



September 2018

Quarterly Highlights and Appendix 4C

A Message from the Managing Director and Chief Executive Officer

The first quarter of LNG Limited's fiscal year was dominated by our focused efforts to sign long-term contracts for Magnolia LNG. While trade issues with the Chinese market impact our discussions, our negotiations with customers in other parts of the world remain strong. Earlier this year, we stated our target to make a final investment decision by the end of the 2018 calendar year. We made that statement prior to the trade tensions that have manifested over the past months, which have caused headwinds for LNG transactions. We remain hopeful in our ability to bring a final investment decision for Magnolia LNG to the Board of Directors in the first part of 2019.

There are varying opinions on how and when the trade issues with China will be resolved. Considering that, our communications with potential Chinese offtakers remain robust with the intent to complete agreements if trade tensions abate before Magnolia is fully sold out.

From a seller's perspective, the LNG market continues to improve with experts around the globe realizing the need for new LNG production by late 2022, when Magnolia LNG could begin operations. Global LNG prices have remained high even in the shoulder season when prices typically decline. This trend indicates a continued increase in demand with additional supply needed even as some projects currently under construction will reach an operational state in the next 12 months.

Bear Head LNG continues to progress in a positive direction with productive discussions with Western Canada resource holders. The final investment decision for LNG Canada has brought additional attention to the need for LNG export projects on both of Canada's coasts, and we believe Bear Head is the next best option. Our team used the summer to perform field work to fulfill some of the project's environmental regulatory obligations. In addition, we signed a Memorandum of Agreement (MOA) with the Nova Scotia Construction Labour Relations Association Limited (CLRA) and Cape Breton Building and Construction Trades ensuring access to the skilled workforce needed for Bear Head.

During the quarter, we released LNG Limited's 2018 Annual Report. We hope you will read its contents, and we look forward to welcoming you to our Annual General Meeting in Sydney on Thursday, November 15.

In keeping with our promise to shareholders, we continue to manage our liquidity closely, consistent with our stated plans. We closed September 2018 with the Company's total cash position at A\$46.4 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: LNGLY
ABN: 19 101 676 779

CONTACT DETAILS

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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 at Sep. 30, 2018

Shares on Issue	570,986,206
Performance Rights	16,722,273
ADRs on Issue	5,595,790

SUBSTANTIAL SHAREHOLDERS at Sep. 30, 2018

Top 20 Shareholders	60.5%
- Baupost Group, LLC	10.9%
- IDG Energy Investment Group Ltd	9.9%
- Valinor Management, LLC	7.3%
North American	49.3%
Australasia and Asia	20.5%

QUARTER HIGHLIGHTS***Magnolia LNG:***

- On September 27, 2018, LNGL announced that Magnolia LNG and Meridian LNG Holdings Corporation agreed extension of the financial close date of their legally binding 2.0 mtpa offtake agreement to December 31, 2018. All other provisions of the governing agreements not specifically amended by this extension remain in full force and effect.

Bear Head LNG:

- On July 17, 2018, Bear Head LNG, LLC signed a Memorandum of Agreement (MOA) with the Nova Scotia Construction Labour Relations Association Limited and Cape Breton Building and Construction Trades. The MOA ensured access to the skilled workforce needed for Bear Head's proposed liquefied natural gas (LNG) facility on the Strait of Canso in Richmond County, Nova Scotia.

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 August 1, 2018, LNGL announced that the Company had been granted a waiver by the ASX from Listing Rule 6.18 as referred to on page 2 of the Company's ASX announcement dated June 4, 2018, which related to the Share Placement to IDG Energy Investment Group Limited which raised gross proceeds of A\$28.2 million before costs. The waiver grants IDG Energy Investment top-up rights to maintain their 9.9% investment in LNGL, subject to certain exceptions
- On July 10, 2018, LNGL announced in an Appendix 3B notice to the ASX that:
 - (i) 2,244,449 – 2015 Performance Rights lapsed;
 - (ii) 839,750 – 2017 Retention Rights partially vested and Ordinary Shares were issued;
 - (iii) 3,114,000 – 2018 Performance Rights were issued; and
 - (iv) 2,076,000 – Retention Rights were issued.

Financial Position:

During the three-months ended September 30, 2018, net operating cash outflow was A\$4.8 million, which compared with the net operating cash outflow of A\$6.2 million for the three-months ended June 30, 2018. LNGL's total cash balance as at September 30, 2018 was A\$46.4 million (inclusive of \$25.2 million of restricted cash), which compares to A\$50.7 million at June 30, 2018, reflecting a net decrease in reported cash of A\$4.3 million. The change in reported cash between periods reflected: net cash outflows of A\$4.8 million; and a non-cash impact of A\$0.5 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 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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Mr. Andrew Gould
Joint Company Secretary
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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.

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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 September 2018

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	9	9
1.2 Payments for		
(a) research and development/patents	(21)	(21)
(b) LNG project development	(1,613)	(1,613)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(2,492)	(2,492)
(f) administration and corporate costs	(974)	(974)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	252	252
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	3	3
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,836)	(4,836)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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)	-	-
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	-	-
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 (3 months) \$A'000
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	50,698	50,698
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,836)	(4,836)
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	535	535
4.6	Cash and cash equivalents at end of quarter	46,397	46,397

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	43,083	47,476
5.2	Call deposits	3,314	3,222
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)	46,397	50,698

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

407

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	2,475
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	2,735
9.6	Administration and corporate costs	1,267
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	6,477

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	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: 29 October 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.