



Schematic Site Layouts for the proposed 8 mtpa or greater Magnolia LNG Project in the Port of Lake Charles, Louisiana, USA (left) and the 8 mtpa or greater Bear Head LNG Project, in Richmond County, Nova Scotia, Canada (right)

June 2016

Quarterly Highlights and Appendix 4C

A Message from the Managing Director and Chief Executive Officer

Liquefied Natural Gas Limited's (**LNGL** or the **Company**) focus continues to be threefold: complete marketing of Magnolia LNG's offtake capacity to progress this project through financing and into construction; finalize Bear Head LNG regulatory permitting, engineering, and the marketing of liquefaction tolling capacity; and preserving our existing liquidity through effective cash management. The LNGL executives and staff are committed to delivering these key objectives.

The Company's total cash position as at 30 June 2016 was A\$71.4 million and there is no debt.

The LNG industry is currently challenged by an LNG supply / demand imbalance. However, the Company's business model of mid-scale LNG export projects, using our wholly owned patented OSMR® liquefaction process technology, positions the Company for long-term global success due, in part, to our industry leading low cost solutions.

I look forward to meeting our shareholders who are able to attend the presentations this week in Sydney (25th July), Melbourne (27th July), and Perth (28th July), which we have highlighted in an ASX release on 6 July. If you have any queries, please contact our Perth office on (08) 9366 3700.

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

Richard Jonathan Beresford
Chairman
Gregory M Vesey
Managing Director and Chief Executive Officer
Fletcher Maurice Brand
Executive Director
Leeanne Kay Bond
Non-Executive Director
Paul J. Cavicchi
Non-Executive Director
D. Michael Steuert
Non-Executive Director
Philip D. Moeller
Non-Executive Director

ISSUED CAPITAL as at 30th June 2016

Shares on Issue	503,977,606
Performance Rights	16,582,858
Unlisted Options on Issue	1,759,000
ADRs on Issue	2,951,949

SUBSTANTIAL SHAREHOLDERS as at 30th June '16

Top 20 Shareholders	55.5%
North American	48.0%
- Baupost Group, LLC	12.4%
- Valinor Management, LLC	8.3%
Directors & Management	2.0%

QUARTER HIGHLIGHTS

Magnolia LNG:

- Magnolia LNG received its United States Federal Energy Regulatory Commission (**FERC**) Order to site, construct, and operate facilities to liquefy and export domestically produced natural gas from the LNG export terminal
- The Louisiana Department of Environmental Quality (**LDEQ**) approved the air permit for the Magnolia LNG project
- FERC also authorised the Kinder Morgan Louisiana Pipeline LLC (KMLP Pipeline) to install compression and other related facilities on the KMLP Pipeline, facilitating the transportation of full feed gas volumes to the Magnolia LNG project
- Magnolia LNG and the KSJV (a joint venture between KBR and SKE&C, led by KBR) agreed to extend the validity period of the signed engineering, procurement, and construction (**EPC**) contract price through 31 December 2016

Bear Head LNG:

- Bear Head LNG received Governor in Council approval for a licence to import natural gas from the United States and a licence to export LNG from Bear Head LNG's project site
- In early July 2016, Nova Scotia Environment (**NSE**) approved Bear Head LNG's Greenhouse Gas (GHG) Management Plan for its liquefied natural gas facility on the Strait of Canso in Richmond County, Nova Scotia

Corporate:

- Appointments of a new Managing Director and Chief Executive Officer, Mr Greg Vesey, and Mr Maurice Brand as an Executive Director

Share movements:

- On 22 June 2016, 250,000 ordinary shares were issued on the exercise of options on 21 June 2016, a further 250,000 ordinary shares were issued on the exercise of options on 28 June 2016
- At the date of this report, there are 1,759,000 options outstanding, having option expiration dates of 8 July 2016 (759,000 options with strike prices ranging from A\$0.24 to A\$0.28) and 20 December 2016 (1,000,000 options with a strike price of A\$0.465)

Financial Position:

- During the June quarter 2016, net operating cash outflow was A\$16.0 million, which compares with the March quarter 2016 figure of A\$29.6 million. Management expects net cash outflows to continue to trend lower reflecting execution of the Company's cost management strategy
- LNGL's total cash balance as at 30 June 2016 was A\$71.4 million, which compares to A\$85.8 million as at 31 March 2016. The Company has no debt

For further information contact:

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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 with potential for further expansion;
- 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;
- Gladstone LNG Pty Ltd, a subsidiary which plans to develop the 3.5 mtpa Fisherman's Landing LNG (**FLNG**) project at the Port of Gladstone in Queensland, Australia; 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.

Liquefied Natural Gas Limited

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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 admitted on the basis of commitments

Name of entity

Liquefied Natural Gas Limited

ABN

19 101 676 779

Quarter ended ("current
quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from customers	247	625
1.2	Payments for:		
	(a) staff and director costs	(6,542)	(22,410)
	(b) patent costs/trade marks	(37)	(175)
	(c) LNG project development	(8,287)	(89,329)
	(d) leased assets	(1)	(3)
	(e) other working capital	(1,570)	(6,699)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	105	620
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net operating cash flows		(16,085)	(117,372)

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(16,085)	(117,372)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(1)	(43)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(1)	(43)
1.14 Total operating and investing cash flows	(16,086)	(117,415)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	120	199
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	120	199
Net (decrease)/increase in cash held	(15,966)	(117,216)
1.21 Cash at beginning of quarter/year to date	85,797	181,801
1.22 Exchange rate adjustments to item 1.20	1,626	6,872
1.23 Cash at end of quarter	71,457	71,457

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	500
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments to directors include salaries, directors' fees, bonuses and superannuation payments to executive and non-executive directors.

Non-cash financing and investing activities**2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows**

Not applicable.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	N/a	N/a
3.2	Credit standby arrangements	N/a	N/a

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	67,177	81,409
4.2 Deposits at call	4,280	4,388
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	71,457	85,797

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/a	N/a
5.2 Place of incorporation or registration	N/a	N/a
5.3 Consideration for acquisition or disposal	N/a	N/a
5.4 Total net assets	N/a	N/a
5.5 Nature of business	N/a	N/a

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: _____
Joint Company Secretary

Date: 25 July 2016

Print name: David Gardner