

# Liquefied Natural Gas Limited



## Stifel Investor Day



March 23, 2017

ASX: LNG and OTC ADR: LNGLY

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## Liquefied Natural Gas Limited

**Developing  
20 - 24 mtpa  
of mid-scale  
liquefaction**

**Technology  
advantaged,  
lowest full  
cycle cost  
design**

**Regulatory  
certainty  
assured**

**Aligned  
with leading  
global  
contractors**

**Geographic  
site diversity,  
naturally  
protected**

**Material  
value  
creation  
opportunity**

## Corporate Snapshot

### Corporate data

• ASX / US OTC ADR code	LNG / LNGLY
• Cash balance as at December 31, 2016	~ A\$59.9 million
• Debt outstanding as at December 31, 2016	None
• Shares on issue as at December 31, 2016	512.0 million
• Performance rights outstanding at December 31, 2016	13.2 million
• ADRs on issue at December 31, 2016	3.1 million
• Market capitalization (A\$0.66/share) as at March 22, 2017	~ A\$336 million

### Share register (as at December 31, 2016)

• Top 20 shareholders	55.4%
• North America	46.8%
– Baupost Group	12.2%
– Valinor Management	8.2%

# Corporate Structure



**Liquefied Natural Gas Limited**  
**"LNGL"**  
 (Perth, Western Australia)

**Magnolia LNG project**  
**"MLNG"**  
 (Lake Charles, LA USA)

**Bear Head LNG project**  
**"BHLNG"**  
 (Point Tupper, Nova Scotia)

**Fisherman's Landing LNG project**  
**"FLLNG"**  
 (Queensland, Australia)

**Bear Paw Pipeline project**  
**"Bear Paw"**  
 (Point Tupper, Nova Scotia)

**OSMR<sup>®</sup> Technology**  
**LNG Technology Pty Ltd**  
 (Perth, Western Australia)



LNGL is an Australian public company (ASX: LNG)

- Developer of mid-scale LNG export terminals
- Projects are indirect wholly owned subsidiaries
- Patented OSMR<sup>®</sup> liquefaction process technology
- 20 – 24 mtpa of capacity under development

ASX: Australian Securities Exchange

## Leadership



**Gregory Vesey**

Managing Director/CEO of LNGL

Over 35 years in the international energy sector with Chevron and Texaco



**Lisa Vassallo**

VP, Human Resources

Over 20 years HR experience in retail energy, oilfield services, renewable energy, and LNG



**Mike Mott**

Chief Financial Officer

Over 30 years of finance and accounting experience in senior executive roles



**Anthony (AG) Gelotti**

Chief Commercial Officer

Over 40 years of experience in the energy and LNG industry



**Kinga Doris**

General Counsel and Joint Company Secretary

Over 20 years of legal experience in private industry and national firms



**John Baguley**

Chief Technical Officer

Over 30 years in delivery of front end engineering design and EPC services to major LNG projects worldwide.



**Andrew Gould**

Group Development Manager and Joint Company Secretary

Over 20 years in senior roles in the finance and energy sectors.

## Three Path Execution Strategy

- **Path 1 - Develop LNG projects using OSMR<sup>®</sup> Technology Solutions**
- **Path 2 - Use OSMR<sup>®</sup> Technology Solutions to gain entry into new and existing third-party projects**
- **Path 3 - License the OSMR<sup>®</sup> technology to third parties**

# Current Project Developments

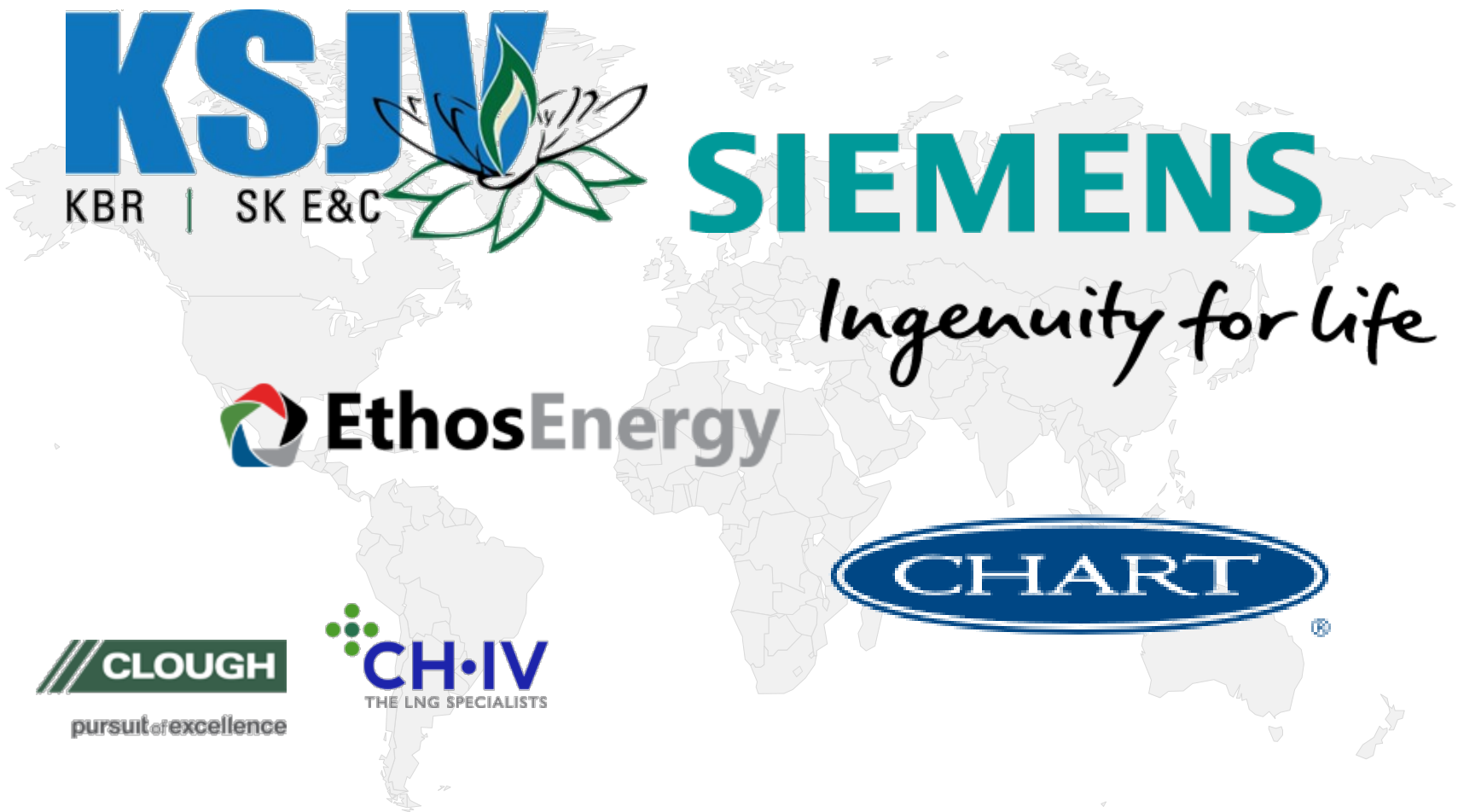




## Our Focus is in North America

- **Favorable long-term stability of North American natural gas supply**
- **Predictable and transparent narrowing Henry Hub price band**
- **Global natural gas demand forecasted to substantially grow**

# Aligned with Leading Global LNG Contractors



## All Projects in Advanced Development Stage

### Magnolia LNG

- FERC Order, FTA and Non-FTA received
- Lump sum, turnkey EPC contract with KSJV
- Equity commitment from Stonepeak

### Bear Head LNG

- Initial 10 construction permits received (Canadian FERC Order equivalent)
- FTA and Non-FTA approval received

### Fisherman's Landing LNG

- Environmental Authority received
- Licences (PPL161 & PFL18) extended
- Site agreement for lease extended

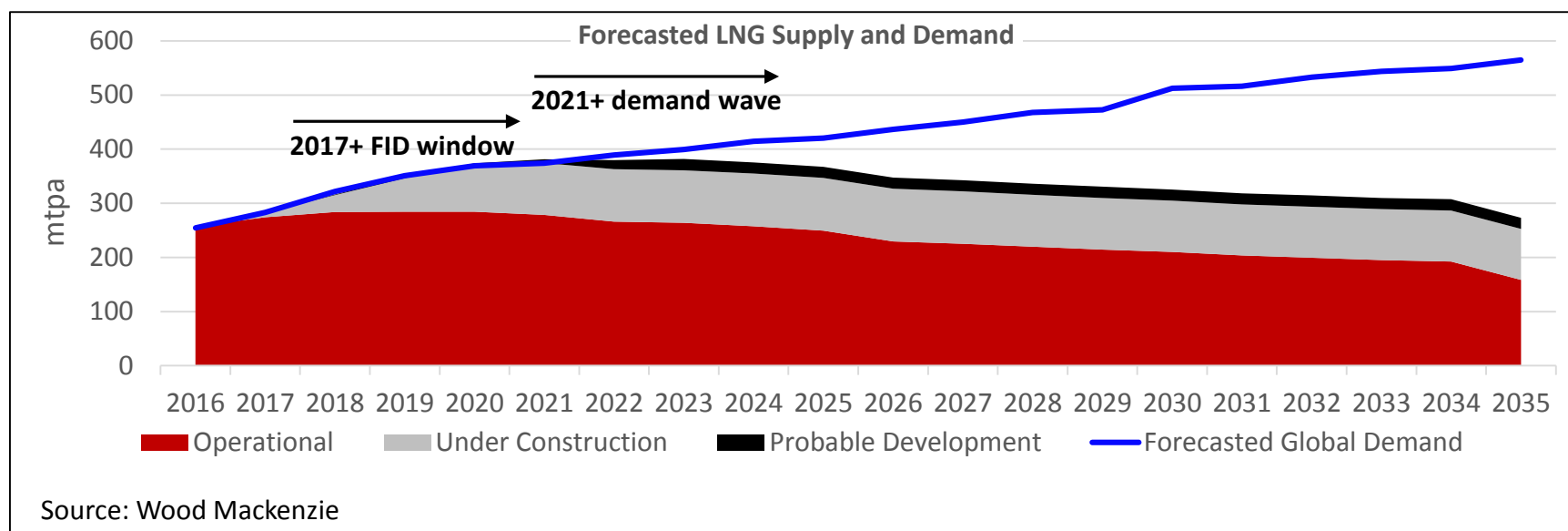
## Design Factors of Successful Future LNG Projects

- **Mid-scale**
- **Use of combined cycle power**
- **Optimization of refrigerants**
- **Advanced, efficient gas turbine refrigerant drivers**
- **Simple, scalable design & modular build**
- **Superior site selection & land use**
- **Standardization**
- **Boil-off gas optimization**

## OSMR<sup>®</sup> Technology Solutions

- LNG process technology
- Site selection
- Scalable design
- Modular fabrication
- Construction execution
- Strategic alliances
- Operational methodology
- Commercial flexibility
- Regulatory support services
- Organizational capability

# Global Supply / Demand Imbalance Projections



- **IOC's and industry commentators aligning on a 2021/2022 consensus for timing of demand to begin to outstrip supply**
- **Lead time from FID to first train LNG is typically 45 to 50 months**
- **Time to act is now**

## Marketing North American LNG Projects

- **Terms and pricing of offtake for project financed developments**
  - Must be debt financeable; and
  - Must provide sufficient returns to attract equity participants
- **New LNG project developers are promising low cost solutions**
- **Current customer agreements may limit Brownfield expansions**
- **Public data gives insight into competing technologies & approach**
- **Magnolia LNG is the only greenfield project supported by:**
  - Binding contracts supporting step change full cycle cost delivery
  - Regulatory certainty
  - EPC guaranteed performance and fuel usage
  - Equity commitment agreement in place

## Why Liquefied Natural Gas Limited

- **Regulatory certainty matters**
- **Cost matters**
- **Reliability matters**
- **Efficiency matters**
- **Flexibility matters**
- **Environment matters**
- **Economics matter**
- **Time to market matters**



## 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**

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## Project background

## Why Magnolia LNG

### EPC Contract

Executed Lump Sum Turnkey (LSTK) contract

Full wrap, LNG production & fuel gas usage guaranteed

OSMR® patented technology

### Financing

Executed Stonepeak Equity Commitment Agreement

BNP Paribas as Financial Advisor

Six month timeline to Financial Close

### Permitting

FERC Order received

Free Trade Agreement (FTA) approval granted

Non-FTA approval granted

### Feed Gas

Existing Kinder Morgan KMLP pipeline crosses site

Executed KMLP Precedent / Interconnect Agreements

Major pipeline interconnects

### Preferred Site

Gulf Coast Louisiana, Calcasieu Ship Channel

Ship simulations support LNG production schedule

30' elevation, de-risks storm surge exposure

### Commercial

Highly competitive Tolling & SPA constructs and pricing

Flexible operating model

Industry's lowest gas retainage cost

**Magnolia LNG is the low cost, low risk, construction ready project on the Gulf Coast**

## 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							
6	Southern LNG	GA	Jun 2016	TBD	Dec '12	Mar '14	Oct '15	n/a	n/a	Jun '16	PENDING
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	DELAYED BY SHELL
3	Golden Pass LNG	TX	Dec 2016	TBD	May '13	Jul '14	Jan '16	Mar '16	Jul '16	Dec '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 denied						
2	Delfin LNG	LA	Pending	TBD	n/a	May '15	n/a	Jul '16	Nov '16	3 - 4 quarters to NFTA	
3	Gulf LNG	MS	Pending	TBD	Dec '12	Jun '15	Precedent indicates ~ 9 to 12 quarters to issuance of NFTA for greenfield projects				
4	Venture Global	LA	Pending	TBD	Jul '15	Sep '15					
5	Texas LNG	TX	Pending	TBD	Dec '15	Mar '16					
6	Rio Grande LNG	LA	Pending	TBD	Mar '15	May '16					
7	Annova LNG	LA	Pending	TBD	Mar '15	Jul '16					
8	Corpus Christi (4 & 5)	TX	Pending	TBD	Jun '15	Precedent indicates ~ 14 to 17 quarters to issuance of NFTA for greenfield projects					
9	Driftwood	LA	Pending	TBD	Jun '16						
10	SCT&E LNG	TX	Pending	TBD	Pending						

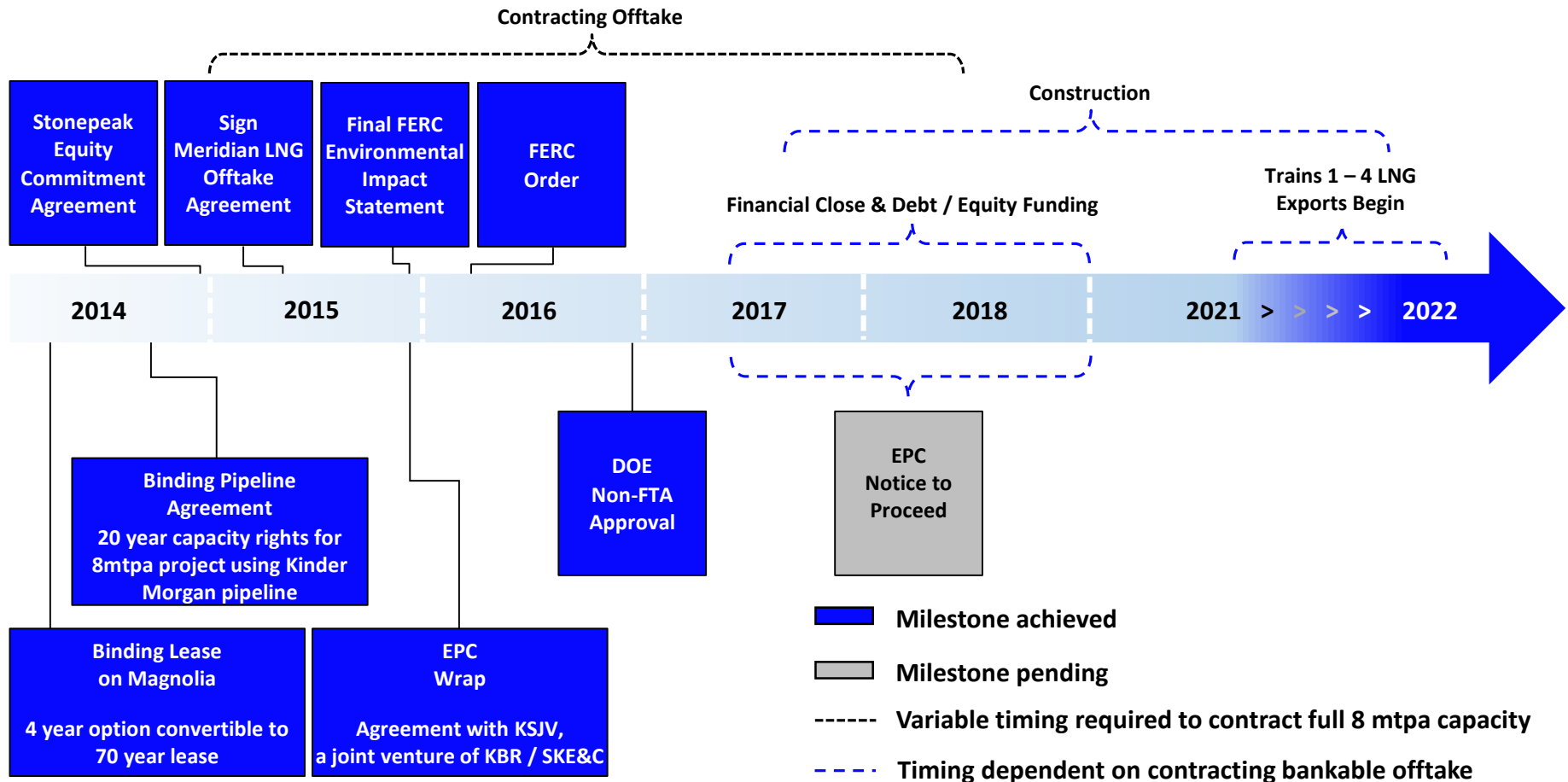
Source: FERC website and K&L Gates reporting Notes: "PISD" – Planned in Service Date; "TBD" – To Be Determined; "SER" – Schedule of Environmental Review; "DEIS" – Draft Environmental Impact Statement; "FEIS" – Final Environmental Impact Statement; "Order" – FERC Order; "NFTA" – DOE Non-Free Trade Agreement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

## Magnolia LNG is launch ready

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- Full wrap, lump sum turnkey EPC contract executed with KSJV
  - 70/30 joint venture between KBR Inc. and SK E&C
  - EPC contract price USD per tonne \$494 to \$540
  - Plant design utilizes LNG's patented OSMR® technology
  - EPC design capacity of 8.0 mtpa or greater with guaranteed production of 7.6 mtpa
  - Expected low feed gas retainage for process and fuel of 6% - capped at 8%
- Major critical path items completed
  - FERC Order received
  - US DOE FTA and Non-FTA approved
  - Pipeline agreement with Kinder Morgan Louisiana Pipeline in place
- Long lead items purchase orders issued
  - Siemens gas processing & turbine equipment, MR compressors
  - Chart Industries liquefaction cold boxes

# Project schedule and milestones



**Mature design, EPC contract and permitting enable certainty in delivery schedule**



## Why Bear Head LNG

### EPC

Targeting USGC cost model  
Based on executed Magnolia LNG EPC contract plus site design to determine EPC cost  
Phase I FEED complete  
Lateral pipeline work ongoing

### Financing

LNGL currently sole equity owner of BHLNG  
Evaluating options for optimal financing structure  
Financial Advisor selection under evaluation

### Permitting

Only Eastern Canadian project holding all 10 initial Federal, Provincial, and Local regulatory approvals  
Both Free Trade Agreement (FTA) and Non-FTA granted

### Feed Gas

Three unique, prolific natural gas sources available:

- Western Canada
- U.S., Marcellus and Utica
- Offshore Nova Scotia

### Preferred Site

Deep, sheltered, ice free port with direct access to Atlantic  
327-acre site (onshore and offshore acreage ) within established industrial zone  
Strong First Nations support

### Commercial

Focused on tolling structure with USGC equivalent liquefaction costs  
Flexible operating model  
Industry's lowest gas retainage cost

**Bear Head LNG is poised for expedited development**



## Regulatory and permitting approvals

Bear Head	Ten Initial Federal, Provincial and Local Regulatory Approvals	
✓	Federal	Transport Canada CEAA Screening
✓	Federal	Navigable Waters Protection Act Authorizations
✓	Federal	Fisheries and Oceans Canada CEAA Screening
✓	Federal	Authorization for Works or Undertakings Affecting Fish Habitats
✓	Municipal	Development Permit
✓	Provincial	Environment Act Water Approval (Wetland Infill)
✓	Provincial	Breaking Soils of Highways Permit
✓	Provincial	Beaches Act Clearance
✓	Provincial	Permit to Construct Gas Plant
✓	Provincial	Environmental Assessment Approval
Bear Head	Key Export Authority Approvals	
✓	DOE	FTA Export Approval (DOE)
n/a	DOE	In-Transit Order Approval (DOE)
✓	DOE	Non-FTA Export Approval (DOE)
✓	NEB	Import & Export Approval (NEB)

NSE has also accepted the BHLNG Greenhouse Gas and Emissions Management Plans <sup>24</sup>



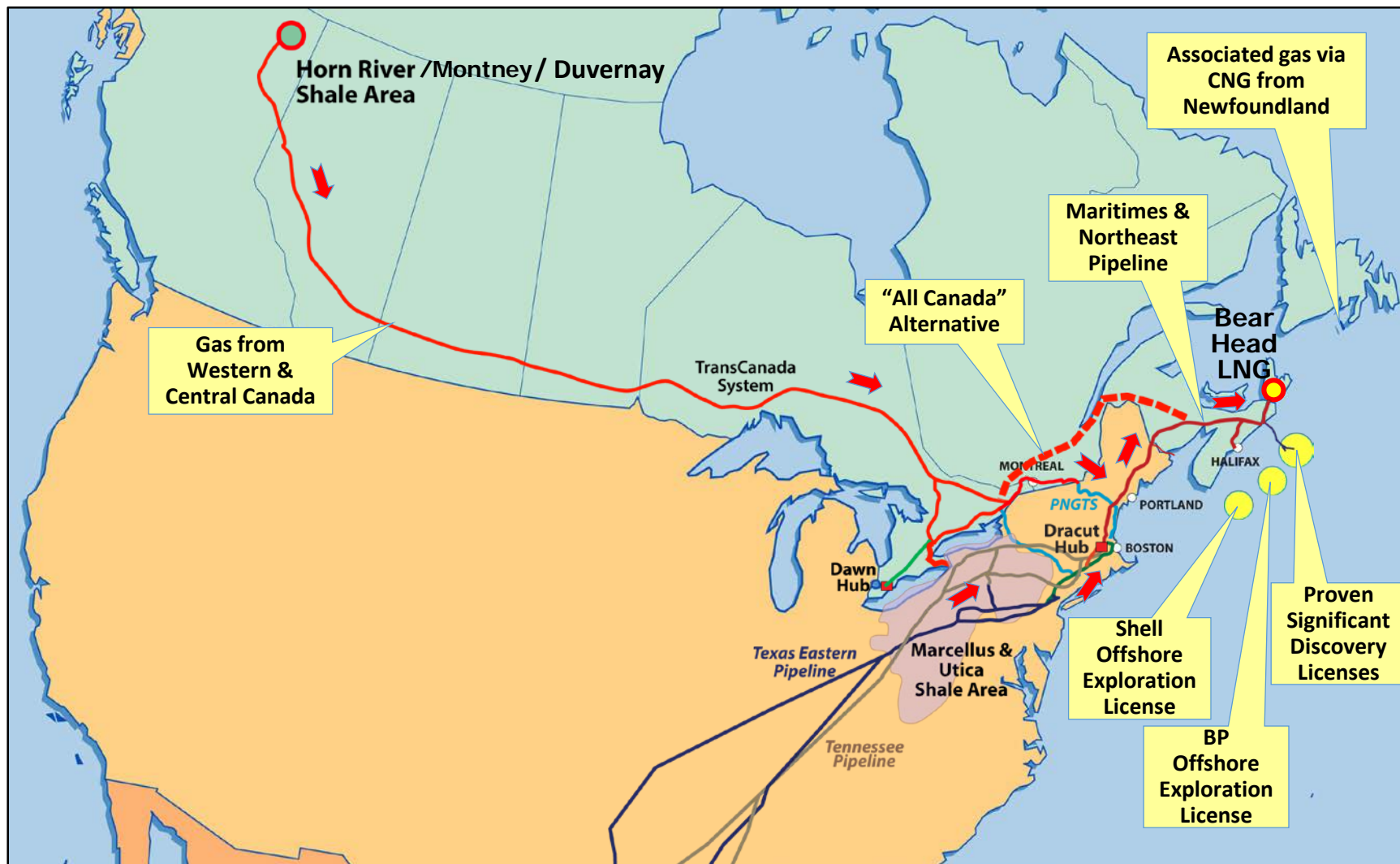


## Bear Head LNG advantages vs. BC LNG projects

Attribute	Bear Head LNG
<b>Labor market</b>	Large skilled labor pool, union no-strike provisions
<b>Environmental concerns</b>	Site is located in an industrialized zone next to a coal plant, oil terminal, and paper mill; limited jetty run, no dredging required, no breakwater
<b>Seismic concerns</b>	None
<b>Local support / First Nations</b>	Strong support – jobs/education are pillars of fostering a strong relationship that has grown over the past 14 years
<b>Existing infrastructure</b>	Canadian Mainline could connect sizeable percentage of pipeline route to Bear Head LNG. Remaining greenfield pipe follows Energy East ROW and crosses no mountain ranges; plant civil work already complete; readily accessible site; extensive regional infrastructure in place
<b>Liquefaction costs</b>	CAPEX competitive with USGC liquefaction costs based on KBR Phase I FEED and Magnolia LNG guaranteed lump sum, turnkey EPC contract
<b>Gas market optionality</b>	Market liquidity along pipeline route to optimize gas flows to provide LNG off take flexibility, access Atlantic Basin LNG markets, swap intra-basin LNG cargoes, or flow LNG to Pacific Basin
<b>Cash flow obligations</b>	No up front cash flow requirements from customers as both pipe and liquefaction will be owned by third parties and “tolled” over contract life



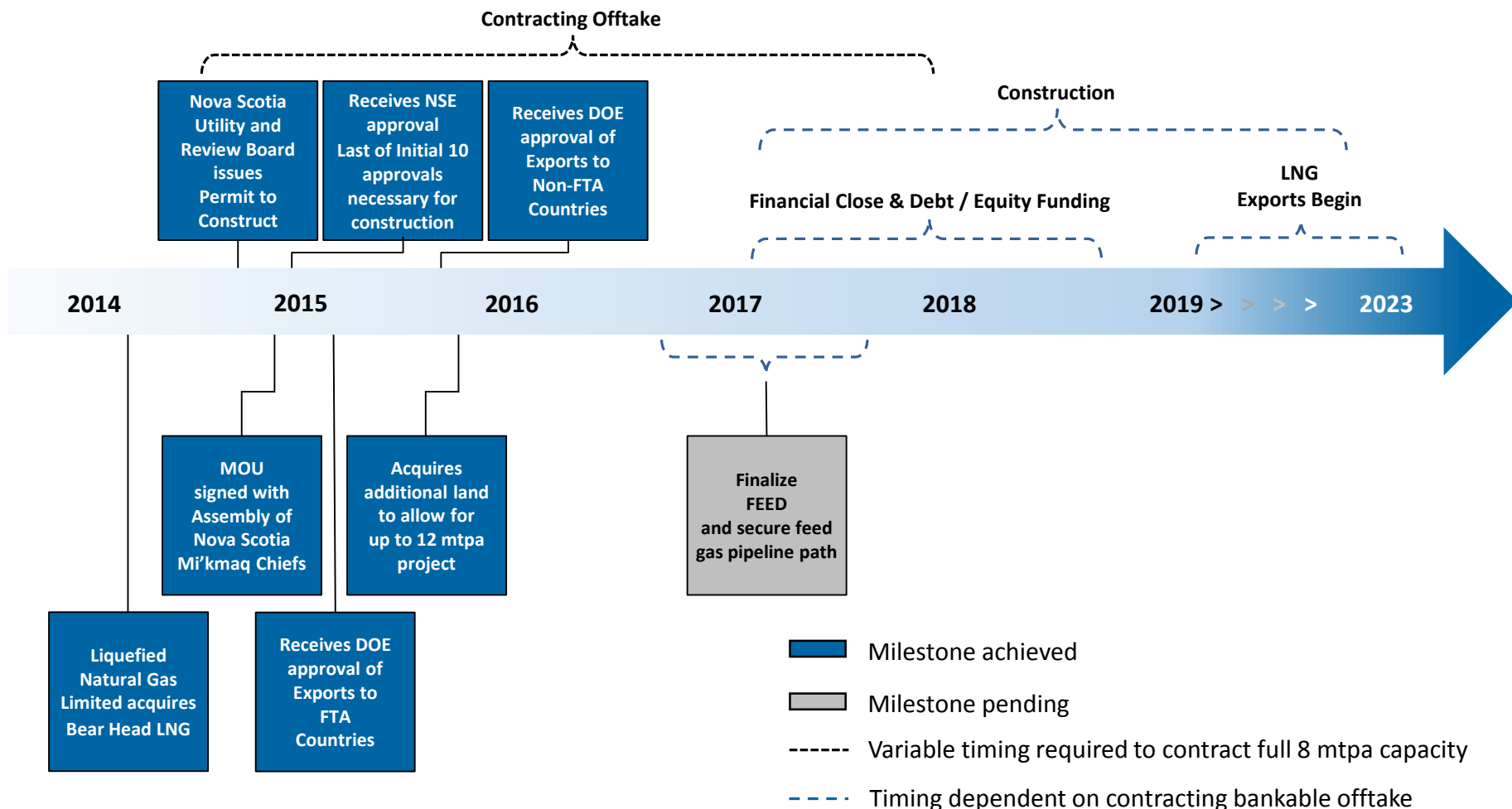
# Gas supply and transportation options



Multiple options available to access prolific natural gas production areas



# Bear Head LNG project schedule



**Bear Head LNG poised for expedited development**

# Fisherman's Landing LNG project at Gladstone, Queensland

## Gas Supply

- Major focus is to secure gas supply for the first LNG train involving a minimum LNG production of 1.5 mtpa per train
- Non-binding MOI for gas supply with Tri-Star
- On-going discussions with other parties regarding gas supply

## Site Agreement for Lease

- Gladstone Ports Corporation extended the Site Agreement for Lease to 31 March 2017 with an option for another 12 months



## Government Approvals

- The Queensland Government's Department of Natural Resources and Mines (DNRM) approved extension of the dates for completion of construction (associated with the LNG Facility) for the Petroleum Facility Licence (PFL 18) and the Petroleum Pipeline Licence (PPL 161) to 31 December 2017

**LNGL continues to pursue the Fisherman's Landing LNG Project at minimal cost**

## Forward looking statement / Non-GAAP financial measures

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