

# Liquefied Natural Gas Limited



## Height Securities LNG Investor Conference

John Baguley, Chief Operating Officer



**December 12, 2017**

ASX: LNG and U.S. OTC Sponsored ADR: LNGLY



# Forward looking statement

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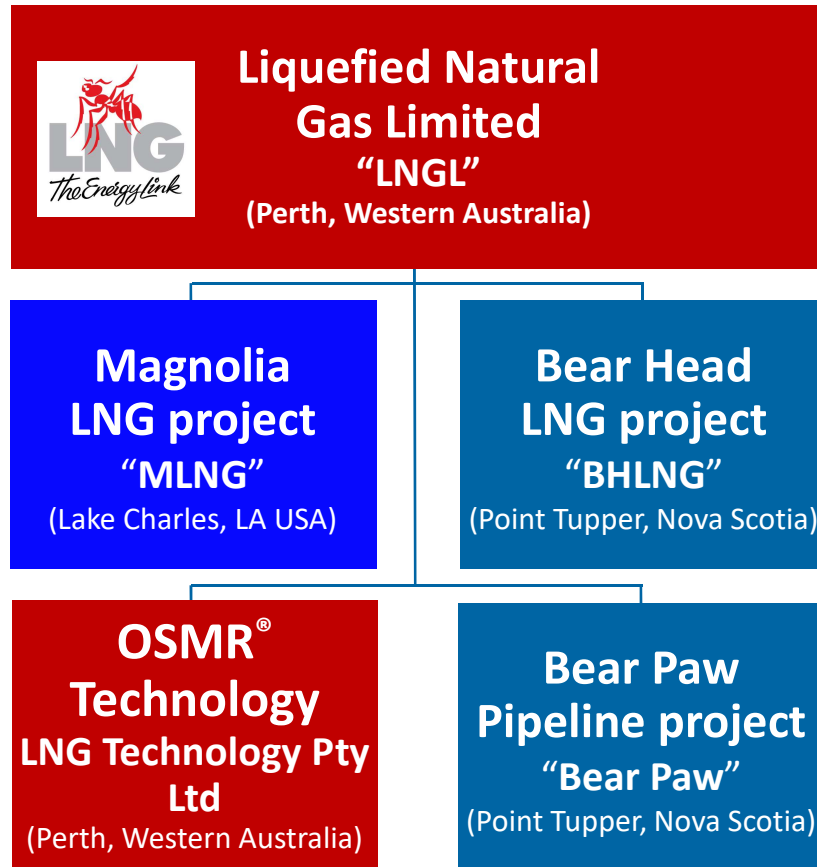
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# Corporate structure



LNGL is an Australian public company (ASX: LNG and U.S OTC sponsored ADR: LNGLY)

- Developer of mid-scale LNG export terminals
- Developments to be project financed and rated
- Patented OSMR® liquefaction process technology
- 16 – 20 mtpa of capacity under development

**Delivering competitive and innovative LNG projects to the global market**

## Three-path execution strategy

Develop Equity  
Projects



Magnolia LNG  
Bear Head LNG

Access 3<sup>rd</sup> Party  
Projects



Contribute  
OSMR<sup>®</sup>  
Technology for  
project equity

Market OSMR<sup>®</sup>



Derive  
licensing fees  
from OSMR<sup>®</sup>  
Technology

Progress being made in all three strategy paths

## Competitive strengths

**Executed EPC contract and equity financing committed**

**Technology advantage, lowest full cycle cost provider**

**All regulatory approvals secured**

**Contracted with leading LNG industry service providers**

**Geographic diversity, with sites selected to limit ancillary costs**

**Leader on environment, reduced emissions and site footprint**

**LNGL is favorably differentiated from the competition**

# Contracted with leading LNG service providers



*Ingenuity for life*



Leading contractors aligned with and backing LNG's OSMR<sup>®</sup> technology



# Magnolia LNG project

- 115-acre leased site in Lake Charles, Louisiana
- KSJV lump sum, turnkey EPC contract<sup>1</sup>
  - 8 mtpa project - 4 x 2 trains, 2 tanks, all amenities
  - OSMR® technology
  - Gas turbines, compressors, cold boxes, bulk materials
  - Mob / de-mob costs / capital spares / contractor insurance
  - EPC profit, risk funds, escalation, contingency
- Owner's and other costs<sup>2</sup> contracted or verifiable
- 30' existing elevation, de-risks storm surge exposure
- On Calcasieu industrial waterway, with existing LNG ship channel and turning basin
- Adjacent to major U.S. gas pipeline interconnects
- Proximity to large labor pool, industrial infrastructure, and grid power
- Financing costs at market rates at Financial Close



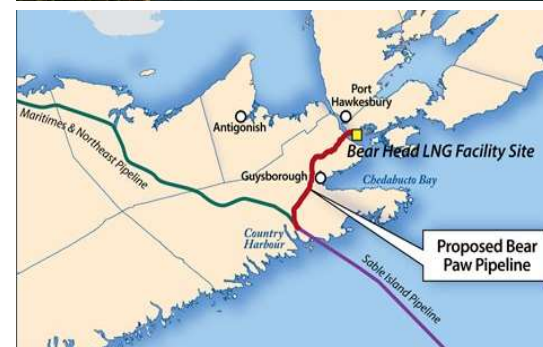
<sup>1</sup> Price validity through December 31, 2017

<sup>2</sup> Costs before financing

**Magnolia is the only fully-permitted U.S. greenfield LNG project**

# Bear Head LNG project

- 8 mtpa with expansion option to 12 mtpa project in Point Tupper, Nova Scotia
- 327-acres owned in existing industrial park
- Naturally deep water, ice free, and direct Atlantic access
- Similar shipping costs to Asia as U.S. Gulf Coast
- FTA and Non-FTA approved, liquefaction plant permitted for construction (Canadian FERC equivalent)
- Pipeline design and approvals in place
- Phase I FEED complete
  - Utilizing OSMR® technology
  - Targeting US Gulf Coast equivalent cost structure
  - Leveraging Magnolia LNG project design
- Excellent relationships with First Nations and government authorities
- LNG export option for currently stranded Western Canadian gas resources
  - FOB price competitive with U.S. Gulf Coast projects

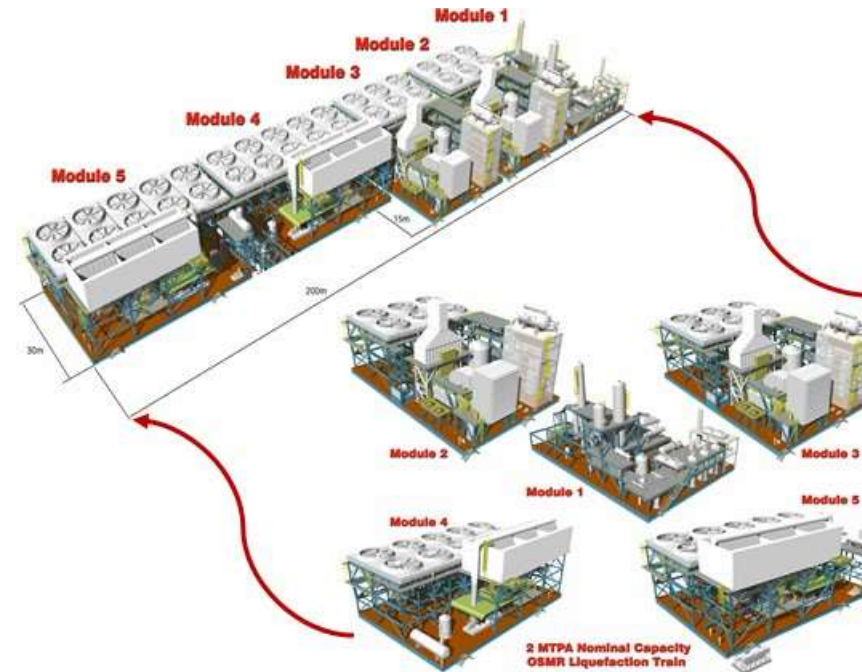


**BHLNG represents significant and tangible portfolio growth option**



# OSMR<sup>®</sup> liquefaction technology

- Highly reliable, and efficient “2-in-1” design configuration
- Simple, scalable mid-scale design applying modular build
- Ammonia is a superior refrigerant that is 20% more efficient than propane
- Use of combined cycle power
- Advanced, efficient gas turbine refrigerant drivers
- Boil-off gas optimization
- Environmental attributes
  - Reduced greenhouse gas (GHG) emissions
  - Ammonia has a zero global warming potential (GWP) and ozone depletion potential (ODP)
  - Smaller site footprint



OSMR<sup>®</sup> LNG process technology and smaller train size allows easy modularization and economic project development

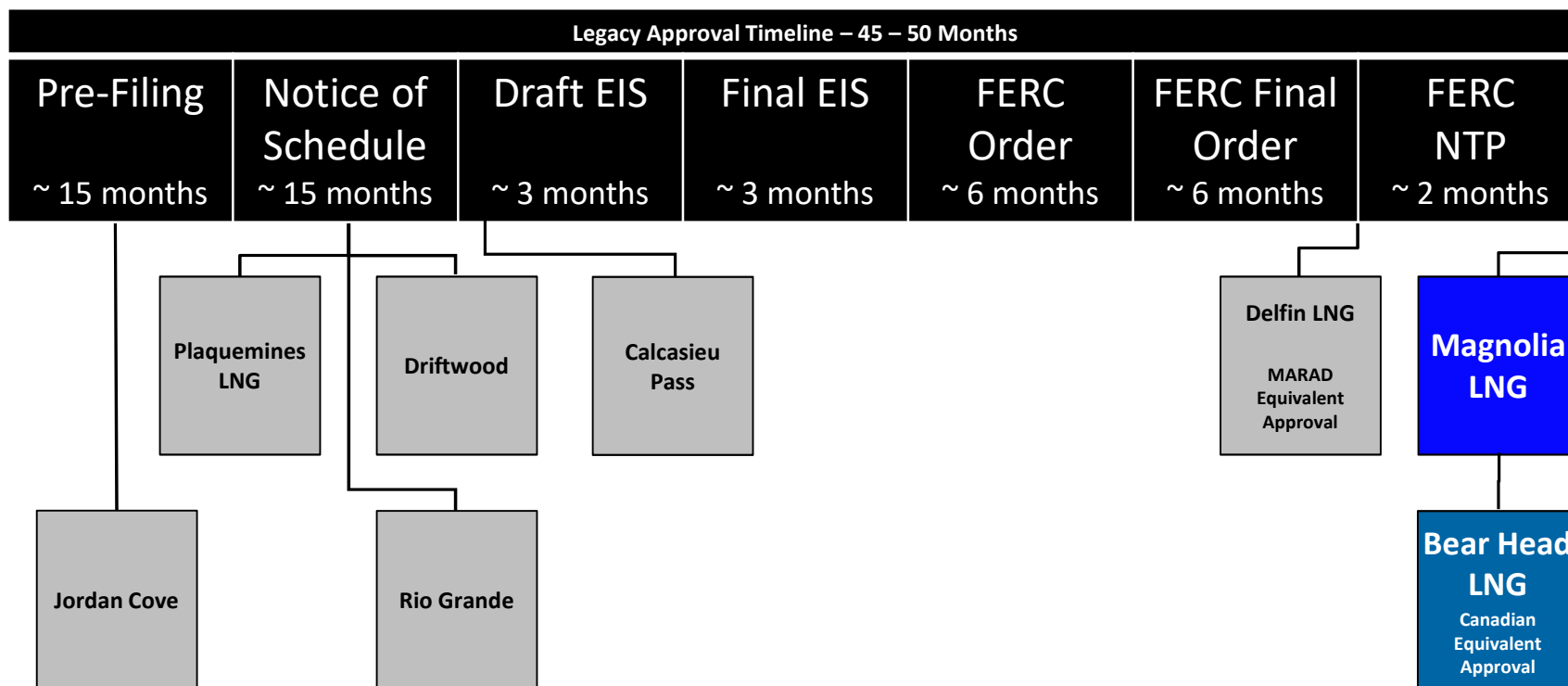
**OSMR<sup>®</sup> optimizes the full cycle cost of the liquefaction process**



# FERC approval – a well established process

## Current regulatory status of proposed Greenfield U.S. LNG projects

Source: K&L Gates LLP

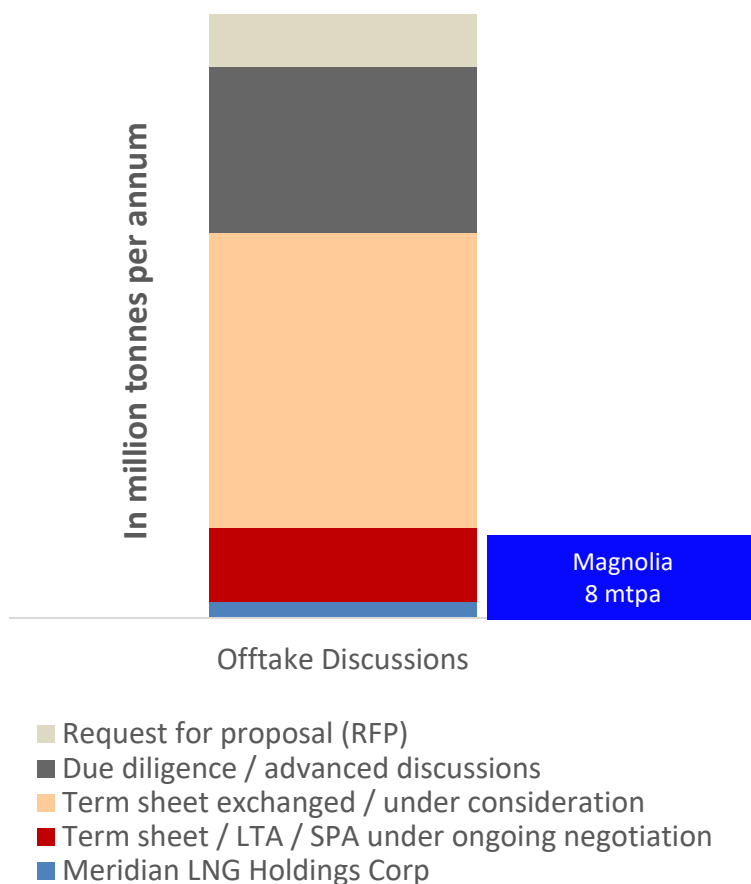


**FERC process will ensure safe and reliable facilities**

# Marketing



## Current offtake potential



- Engaged with customers in Japan, Korea, Thailand, China, and other LNG import markets
- Local consultants supporting marketing efforts in China
- Holding the line on price and resisting the temptation to undersell in order to get a proper return and maximize shareholder value
- Discussions heavily focused on investment grade and credit worthy buyers

**In total, LNGL is marketing to offtakers needing nearly 70 mtpa of LNG**

# Predicting the winners

Top 10 Second Wave U.S. LNG Projects According to Energy Intelligence

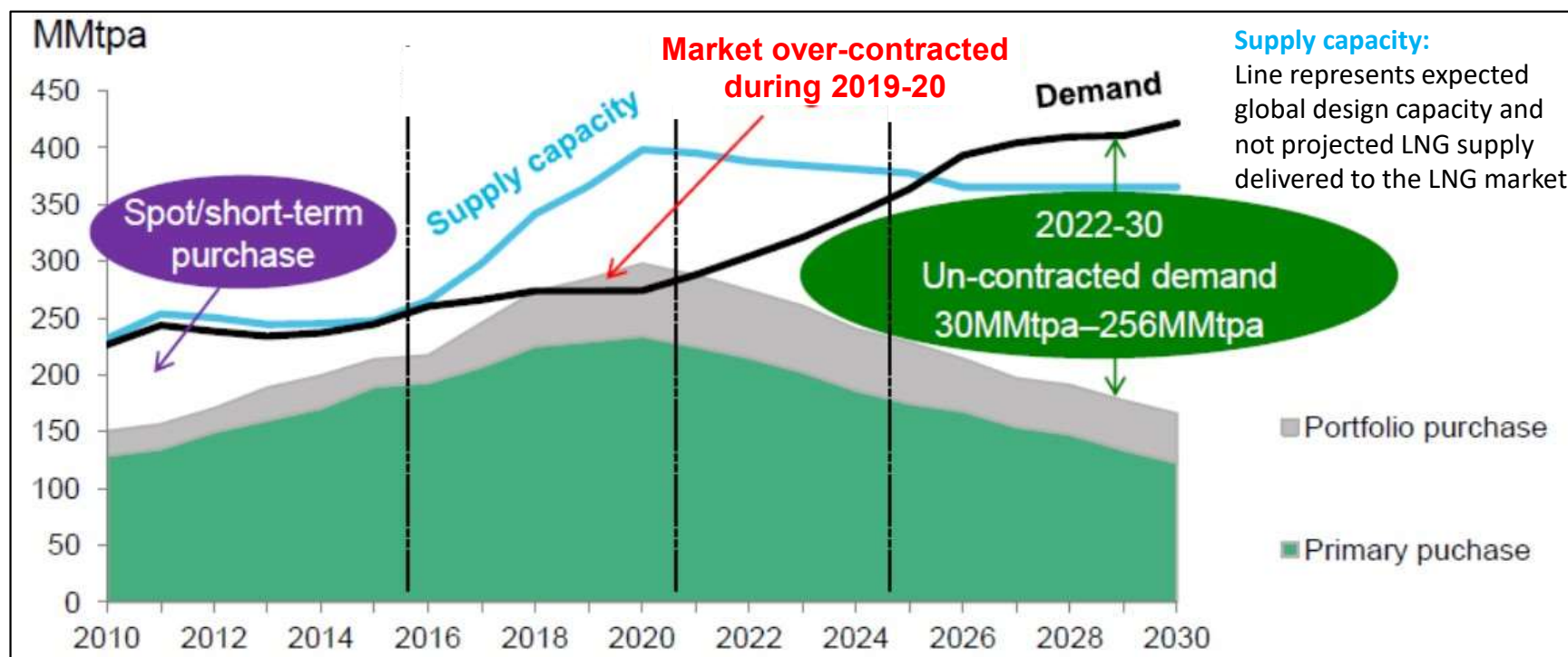
Ranking	Project
1	Corpus Christi Train 3
2	Magnolia LNG
3	Sabine Pass Train 6
4	Golden Pass
5	Rio Grande
6	Driftwood
7	Cameron Train 4-5
8	Jordan Cove
9	Delfin FLNG
10	Lake Charles

Source: World Gas Intelligence

**External parties recognizing Magnolia LNG is poised to lead next wave**

# Global LNG supply / demand fundamentals

## LNG supply and demand fundamentals balance in 2022



Source: Bloomberg New Energy Finance (2017)

Note: Supply capacity explanation added for clarity by LNG Limited

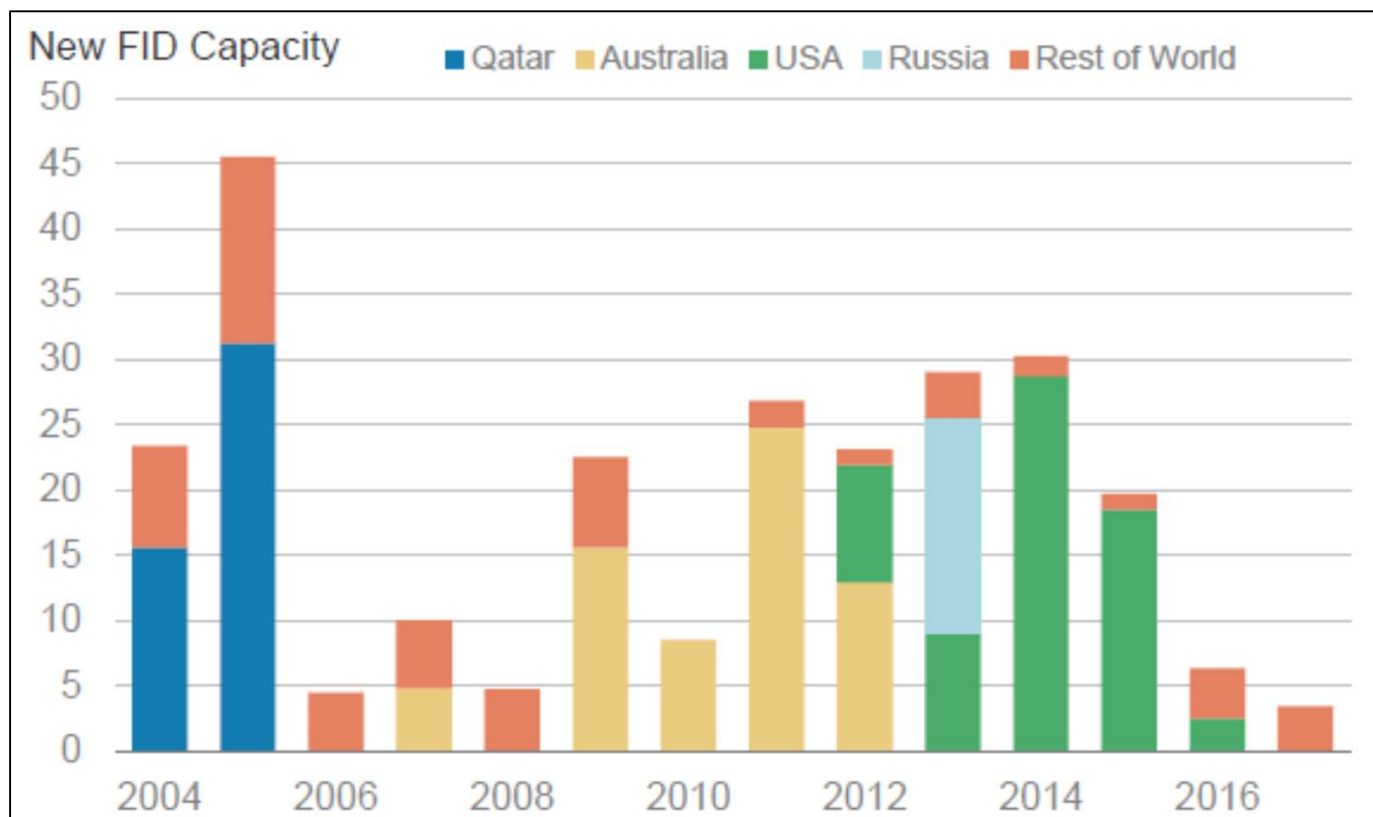
- Clear support for LNGL's view of a 2022 shift from over- to undersupplied LNG market
- Forecasted growth continues to climb towards a doubling of consumption from current levels
- The maturity of our projects place LNGL at the forefront of the next wave of LNG construction

**Most pundits agree with this range**



# New FID activity unresponsive of demand growth

## New liquefaction capacity FIDs

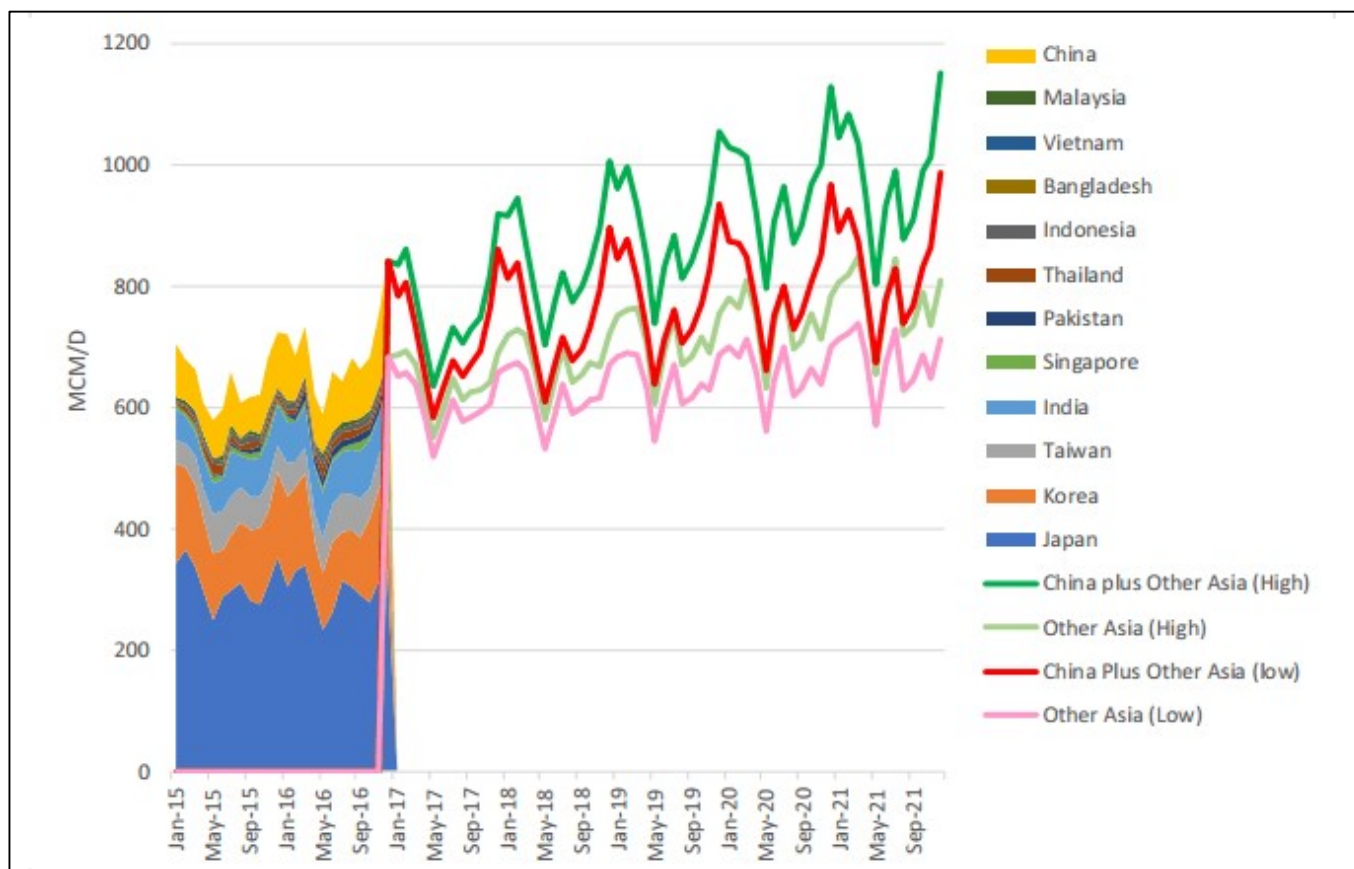


Source: Morgan Stanley (2017)

**Lack of new FIDs will quicken the swing to an undersupplied LNG market**

# Asian LNG demand

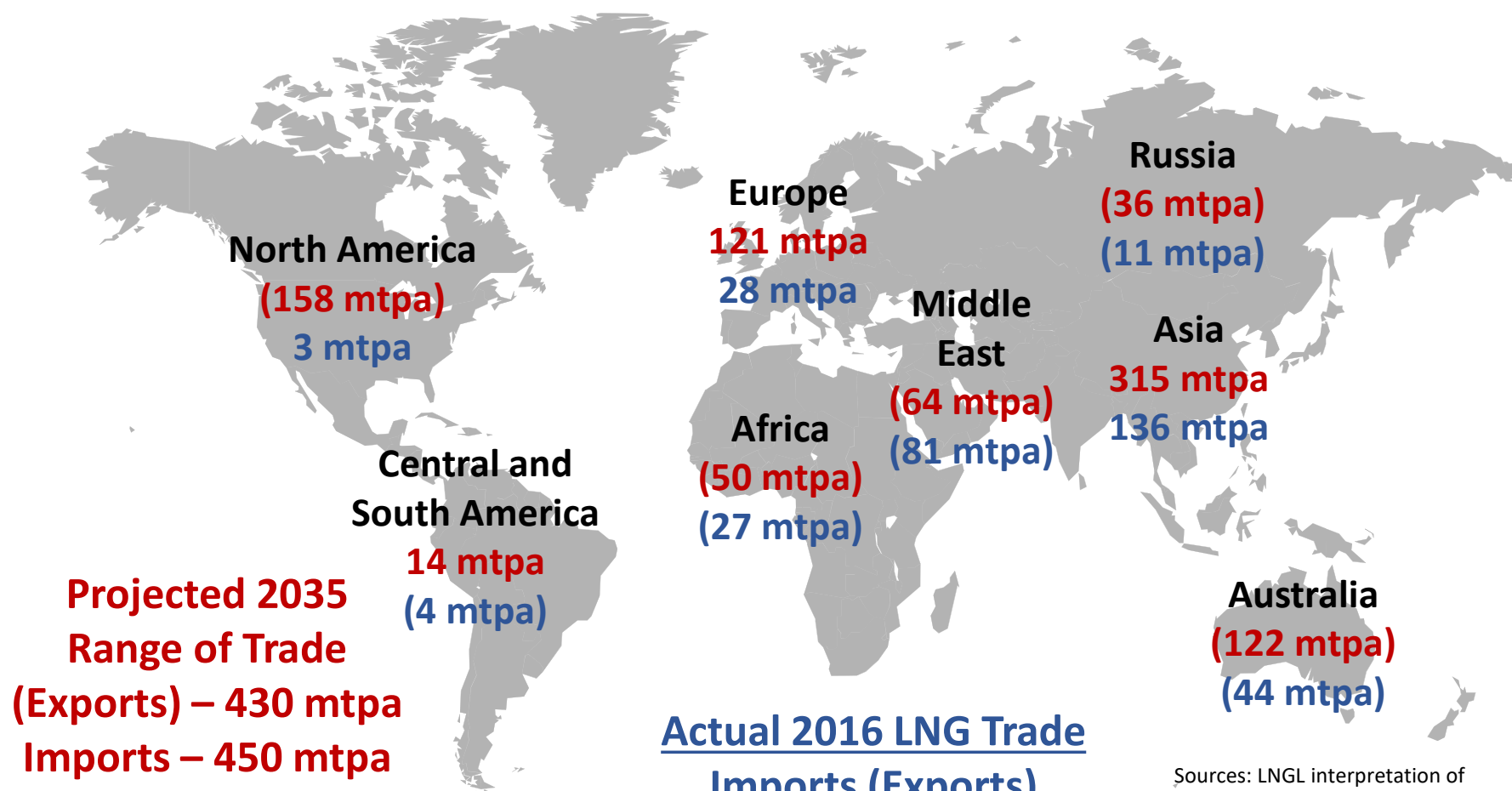
## China will lead next wave of Asian LNG Growth



Source: OIES (2017)

**Forecasted range for Asia demand growth is bullish in near term**

# Yearly net LNG imports / exports in 2035



Note: Differences in supply vs. demand results from variations in estimates

Sources: LNGL interpretation of data from BP, Shell, Wood Mackenzie, and Poten & Partners

**LNG is circa 50% of globally traded gas in 2035 up from 32% currently**

## Our projects, a cut above the rest

### Magnolia LNG

- Lowest full-cycle cost provider
- All regulatory approvals secured
- Cost certainty, equity financing committed
- Strategic site selection and project size
- Favorable environmental factors

**OSMR<sup>®</sup> Technology driven**

### Bear Head LNG

- Targeting Magnolia LNG cost model
- All key regulatory approvals secured
- Competitive shipping to most LNG markets
- Strategic site selection with expansion
- LNG export option for stranded gas

**Our projects are best positioned to deliver at the front of next LNG wave**

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