

Liquefied Natural Gas Limited



Greg Vesey – Managing Director and Chief Executive Officer

Regaining the Balance



CWC Seventeenth Annual World LNG Summit – 14 December 2016

ASX: LNG and OTC ADR: LNGLY

Forward Looking Statement / All Jurisdictions



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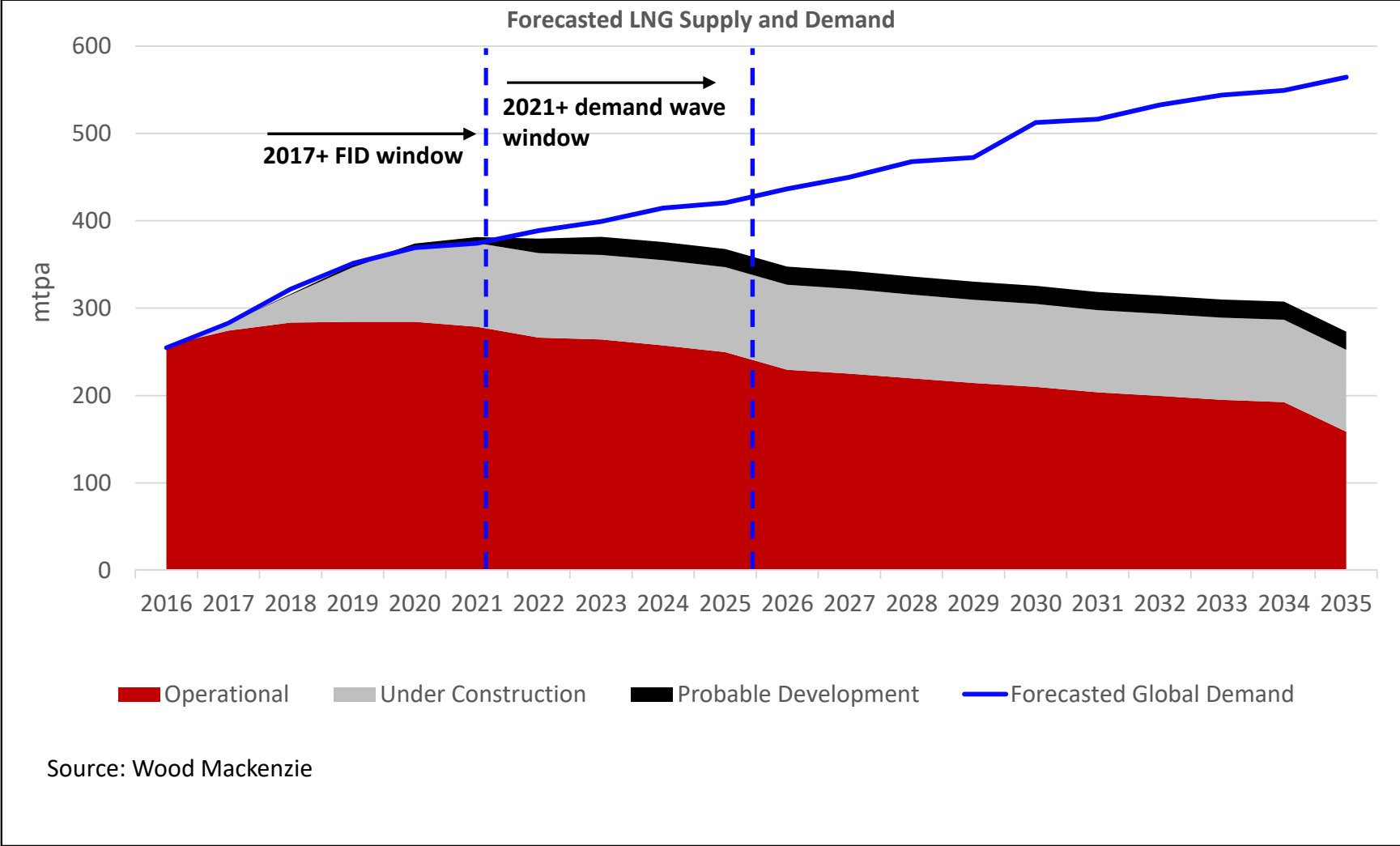
All references to dollars, cents or \$ in this document is a reference to US Dollars, unless otherwise stated.

About LNG Limited



Delivering competitive and innovative LNG projects in key markets throughout the world

Global Supply / Demand Imbalance Projections



The time to act is now - lead time from FID to first train LNG is typically 42 to 48 months

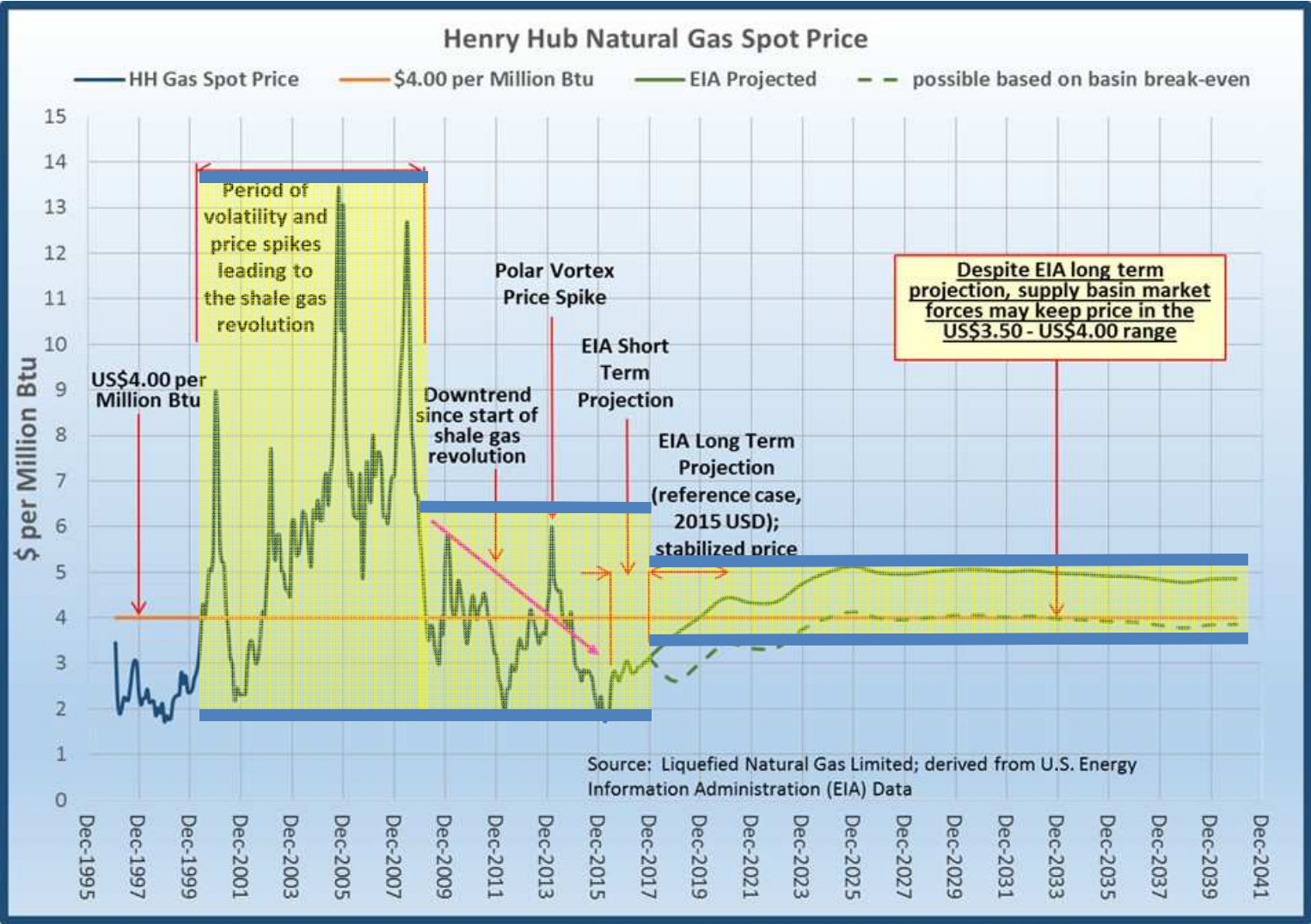
North American Shale Gas Plays



Source: U.S. Energy Information Administration based on data from various published studies. Canada and Mexico plays from ARI. Updated: May 9, 2011

Prolific shale gas resource drives North American natural gas prices

Henry Hub Price History And Outlook

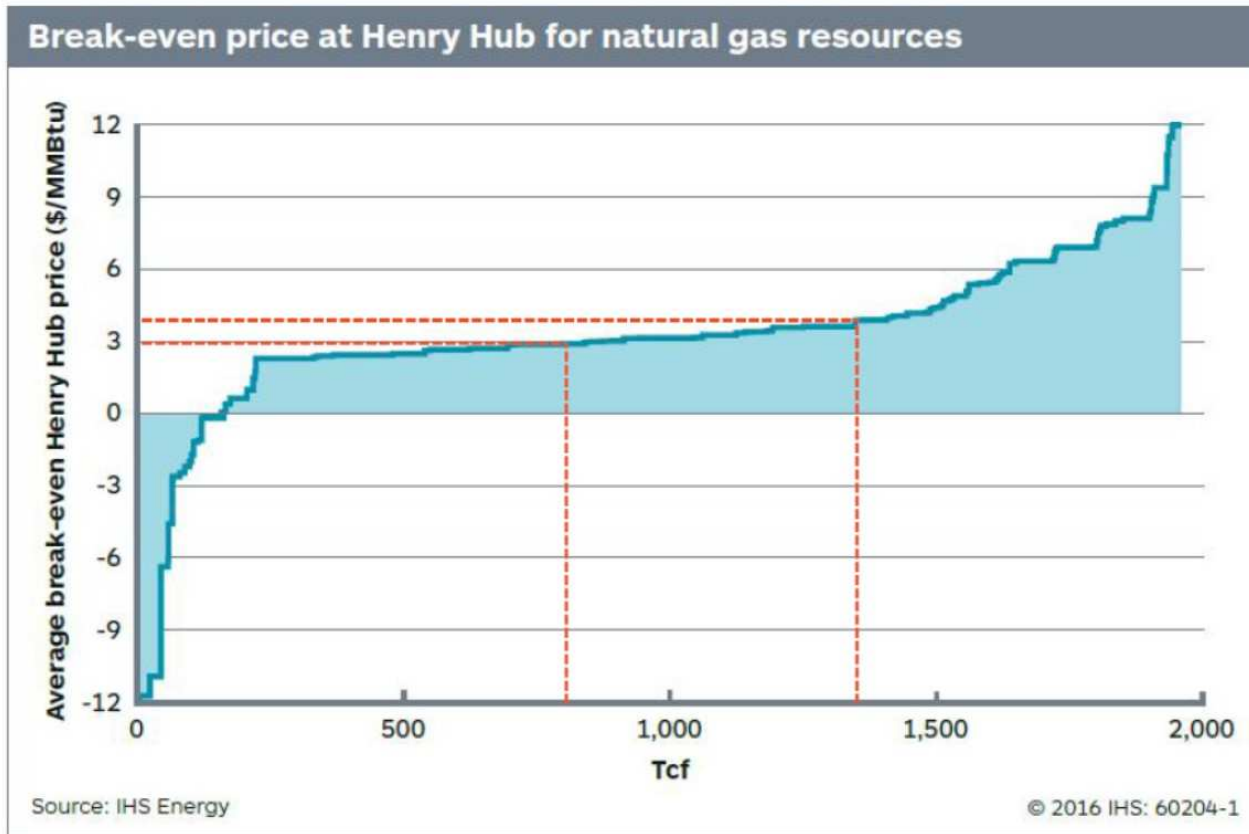


EIA projects long-term price stabilization; gas play break-even implies lower price range 6

Shale Gas Resource Break-Even Henry Hub Prices



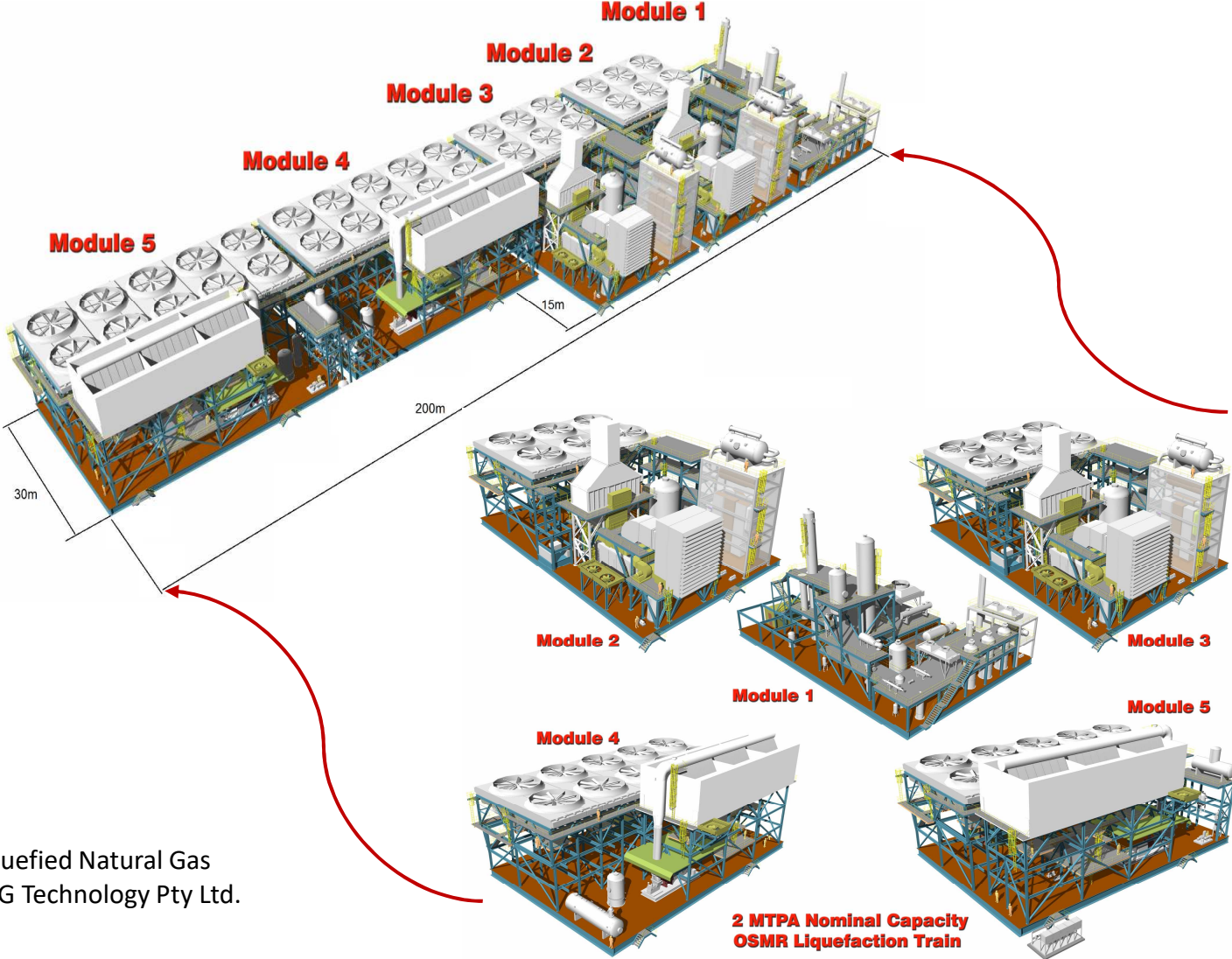
Shale Gas Reloaded: More than 800 Tcf can be produced at a break-even Henry Hub price of \$3/MMbtu or less



© 2015 IHS Source: IHS Markit Energy, "Global Gas & Power Outlooks", May 2016. Used by permission of IHS Markit Energy. 6

Multi-generational, affordable natural gas supply volumes imply a cap on Henry Hub cost 7

OSMR[®] Liquefaction Process Technology



Source: Liquefied Natural Gas Limited, LNG Technology Pty Ltd.

The compact, five-module design is key to OSMR[®] cost efficiency

OSMR[®] Key Advantages

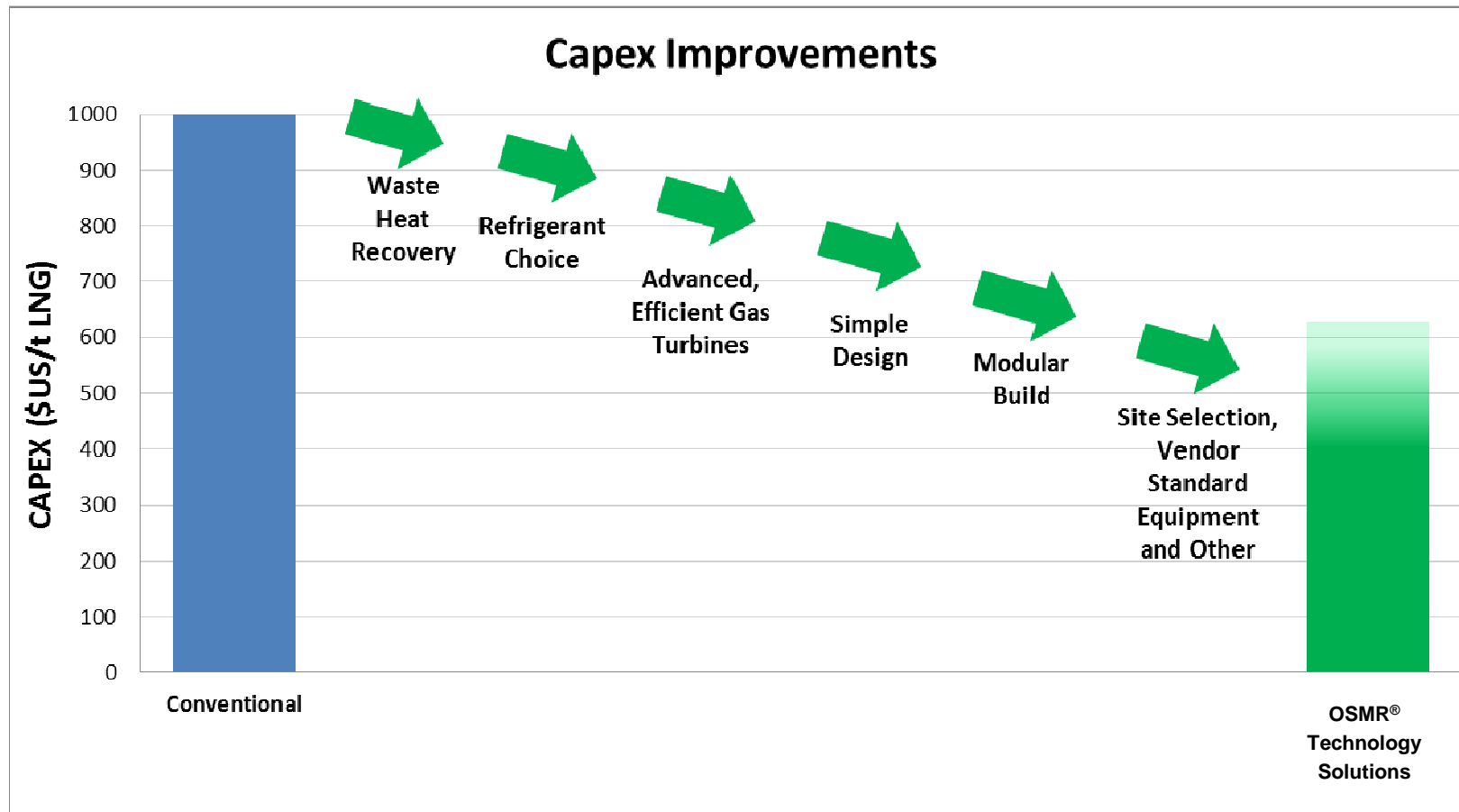


- Mid-scale compact modular design
- Ammonia's superior thermodynamic qualities in closed-loop configuration
- Mixed refrigerant pre-cooled by the Ammonia (NH₃)
- Dual drive "2-in-1" configuration
- Driver selection & use of combined cycle power
- Gas turbine inlet air cooling
- Low pressure boil-off gas (BOG) re-liquefaction
- Highly efficient fuel gas consumption
- Site selection & fit-for-purpose philosophy

CAPEX Savings of Future LNG Projects



LNG customers are looking for lower liquefaction costs, requiring developers to deliver lower CAPEX to realize financeable project returns



Source: Liquefied Natural Gas Limited, LNG Technology Pty Ltd.

Numerous engineering-design, construction, and procurement factors act to lower CAPEX

CAPEX is Complete, Contracted, or Confirmed



Magnolia LNG Project

- EPC + Owner's Costs per tonne range of US\$549 to US\$628 based on final FID design capacity
- Executed Lump Sum, Turnkey EPC Contract (*\$499-544/mtpa*)
 - 4 x 2 trains, 2 tanks, all amenities
 - Gas turbines, compressors, cold boxes, bulk materials
 - Mob / de-mob costs
 - Capital spares / contractor insurance
 - EPC profit, risk funds, escalation, contingency
- Owner's Costs contracted or verifiable (*\$50-84/mtpa*)
 - Owner's engineer
 - Remaining regulatory, permitting, and environmental costs
 - Commissioning gas and cost
 - O&M mobilization
 - Other minor non-EPC contracts
 - Internal capitalized costs from financial close
- Financing costs will be at market rates as at Financial Close

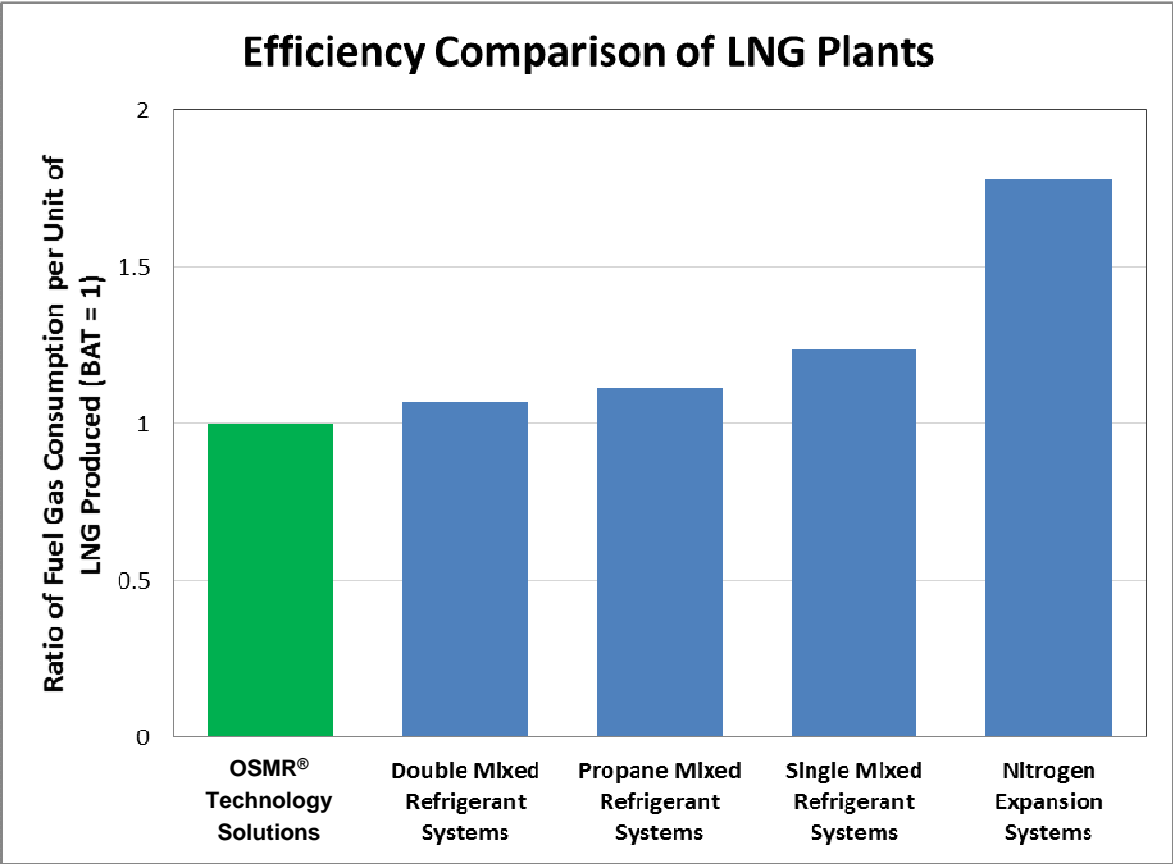


MLNG's disclosed cost is an "All Inclusive" summary; there are no hidden costs to consider

OPEX Trends Required of Future LNG Projects



Optimizing operating costs drives lower full cycle project cost



Source: Liquefied Natural Gas Limited, LNG Technology Pty Ltd.

Optimized full cycle cost (CAPEX + OPEX) is increasingly important in new developments

OSMR[®] OPEX Attributes



- **Less natural gas consumed as fuel (reduced feed gas retainage)**
 - Annual US\$28 million saving for an 8 mtpa plant (based on 2% retainage reduction from traditional designs, US\$3.00/mm Btu)
- **Lower Greenhouse Gas (GHG) emissions**
 - Annual reduction of 500,000 metric tons GHG for an 8 mtpa plant (based on 2% retainage reduction from traditional designs)
- **Lower overall emissions**
 - Reduced fuel consumption inherently reduces all emissions; very low NOx gas turbines further limit profile
- **Minimal flaring**
 - Innovative plant design and procedures minimize flaring during start-up, cool-down, and other transient conditions
- **High reliability / availability, dual-drive “2-in-1” configuration**
 - Independent, parallel refrigerant circuits mitigate impact of planned / unplanned outages

DOE / FERC Status



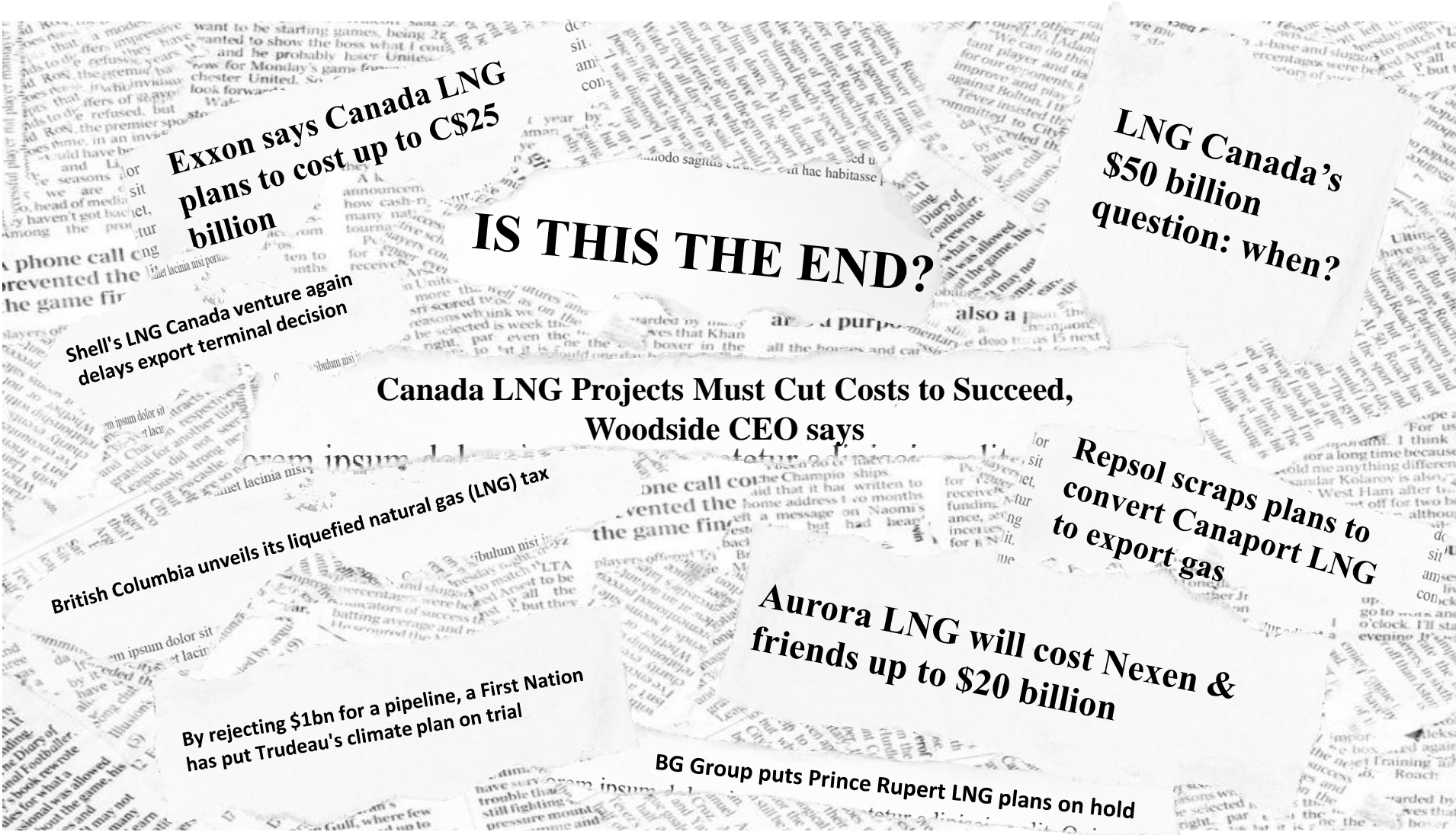
| Projects in construction | | | | State | FERC Order | PISD | Pre File | FERC App | SER | DEIS | FEIS | Order | NFTA |
|--------------------------|-------------------------|----|-----------|-----------|--|---------|---|----------|-----------------------------------|---------|---------|------------------|------|
| 1 | Sabine Pass (1-4 & 5-6) | LA | '12 & '15 | '16 & '19 | | | | | | | | | |
| 2 | Freeport LNG | TX | Jul 2014 | '17/'20 | | | | | | | | | |
| 3 | Cameron LNG | LA | Jun 2014 | '18/'19 | | | | | | | | | |
| 4 | Cove Point | MD | Sep 2014 | 2017 | | | | | | | | | |
| 5 | Corpus Christi (1-3) | TX | Dec 2014 | 2017 | | | | | | | | | |
| FERC Order issued | | | | State | FERC Order | PISD | Pre File | FERC App | SER | DEIS | FEIS | Order | NFTA |
| 1 | Magnolia LNG | LA | Apr 2016 | 2019/22 | Mar '13 | Apr '14 | Apr '15 | Jul 15 | Nov '15 | Apr '16 | Nov '16 | | |
| 2 | Trunkline LNG | LA | Dec 2015 | TBD | Apr '12 | Mar '14 | Jan '15 | Apr '15 | Aug '15 | Dec '15 | Dec '15 | DELAYED BY SHELL | |
| 3 | Southern LNG | GA | Jun 2016 | TBD | Dec '12 | Mar '14 | Oct '15 | n/a | n/a | Jun '16 | Jun '16 | | |
| Other projects | | | | State | FERC Order | PISD | Pre File | FERC App | SER | DEIS | FEIS | Order | NFTA |
| 1 | Jordan Cove LNG | OR | TBD | TBD | FERC application denied, rehearing requested | | | | | | | | |
| 2 | Golden Pass LNG | TX | Pending | TBD | May '13 | Jul '14 | Jan '16 | Mar '16 | Precedent is ~ 4 quarters to NFTA | | | | |
| 3 | Delfin LNG | LA | Pending | TBD | n/a | May '15 | n/a | Jul '16 | | | | | |
| 4 | Gulf LNG | MS | Pending | TBD | Dec '12 | Jun '15 | Precedent indicates ~ 9 to 12 quarters to issuance of NFTA for greenfield projects | | | | | | |
| 5 | Venture Global | LA | Pending | TBD | Jul '15 | Sep '15 | | | | | | | |
| 6 | Texas LNG | TX | Pending | TBD | Dec '15 | Mar '16 | | | | | | | |
| 7 | Rio Grande LNG | LA | Pending | TBD | Mar '15 | May '16 | | | | | | | |
| 9 | Annova LNG | LA | Pending | TBD | Mar '15 | Jul '16 | Precedent indicates ~ 14 to 17 quarters to issuance of NFTA for greenfield projects | | | | | | |
| 8 | Corpus Christi (4 & 5) | TX | Pending | TBD | Jun '15 | | | | | | | | |
| 10 | SCT&E LNG | TX | Pending | TBD | Pending | | | | | | | | |

Source: FERC website and K&L Gates reporting

Notes: "PISD" – Planned in Service Date; "TBD" – To Be Determined; "SER" – Schedule of Environmental Review; "DEIS" – Draft Environmental Impact Statement; "FEIS" – Final Environmental Impact Statement; "Order" – FERC Order; "NFTA" – DOE Non-Free Trade Agreement approval

Magnolia LNG has regulatory certainty

Where Else in North America?



Exxon says Canada LNG plans to cost up to C\$25 billion

LNG Canada's \$50 billion question: when?

IS THIS THE END?

Shell's LNG Canada venture again delays export terminal decision

Canada LNG Projects Must Cut Costs to Succeed, Woodside CEO says

Repsol scraps plans to convert Canaport LNG to export gas

British Columbia unveils its liquefied natural gas (LNG) tax

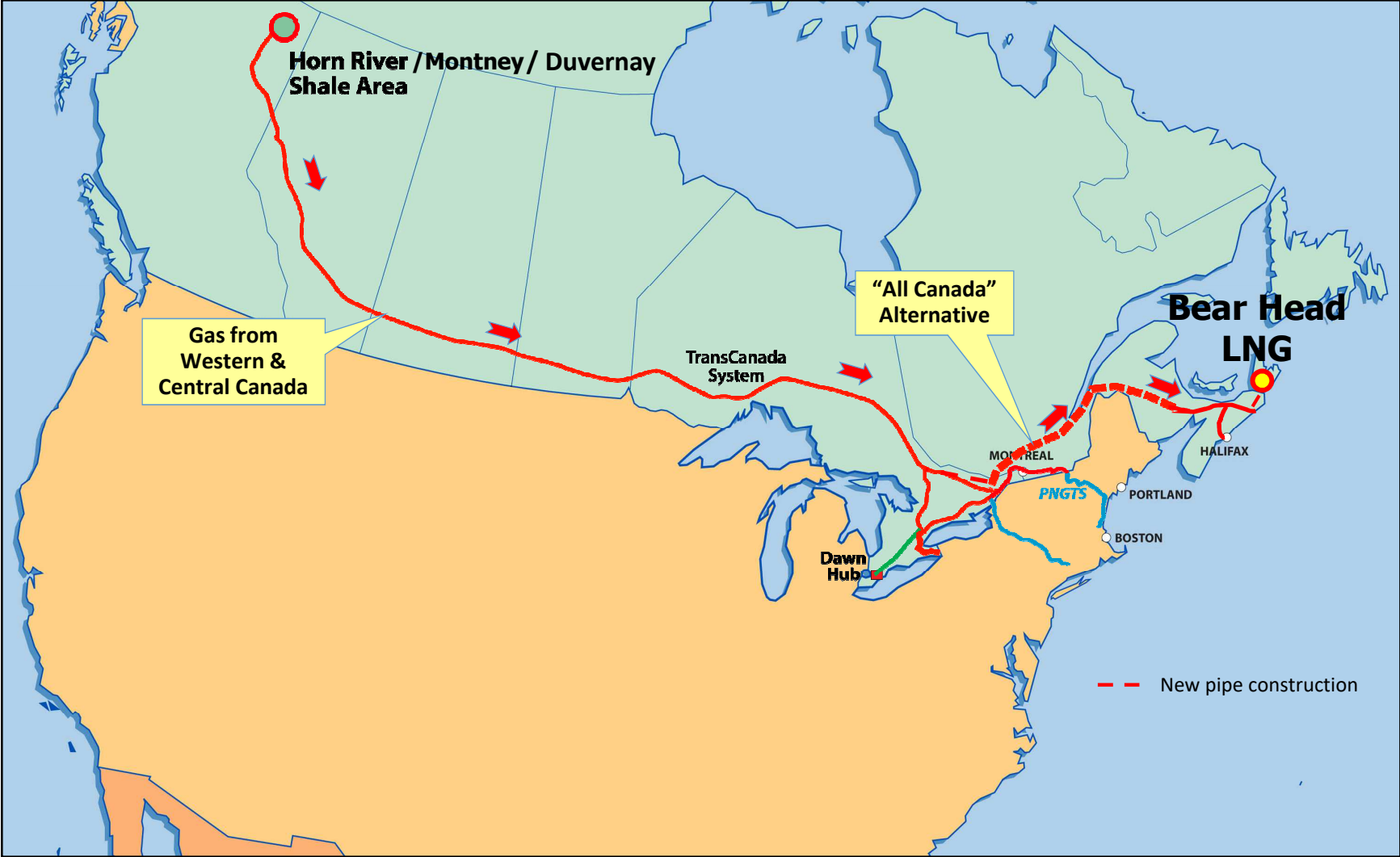
Aurora LNG will cost Nexen & friends up to \$20 billion

By rejecting \$1bn for a pipeline, a First Nation has put Trudeau's climate plan on trial

BG Group puts Prince Rupert LNG plans on hold

High costs, regulatory hurdles, social opposition, etc. are impacting Canadian West Coast LNG

East Coast LNG – “Plan B” For Western Shale Gas



Economic pipeline capacity + 'USGC like' liquefaction cost unlocks access to overseas markets 16

Conclusions – What To Consider



Questions to Consider

Can your potential supplier demonstrate:

- A competitive cost via an executed EPC contract - not just a “Class 5” estimate?
- Regulatory Certainty?
- An O&M strategy and execution plan with 3rd party verified costs?
- Secure access to gas supply complete with pipeline development costs (if any) in the economics?
- Fully costed ancillary activities (e.g.):
 - Power supply, including cost of construction of power plant (if required), in the economics
 - Full civil works required to protect site from natural disasters (if required) in the economics
 - Reliability risk from overly complex designs
- Debt and equity commitment plans that confirm creditors receive required rates of return and overall project financeability?

Focus should be on suppliers with verifiable certainty in support of their pricing proposals

Contacts



Mr Greg Vesey
Managing Director &
Chief Executive Officer

Mr Michael Mott
Chief Financial Officer

Mr John Baguley
Chief Technology Officer

Mr Anthony (AG) Gelotti
Chief Development Officer

Mr Andrew Gould
Joint Company Secretary

Liquefied Natural Gas Limited

Level 1, 10 Ord Street, West Perth WA 6005, Australia

Telephone: (08) 9366 3700; **Facsimile:** (08) 9366 3799

1001 McKinney, Suite 600

Houston, Texas 77002, USA

Telephone: +1 713 815 6900; **Facsimile:** +1 713 815 6905

Email: LNG@LNGLimited.com.au Web site: www.LNGLimited.com.au

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