



## September 2019

### Quarterly Highlights and Appendix 4C

#### A Message from the Managing Director and Chief Executive Officer

Liquefied Natural Gas Limited (LNGL or the Company) realized several accomplishments providing additional momentum during the first quarter of the Company's fiscal year. These achievements include:

- A Memorandum of Understanding (MOU) for 2 mtpa from Magnolia LNG with Delta Offshore Energy in Vietnam, the validity of which has subsequently been extended to July 1, 2020;
- The receipt of the Draft Environmental Impact Statement (DEIS) from the U.S. Federal Energy Regulatory Commission (FERC) for the 0.8 mtpa authorized capacity increase at Magnolia; and
- The announcement of LNGL's intent to re-domicile the Company to the U.S. with a listing on the NASDAQ.

The Company achieved these milestones notwithstanding continued soft LNG market conditions.

While there have been no immediate material changes in the trade discussions between the U.S. and China, we remain engaged with potential Chinese offtakers should an agreement be reached which includes LNG. However, our major efforts are focused elsewhere with a significant emphasis on customers that are end users. In particular, the team is prioritizing end users with long-term volume requirements such as gas-to-power energy developers.

We continue to progress Bear Head LNG and the Bear Paw Pipeline having recently applied to the Nova Scotia Utility and Review Board for extensions on the deadlines for the projects' construction permits. The Company maintains an advanced state of readiness at the project site at Point Tupper on Cape Breton Island, which includes regulatory permits, and our regional interfaces with local communities, indigenous peoples, regulators, politicians and commercial partners. We continue to aggressively pursue every opportunity to bring the Bear Head project to fruition.

During the quarter, we finalized LNG Limited's 2019 Annual Report. We hope you will read it, and we look forward to welcoming you to our Annual General Meeting in Sydney on Thursday, November 14.

In keeping with our promise to shareholders, we continue to manage our liquidity closely, consistent with our stated plans. We closed September 2019 with the Company's total cash position at A\$14.9 million. LNGL remains debt-free. The Company recognizes the need for future liquidity, and we remain confident in our ability to raise new capital for our business.

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  
**Leeanne 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 September 30, 2019

Shares on Issue	575,987,479
Performance Rights	16,026,020
ADRs on Issue	7,194,788

#### SUBSTANTIAL SHAREHOLDERS at Sept 30, 2019

Top 20 Shareholders	56.7%
- Baupost Group, LLC	10.8%
- IDG Energy Investment Group Ltd	9.8%
North American	50.3%
Australasia and Asia	18.1%
Directors & Management	< 1.0%

**QUARTERLY HIGHLIGHTS*****Magnolia LNG:***

- On September 16, 2019, Delta Offshore Energy (DeltaOE) and Liquefied Natural Gas Limited's wholly owned subsidiary Magnolia LNG LLC (Magnolia LNG) executed a memorandum of understanding (MOU) for delivery of 2 million tonnes per annum (mtpa) of liquefied natural gas (LNG) to a gas-to-power project in the Bac Lieu Province in Vietnam. The DeltaOE led power project includes the construction and operation of an LNG import terminal, 3,200-megawatt combined-cycle power plant and delivery of power generation to the Bac Lieu Province. The integrated project is expected to commence operations in 2023 pending finalization of anticipated government approvals. Pursuant to the MOU LNGL and DeltaOE agreed to negotiate and enter into a supply and purchase agreement (SPA) for delivery of 2 mtpa of LNG, on a free-on-board basis for a 20-year term with options to extend. DeltaOE shall, in turn, deliver gas to the power plant, generate electricity, and sell its output to the province pursuant to a power purchase agreement (PPA). The SPA and PPA are linked on a back-to-back basis providing an integrated LNG-to-power solution for the province.
- On September 27, 2019, the United States Federal Energy Regulatory Commission (FERC) issued the Draft Supplemental Environmental Impact Statement (DEIS) for the production capacity amendment to the Company's Magnolia LNG project. Magnolia LNG's production capacity amendment, filed with FERC on November 19, 2018, would increase the total authorized production capacity of Magnolia LNG from the currently authorized 8 mtpa to 8.8 mtpa.
- On October 11, 2019 Magnolia LNG and DeltaOE agreed to extend the validity date of the MOU until July 1, 2020 and entered into an Amended and Restated Memorandum of Understanding. The parties also agreed to use reasonable efforts to negotiate and reach agreement on the terms and conditions of the SPA by May 31, 2020.

***Bear Head LNG:***

- During the first quarter, Bear Head LNG continued to address gas path solution opportunities with Canadian pipeline companies and maintain the project's mature regulatory status.
- On October 4, 2019, LNGL applied to the Nova Scotia Utility and Review Board for extensions on the deadlines for the construction permits for Bear Head LNG and the Bear Paw Pipeline.

***Corporate:***

- On July 22, 2019, LNGL announced its intent to re-domicile the Company to the United States of America. LNGL will proceed to list on the NASDAQ Stock Exchange (NASDAQ) following regulatory and judicial approvals and an affirmative shareholder vote.
- On September 6, 2019 S&P Dow Jones Indices announced that effective at the open of trading on September 23, 2019 that LNGL would be removed from the S&P/ASX 300 Index.

***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:***

- On July 3, 2019, LNGL announced the vesting of 4,175,313 Retention Rights into 4,175,313 ordinary shares, and the lapsing of 3,249,900 Performance Rights pursuant to the terms of its Employee Incentive Rights Plan effective June 30, 2019. Of these amounts, 640,000 of the Retention Rights vested into 640,000 ordinary shares to the account of Gregory Vesey, Managing Director and Chief Executive Officer. 960,000 of the Performance Rights that lapsed in the period were attributed to previous grants to Mr. Vesey.

A total of 3,265,800 Performance Rights and 2,177,200 Retention Rights were granted to employees on July 1, 2019 having various measurement and vesting dates, and subject to the Incentive Rights Plan. In addition, the

Board of Directors recommended that at the 2019 Annual General Meeting the shareholders approve a proposed grant of 1,000,000 Performance Rights having a three-year vesting period to Mr Vesey.

***Financial Position:***

During the three-months ended September 30, 2019, net operating cash outflow was A\$6.8 million, which compared with the net operating cash outflow of A\$6.7 million for the three-months ended June 30, 2019. LNGL's total cash balance as at September 30, 2019 was A\$14.9 million (inclusive of A\$560 thousand of restricted cash), which compares to A\$22.1 million at June 30, 2019, reflecting a net decrease in reported cash of A\$6.9 million.

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 the second quarter 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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**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**<sup>®</sup> 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](http://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 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development/patents	-	-
(b) LNG project development	(3,425)	(3,425)
(c) advertising and marketing	-	-
(d) leased assets	(256)	(256)
(e) staff costs	(2,458)	(2,458)
(f) administration and corporate costs	(727)	(727)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	57	57
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(6,810)</b>	<b>(6,810)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>2. Cash flows from investing activities</b>		
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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	-	-

<b>3. Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	-

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	21,804	21,804
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,811)	(6,811)
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	(116)	(116)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>14,879</b>	<b>14,879</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	14,319	19,756
5.2	Call deposits	560	1,997
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>14,879</b>	<b>21,753</b>

6. <b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	478
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. <b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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	1,017
9.3	Advertising and marketing	-
9.4	Leased assets	260
9.5	Staff costs	2,629
9.6	Administration and corporate costs	2,124
9.7	Other (provide details if material)	-
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>6,031</b>

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: 30 October 2019

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.