at 29th Sept '17

Top 20 Shareholders	52.8%
North American	48.4%
- Baupost Group, LLC	12.2%
- Valinor Management, LLC	8.2%
Australasia and Asia	18.0%
Directors & Management	<1.0%

QUARTER HIGHLIGHTS

Magnolia LNG:

- On 5 July 2017, LNGL announced that certain wholly owned subsidiaries of LNGL and Stonepeak signed an amended and restated ECA and have updated the associated Magnolia LLC Agreement (**LLC Agreement**). The amended ECA and LLC Agreements replace the existing Stonepeak agreements signed in October 2013 in their entirety.
- On 1 August 2017, LNGL announced that Magnolia LNG had executed a Servitude Agreement with Turners Bay, LLC, a Louisiana limited liability company, for the right to deposit dredge spoils on certain tracts of land located in Calcasieu Parish, Louisiana.
- During the September quarter, marketing of Magnolia LNG capacity continued with several investment-grade, as well as some non-investment grade counterparties. Substantially all the offtake negotiations are for initial 20-year terms under liquefaction tolling agreements (**LTA**) or sales and purchase agreements (**SPA**).
- LNGL also continued to examine technical improvements in the OSMR[®] technology and plant modular design to further reduce costs.

Bear Head LNG:

- During the September quarter, Bear Head LNG continued to market capacity to all three potential gas paths: U.S., offshore Nova Scotia; and Western and Central Canada.

Corporate:

- On 6 October 2017, the Board of LNGL announced that it had resolved to suspend all activity related to the redomicile of the Company in the United States to focus on current business.
- On 1 September 2017, LNGL changed its registered office address to 45 Ventnor Avenue, West Perth, WA 6005.

Security movements:

- As disclosed on page 100 of the 2017 Annual Report, LNGL has 13,633,476 unlisted performance rights over ordinary shares held by 41 holders. The rights do not carry a right to vote. The number of performance rights reported on 12 July 2017 in the Appendix 3B (14,803,476) has reduced by 1,170,000 due to the forfeiture of Performance Rights by an Executive who has left the Company.

Financial Position:

During the three-months ended 30 September 2017, net operating cash outflow was A\$6.0 million, which compared with the net operating cash outflow of A\$4.5 million for the three-months ended 30 June 2017. Management believes the liquidity management plan remains on course to deliver its goal of liquidity to the end of 2018 but acknowledges there remain risks to realizing the goal.

LNGL's total cash balance as at 30 September 2017 was A\$38.2 million, which compares to A\$44.5 million as at 30 June 2017, reflecting a net reduction in reported cash of A\$6.3 million. The change in reported cash between periods reflected net cash outflows of A\$6.0 million, a non-

+ See chapter 19 for defined terms



cash reduction of A\$0.2 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), and rounding.

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:

Mr. Micah Hirschfield
Sr. Manager, Communications and Investor Relations
Liquefied Natural Gas Limited
+1 713 815 6920
mhirschfield@lnglimited.com

Mr. Andrew Gould
Joint Company Secretary
Liquefied Natural Gas Limited
+61 (0)8 9366 3700
AGould@lnglimited.com.au

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**[®] 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
45 Ventnor Avenue, West Perth WA 6005
Telephone: +61 (0)8 9366 3700 Facsimile: +61 (08) 9429 8800
Email: LNG@LNGLimited.com.au
Website: www.LNGLimited.com.au

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")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	59	59
1.2 Payments for		
(a) research and development/patents	(16)	(16)
(b) LNG project development	(2,024)	(2,024)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(2,579)	(2,579)
(f) administration and corporate costs	(1,568)	(1,568)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	94	94
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(8)	(8)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(6,042)	(6,042)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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2. Cash flows from investing activities		
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 (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

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	-	-
3.4 Transaction costs related to issues of shares, convertible notes, rights or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

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	44,449	44,449
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(6,042)	(6,042)
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	(191)	(191)
4.6 Cash and cash equivalents at end of quarter	38,216	38,216

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	34,108	40,293
5.2 Call deposits	4,108	4,156
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)	38,216	44,449

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

Current quarter \$A'000
392
-

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.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development/patent costs	-
9.2	LNG project development	3,734
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	2,740
9.6	Administration and corporate costs	1,232
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	7,706

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: 30 October 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.

