



June 2018

Quarterly Highlights and Appendix 4C

A Message from the Managing Director and Chief Executive Officer

The fourth quarter of Liquefied Natural Gas Limited's (LNG or the Company) fiscal year was very dynamic as we continued to progress our negotiations with a number of potential offtakers, monitored new and changing trade issues, and secured a major new investor. We are very excited to welcome IDG to LNG's investor group and look forward to expanding our marketing efforts in Asia through their network. We also had a strong presence at the recent World Gas Conference, resulting in productive meetings with many potential customers and an increase in support and confidence in both Magnolia LNG and our OSMR® technology.

The pricing in the LNG market across the globe during the current shoulder season has remained strong, which differs from recent years. Buyers are looking to lockup long term LNG supply with forecasts showing demand growth coming from Asia and Europe, and price movements across the globe are making U.S. Gulf Coast LNG very attractive. This development lends additional credibility to an outlook of demand significantly outpacing supply much earlier than pundits have predicted, potentially as early as next year. Offtakers have become more aggressive seeking long-term volumes, with many expected to make buying decisions in the second half of the year. Considering offtakers' predicted timelines, we continue to push for a final investment decision (FID) by the end of the year, however given the magnitude of these decisions for buyers, there is potential for spill over to 2019.

The Share Placement to IDG Energy Investment Group Limited, an investment holding company listed on the Stock Exchange of Hong Kong and affiliated with IDG Capital, raised gross proceeds of A\$28.2 million. The transaction provides the Company with sufficient operating funds through mid-2020. In addition to the IDG announcement, the Magnolia LNG, LLC extended the validity period of its binding engineering, procurement, and construction (EPC) contract with KSJV (a KBR - SKE&C joint venture led by KBR) through December 31, 2018 and extended the financial close date of the legally binding offtake agreement with Meridian LNG Holdings Corporation to September 30, 2018.

Interest around Bear Head LNG remains strong, as we continue to discuss the project with both upstream producers in Western Canada and potential European customers. Our efforts remain focused on a solid gas supply solution, and we are enlisting the support of many companies to help us in that area. Bear Head LNG continues to work to close remaining conditions associated with its completed suite of permits.

In keeping with our promise to shareholders, we continue to manage our liquidity closely, consistent with our stated plans. We closed June 2018 with the Company's total cash position at A\$50.7 million and remain debt free.

Yours sincerely,

Gregory M. Vesey, Managing Director and Chief Executive Officer

Liquefied Natural Gas Limited

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

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BOARD OF DIRECTORS

Paul J. Cavicchi
 Chairman
Gregory M Vesey
 Managing Director and Chief Executive Officer
Leanne 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 29 June '18

Shares on Issue	570,146,456
Performance Rights	14,616,472
ADRs on Issue	5,317,279

SUBSTANTIAL SHAREHOLDERS as at 29 June '18

Top 20 Shareholders	56.3%
- Baupost Group, LLC	10.9%
- IDG Energy Investment Group Ltd	9.9%
- Valinor Management, LLC	7.4%
North American	51.2%
Australasia and Asia	18.4%

QUARTER HIGHLIGHTS***Magnolia LNG:***

- On June 18, 2018, Magnolia LNG, LLC extended the validity period of its binding engineering, procurement, and construction (EPC) contract with KSJV (a KBR – SKE&C joint venture led by KBR). The binding lump sum turnkey (LSTK) EPC US\$4.354 billion contract is now valid through December 31, 2018. The initial agreement with KSJV was signed on November 16, 2015 with an installed capacity EPC cost/tonne range of US\$495 to US\$544 based on final design at final investment decision (FID).
- On June 25, 2018, LNGL announced that Magnolia LNG and Meridian LNG Holdings Corporation (Meridian LNG) agreed extension of the financial close date of their legally binding 2.0 mtpa offtake agreement to September 30, 2018. All other provisions of the governing agreements not specifically amended by this extension remain in full force and effect.

Bear Head LNG:

- During this quarter, Bear Head LNG continued to market capacity primarily to major Western Canadian Sedimentary Basin producers and address gas path solution opportunities with Canadian pipeline companies.

Fisherman's Landing LNG:

- On April 17, 2018 LNGL executed a Share Sale Agreement (the Agreement) with LNG Queensland Pty Ltd for the acquisition of all the shares of LNGL's wholly-owned subsidiary, Gladstone LNG Pty Ltd. In return, LNGL received US\$800,000, previously held in a trust account under a previously disclosed Licence Transfer Agreement, and a reimbursement for security deposits posted by Gladstone LNG related to the Fisherman's Landing project licences.
- Pursuant to the terms of the Agreement, the Buyer secured ownership of the proposed Fisherman's Landing LNG project, including the licences and the opportunity to utilize LNGL's OSMR® technology on a future LNG project at the Fisherman's Landing Gladstone site. The Buyer shall pay LNGL an additional US\$4 million if financial close is achieved for an LNG project at the site.

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 and capital raising:

- On June 13, 2018, LNGL announced it had received funds from a Share Placement to IDG Energy Investment Group Limited (IDG Energy Investment, stock code: 650.HK), an investment holding company listed on the Stock Exchange of Hong Kong and affiliated with IDG Capital.
- The Share Placement raised gross proceeds of A\$28.2 million before costs through the issuance of 56,444,500 ordinary shares at A\$0.50 per ordinary share, representing a 14.1% premium to the volume weighted average price of LNGL shares on the ASX over the 30-trading day period ending June 1, 2018 of \$0.44. The newly issued Ordinary Shares are held in mandatory escrow for 180 days from transaction date to December 13, 2018.
- IDG Energy Investment holds a 9.9 percent interest in the Company because of this transaction.

Financial Position:

During the three-months ended June 30, 2018, net operating cash outflow was A\$6.2 million, which compared with the net operating cash outflow of A\$5.7 million for the three-months ended March 31, 2018. LNGL's total cash balance as at June 30, 2018 was A\$50.7 million (inclusive of \$3.2 million of restricted cash), which compares to A\$27.5 million as at March 31, 2018, reflecting a net increase in reported cash of A\$23.2 million. The change in reported cash between periods reflected: net cash inflows of A\$28.5 million associated with the Share Placement to

IDG Energy Investments and the sale of Gladstone LNG; outflows of A\$6.2 million; and a non-cash impact of A\$0.9 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 net proceeds from the Share Placement remain in Australian dollars at June 30, 2018. LNGL intends to transfer most of these funds into US dollars over time. 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 mid-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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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

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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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	273	417
1.2 Payments for		
(a) research and development/patents	(49)	(88)
(b) LNG project development	(1,523)	(6,117)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(2,648)	(10,927)
(f) administration and corporate costs	(2,382)	(6,925)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	100	358
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(11)	(20)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(6,240)	(23,302)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
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 (Sale of Gladstone LNG Pty Ltd)	1,351	1,351
2.6 Net cash from / (used in) investing activities	1,351	1,351

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	28,222	28,222
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	(991)	(991)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	27,231	27,231

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	27,467	44,449
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,240)	(23,302)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,351	1,351
4.4	Net cash from / (used in) financing activities (item 3.10 above)	27,231	27,231
4.5	Effect of movement in exchange rates on cash held	889	969
4.6	Cash and cash equivalents at end of quarter	50,698	50,698

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	47,476	23,407
5.2	Call deposits	3,222	4,060
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)	50,698	27,467

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

439

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

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	982
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	2,459
9.6	Administration and corporate costs	1,097
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	4,538

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	Gladstone LNG Pty Ltd
10.2	Place of incorporation or registration	N/a	Australia
10.3	Consideration for acquisition or disposal	N/a	1,351
10.4	Total net assets	N/a	-
10.5	Nature of business	N/a	LNG

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: 27 July 2018

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.