



# 2018 ANNUAL GENERAL MEETING

Welcome

15 November 2018



### Forward Looking Statement | All Jurisdictions

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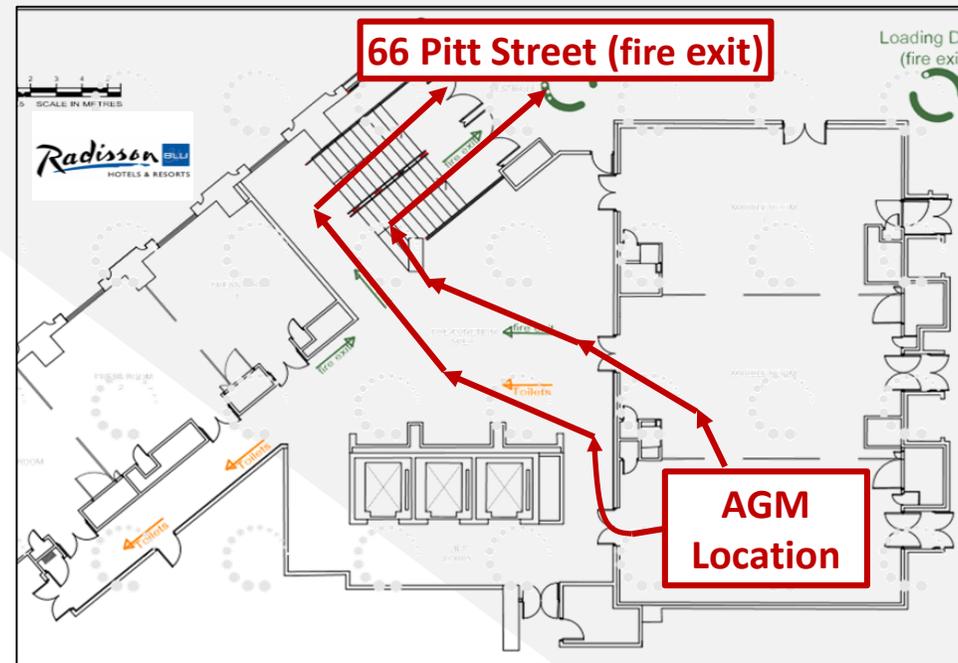
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# SAFETY MATTERS – FIRE AND EMERGENCY EVACUATION PLAN

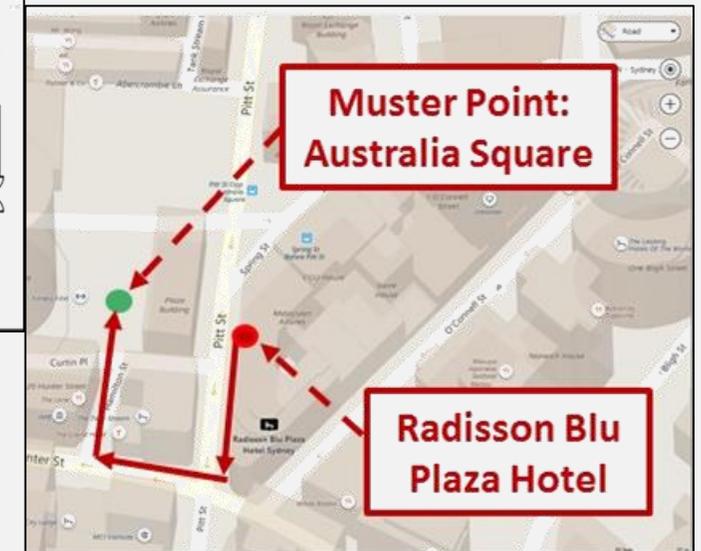
## Fire Alarm Audible or Notice of Emergency

1. Muster point – Australia Square
2. Hotel Banquet Manager leads emergency response process
3. Hotel personnel direct evacuation process
4. Proceed calmly to Hotel's 66 Pitt Street fire exit
5. Cross Pitt Street at Hunter Street traffic light obeying traffic signals
6. Proceed on Hunter Street and turn right on Hamilton Street
7. Australia Square is green spot on adjacent map



**Evacuate Calmly / Follow Staff Instructions**

## Obey Traffic Signals



***In the event of a fire or emergency, evacuate up the stairs to the 66 Pitt Street Exit***



# VISION

World's premier provider of mid-scale LNG liquefaction solutions

# MISSION

Deliver safe, reliable, energy efficient, flexible mid-scale LNG liquefaction solutions at the industry's lowest full cycle cost to our customers and partners, while minimizing ecological impacts

# VALUES

Safety—Performance—Partnership—Environment—Integrity—Diversity—  
Innovation—People

# STRATEGY

Participate in global LNG projects by:

- Owning, developing, and operating greenfield LNG sites
- Contributing OSMR® technology solutions to secure equity ownership in new and existing third-party LNG projects
- Licensing the OSMR® process technology to third-parties

# BOARD OF DIRECTORS



**Richard Beresford**  
Non-Executive Director  
Over 30 years experience in international energy industry, including British Gas plc, Woodside Petroleum Ltd, and CLP Power Hong Kong



**Paul Cavicchi**  
Chairman  
Over 25 years experience in international energy, including Executive Vice President of GDF SUEZ Energy North America, Inc.



**Greg Vesey**  
Managing Director/CEO  
Over 35 years with Chevron Corporation and Texaco, including President of Chevron's Natural Gas & VP Gas Supply and Trading

**Leanne Bond**  
Non-Executive Director  
A professional company director with board roles in the energy, water, and engineering services sectors



**Philip D Moeller**  
Non-Executive Director  
Former Commissioner of the Federal Energy Regulatory Commission (FERC), served in other public and private industry roles throughout his career



**Michael Steuert**  
Non-Executive Director  
Over 30 years senior leadership experience, including the engineering and construction industry as CFO and Senior Vice President at Fluor Corporation



***Experienced Board of Directors overseeing LNG's growth***

# LEADERSHIP

**John Baguley**  
Chief Operating Officer  
Over 30 years in delivery of front end engineering design and EPC services to major LNG projects worldwide



**Greg Vesey**  
Managing Director/CEO



**Kinga Doris**  
General Counsel and Joint Company Secretary  
Over 20 years of legal experience advising global energy companies

**Lisa Vassallo**  
VP, Human Resources  
Over 20 years of HR experience in retail energy, oilfield services, renewable energy, and LNG



**Joe B'Oris**  
Chief Development Officer  
Over 30 years of experience in the energy industry with focus on LNG and midstream



**Mike Mott**  
Chief Financial Officer  
Over 30 years of finance and accounting experience in senior executive roles



**Andrew Gould**  
Group Development Manager and Joint Company Secretary  
Over 20 years in senior roles in the finance and energy sectors

***Deep and broad LNG experience enhances project delivery assurance***

# PROJECT DEVELOPMENT



## MAGNOLIA LNG

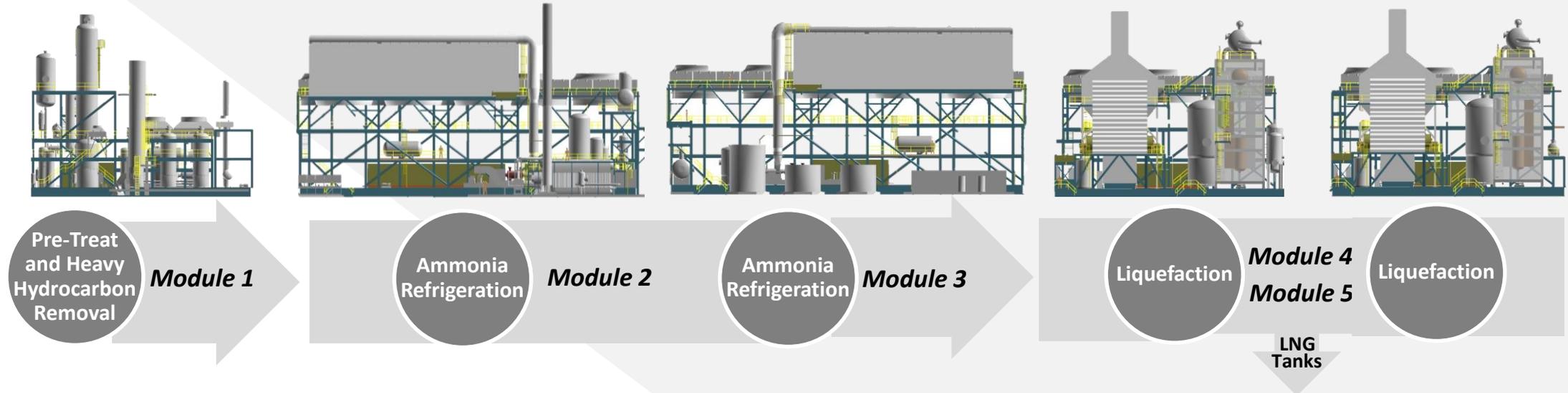
- Up to 8.8 mtpa LNG project; 4 x 2.2 mtpa trains
- 115 leased acres adjacent to Calcasieu Ship Channel
- Located in industrial area
- Ready access to workforce, industrial services, grid power, water, and well maintained roads
- Feed gas pipeline traverses southern border of site
- 30' existing elevation; above storm surge level

## BEAR HEAD LNG

- Up to 12 mtpa LNG 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
- Fully permitted for construction
- FTA and Non-FTA export licenses received

***LNG's low cost, low risk projects are leading the second wave of LNG development***

# OSMR<sup>®</sup> - OPTIMIZED SMR TECHNOLOGY



- Amine system
- Dehydration units
- Mercury guard beds
- Turbo-expander removes unwanted hydrocarbons & BTX
- Flexible turndown matches 2-in-1 liquefaction design

- > 20% more efficient than propane systems
- Closed-loop ammonia system
- Driven by **combined-cycle steam power**
- Limited on-site ammonia storage
- **Ammonia** attributes:
  - Superior thermodynamic qualities
  - Zero GWP and zero ODP
  - Non-flammable and non-explosive
  - Toxicity managed with proven systems (EPA/OSHA)

- SMR process (> 70% of global capacity)
- **Independent 2-in-1 system**
- High availability with superior flexibility and turndown
- Inlet air cooled gas-fired turbines
- Single stage compressor
- Standard-sized Chart coldboxes
- **BOG re-capture**

**OSMR<sup>®</sup> optimizes the proven SMR process in 4 primary areas (bold)**



# NOT IF, BUT WHEN

**Greg Vesey**  
**Managing Director and Chief Executive Officer**

**15 November 2018**



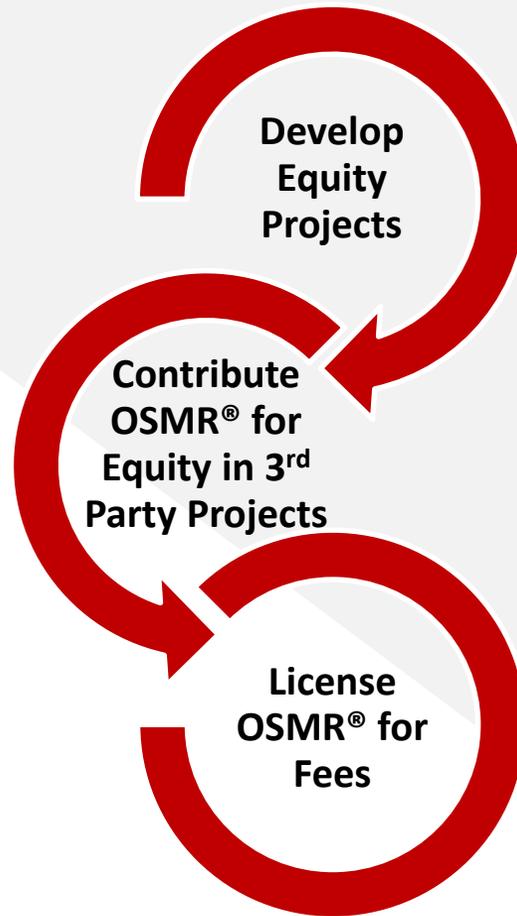
# PROFILE

- **Our company**
- **Investment thesis**
- **Environmental identity**

# OUR COMPANY



- Australia domiciled, Principal office in Houston, TX USA
- Developer of mid-scale LNG export terminals
- Over 20 mtpa of Atlantic Basin capacity under development
- Patented optimized single mixed refrigerant (OSMR<sup>®</sup>) liquefaction technology
- Environmentally conscious and attentive



## MAGNOLIA LNG

- Regulatory approvals secured
- Cost certainty, equity committed
- Strategic site selection and project size
- Favorable environmental factors

## BEARHEAD LNG

- All key regulatory approvals secured
- Competitive shipping to LNG markets
- LNG export option for W Canadian gas
- Strategic site selection with expansion



- Lowest full-cycle cost technology
- Energy efficient, highly reliable
- Only 6 – 8% feed gas consumption
- Ammonia use is Greenpeace endorsed

*Vision: World's premier provider of mid-scale LNG liquefaction solutions*

# INVESTMENT HIGHLIGHTS

- Low valuation relative to peers
- Magnolia LNG capacity extended to 8.8 mtpa
- Global LNG demand growth
  - Supply / Demand equilibrium by 2022
  - Global demand doubling by 2030
- Certainty
  - Magnolia LNG is construction ready
  - Bear Head LNG positioned to open markets to stranded resources
  - 3<sup>rd</sup> Party interest in OSMR<sup>®</sup> as technology solution accelerating

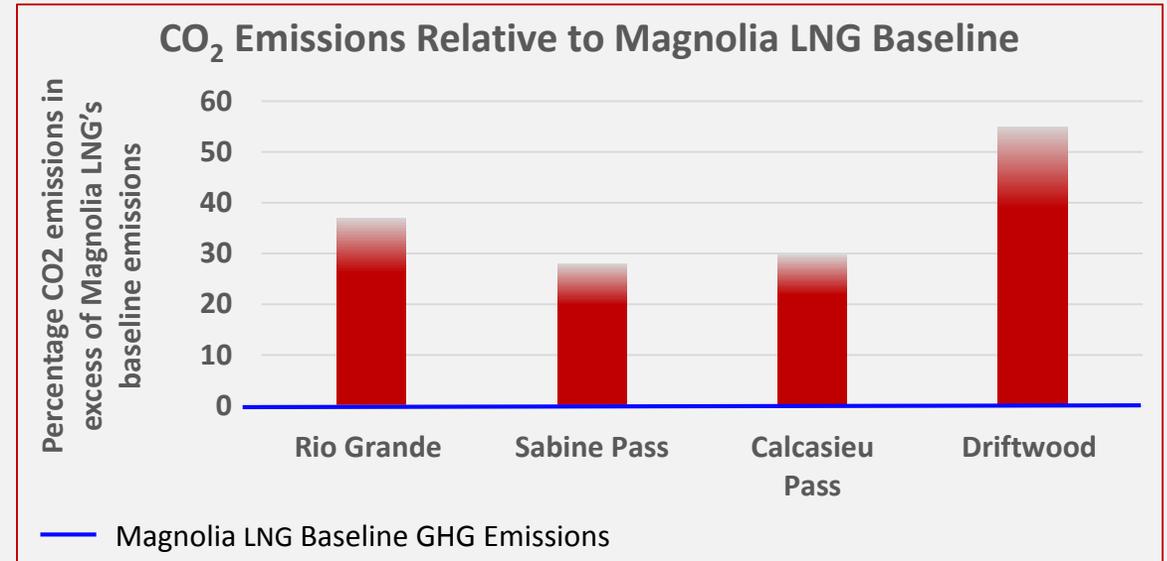
| Corporate Snapshot            |             |
|-------------------------------|-------------|
| ASX / US OTC ADR              | LNG / LNGLY |
| Cash @ 30 Sept 2018           | A\$46.4mm   |
| Debt @ 30 Sept 2018           | None        |
| Market Cap @ 31 Oct 2018      | A\$285mm    |
| Shares on issue               | 571mm       |
| Incentive Rights on issue     | 16.7mm      |
| Total shareholders of record  | 8,658       |
| Top 20 shareholders           | 59.8%       |
| – Baupost Group               | 10.9%       |
| – IDG Energy                  | 9.9%        |
| – Valinor Management          | 7.3%        |
| North America shareholders    | 52.9%       |
| Australia / Asia shareholders | 21.0%       |

***LNG is poised to deliver strong shareholder returns***

# ENVIRONMENTAL IDENTITY

- Plant efficiency generates 20% less emissions annually compared to existing projects
- Ammonia has been endorsed by Greenpeace as a zero-emission refrigerant
- Electricity provider Entergy is one of the lowest emitting US power producers
- Dredge spoils will recreate wetlands
- Magnolia LNG's smaller footprint consumes significantly less land area
- LNG reduces emissions at customer locations by displacing coal or crude for power generation
- IChemE award winner for plant efficiency

Source: U.S. EPA Greenhouse Gases Equivalencies Calculator - Calculations and References. The CO<sub>2</sub> emissions outlined above only represent the CO<sub>2</sub> resulting from fuel and not the CO<sub>2</sub> within the feed gas which is vented from the acid gas removal unit. Land data derived from FERC filings.



|   | Magnolia LNG | Rio Grande | Sabine Pass | Calcasieu Pass | Driftwood |
|---|--------------|------------|-------------|----------------|-----------|
| Site acres                                  | 115          | 1,103      | 1,000+      | 506            | 790       |
| <b>Wetlands affected by project (acres)</b> |              |            |             |                |           |
| Affected                                    | 7            | 463        | Unknown     | 462            | 455       |
| Destroyed                                   | 7            | 298        | Unknown     | 140            | 323       |
| Reclaimed                                   | ~ 100        | Unknown    | Unknown     | Unknown        | 1,425     |

**Environmental friendliness and sustainability is core to LNGL and a strategic advantage for Magnolia LNG**



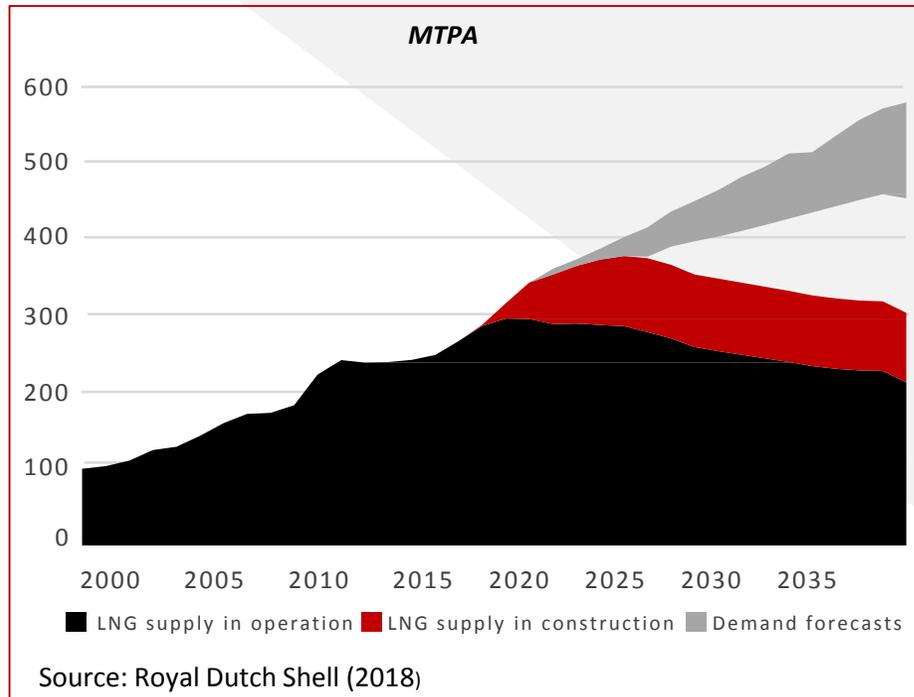
# MARKETS

## Strong Market Fundamentals

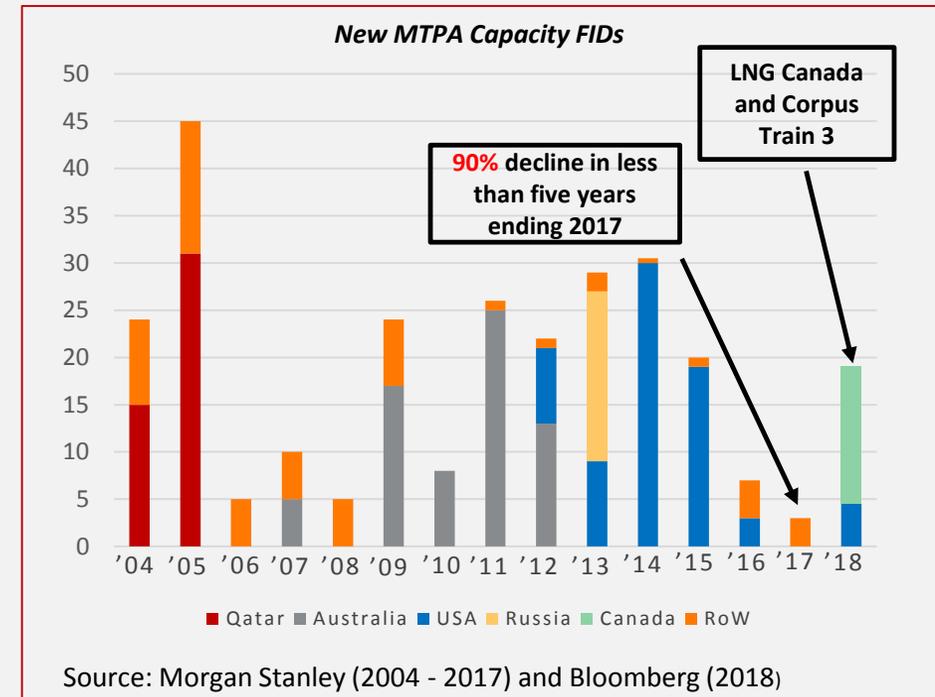
- Expansive global demand growth
- Low priced Henry Hub sustains price spreads
- Required new LNG supply lagging in progress

# FUNDAMENTALS

## Global LNG Supply and Demand Balance



## New Liquefaction Capacity FIDs since 2004

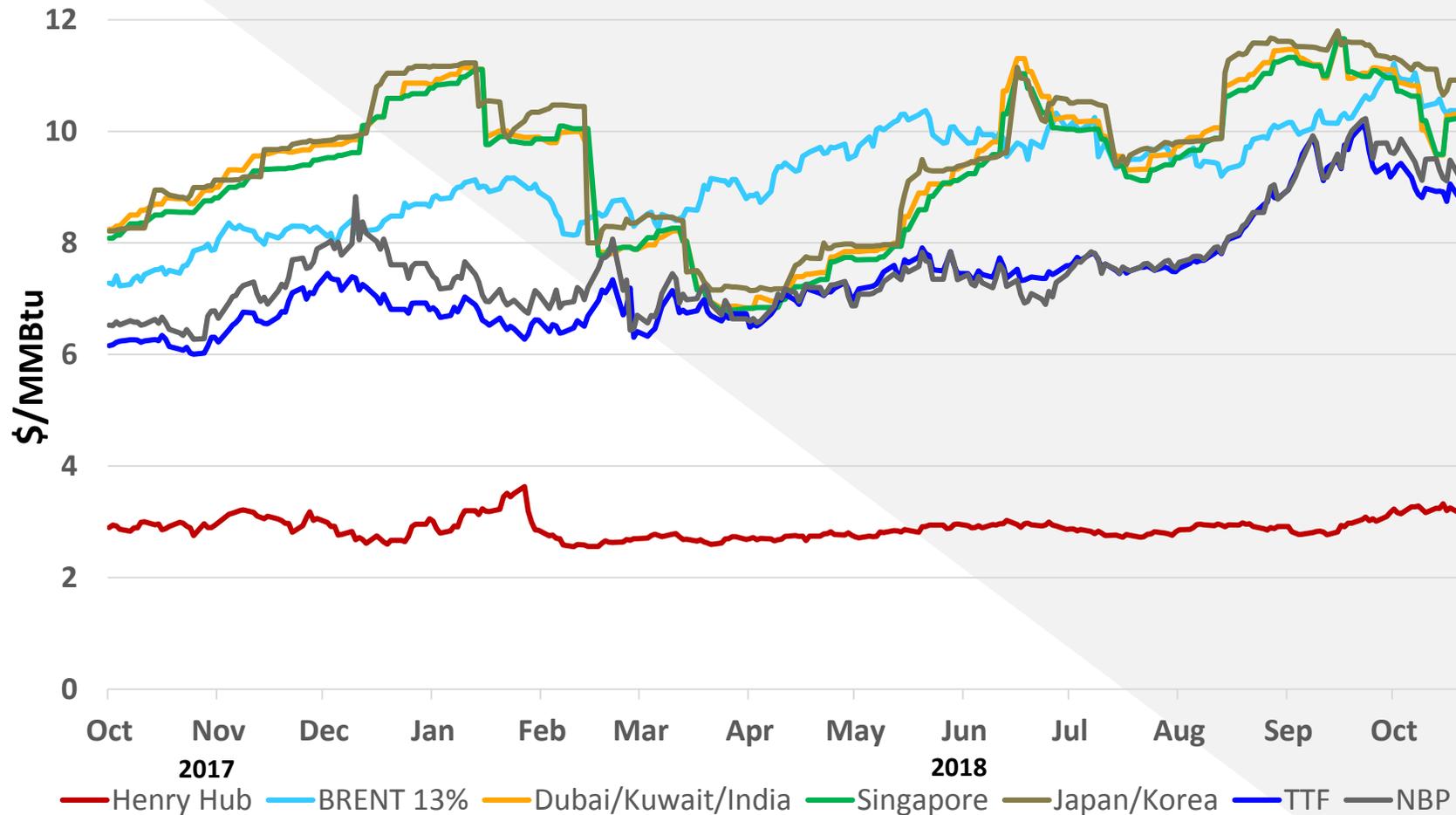


- Overall stronger commodity outlook driven by Global GDP, transport electrification & gasification, bunkering, air quality, affordably priced energy source

- LNG market rebalancing driven by increasing Asian & European demand
- Long-lead time to first LNG threatens ability to meet near-term growing demand

***New supply FIDs are insufficient to meet early 2020s demand***

# NATURAL GAS PRICING



**Sustained Favorable U.S./Global Market Price Spreads**

**Abundant Supply Ensures Low U.S. Gas Price Volatility**

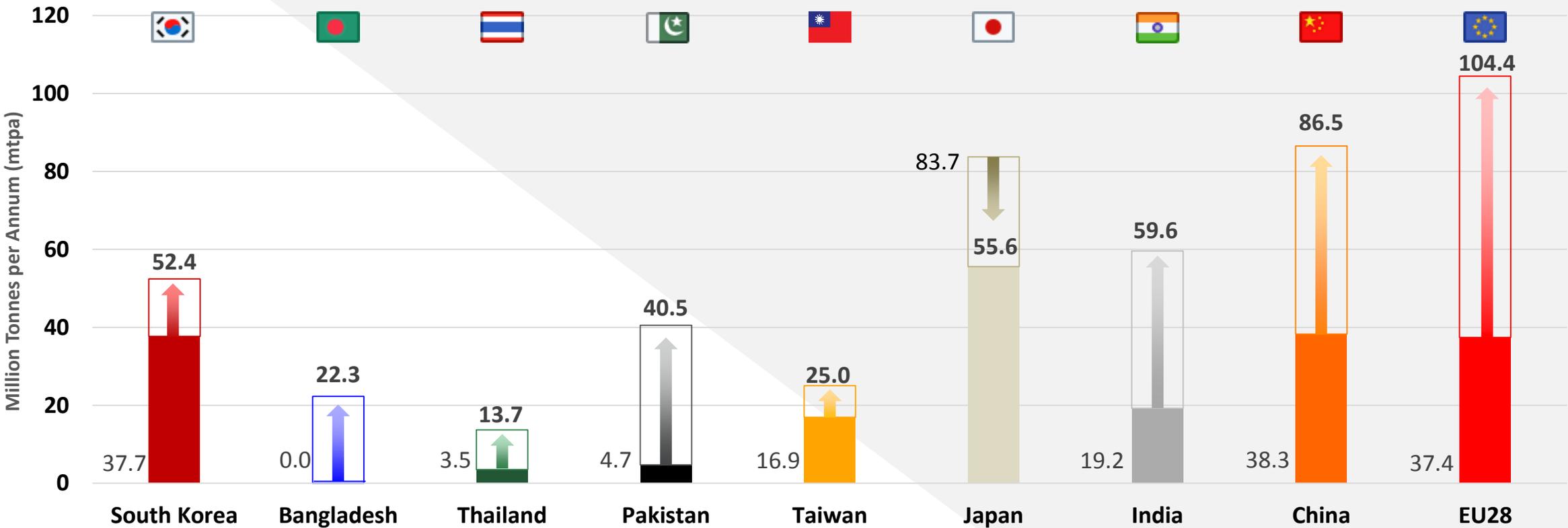
**N.A. Positioned as LNG Supplier of Choice to Meet Global Demand**

Source: Bloomberg New Energy Finance

**Henry Hub is emerging as a global LNG benchmark**

# MAJOR DEMAND GROWTH AREAS

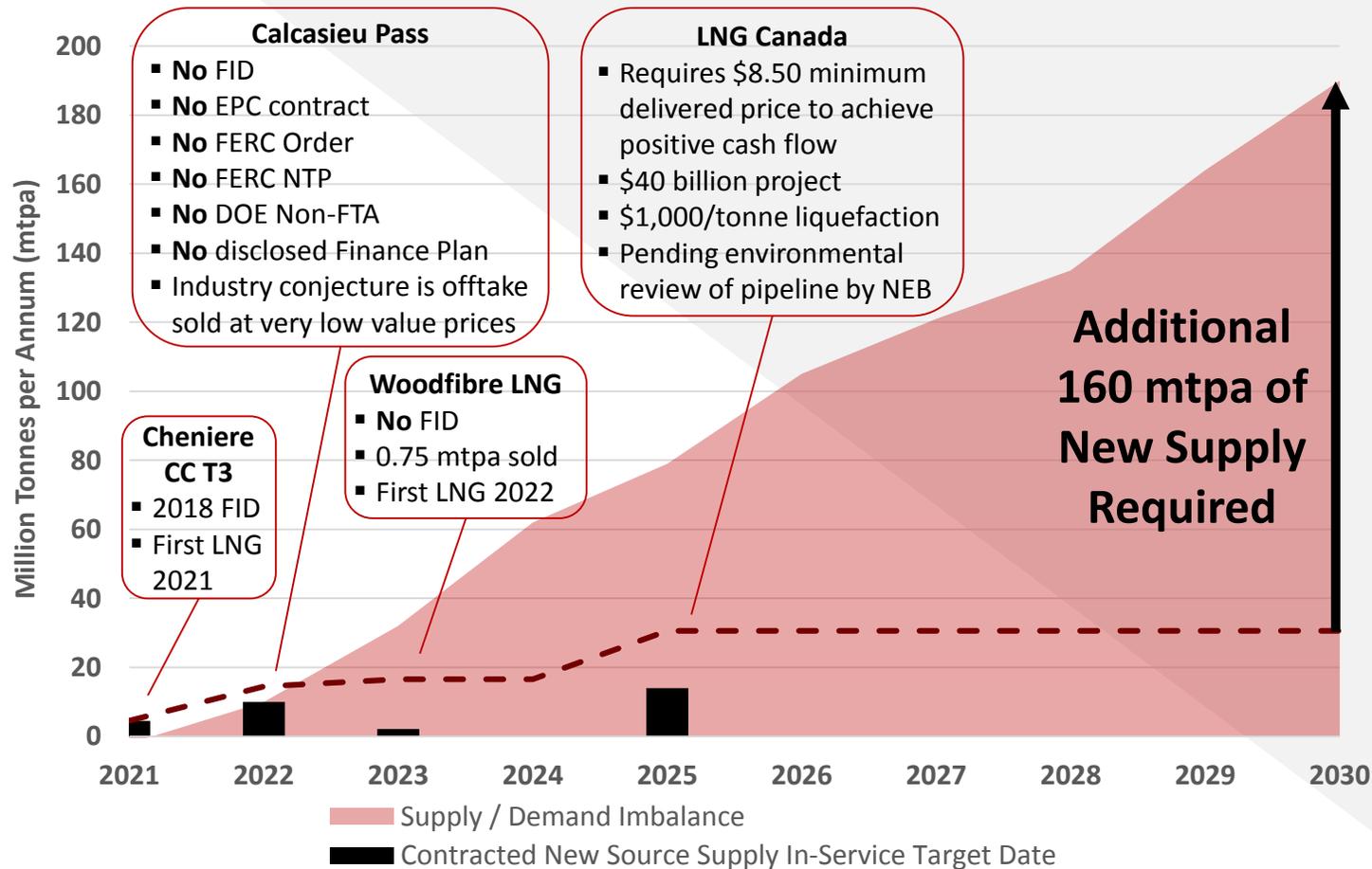
Key Market LNG Demand Growth from 2017 to 2030



Source: Bloomberg Intelligence, 2018 September

**Global LNG demand growth in Asia and Europe stems from the power, transport, and shipping industries**

# IMPACT OF RECENT DEALS ON RESOLVING SUPPLY SHORTFALL



## Other Announced Deals

- Exxon / ZPEG
  - Portfolio sale
  - 1 mtpa
  - Early 2020s
  - No new capacity
- Qatar / CNPC
  - Portfolio sale
  - 3.4 mtpa
  - 2018 start
  - No new capacity
- Mozambique
  - No FID
  - Portfolio sales
  - Potential future development

Source: Volumes: Bloomberg Intelligence, 2018 September; "Callouts" from company press releases and presentations

**Recent deals have only dented forecasted Supply / Demand imbalance and still carry significant project delivery risk**

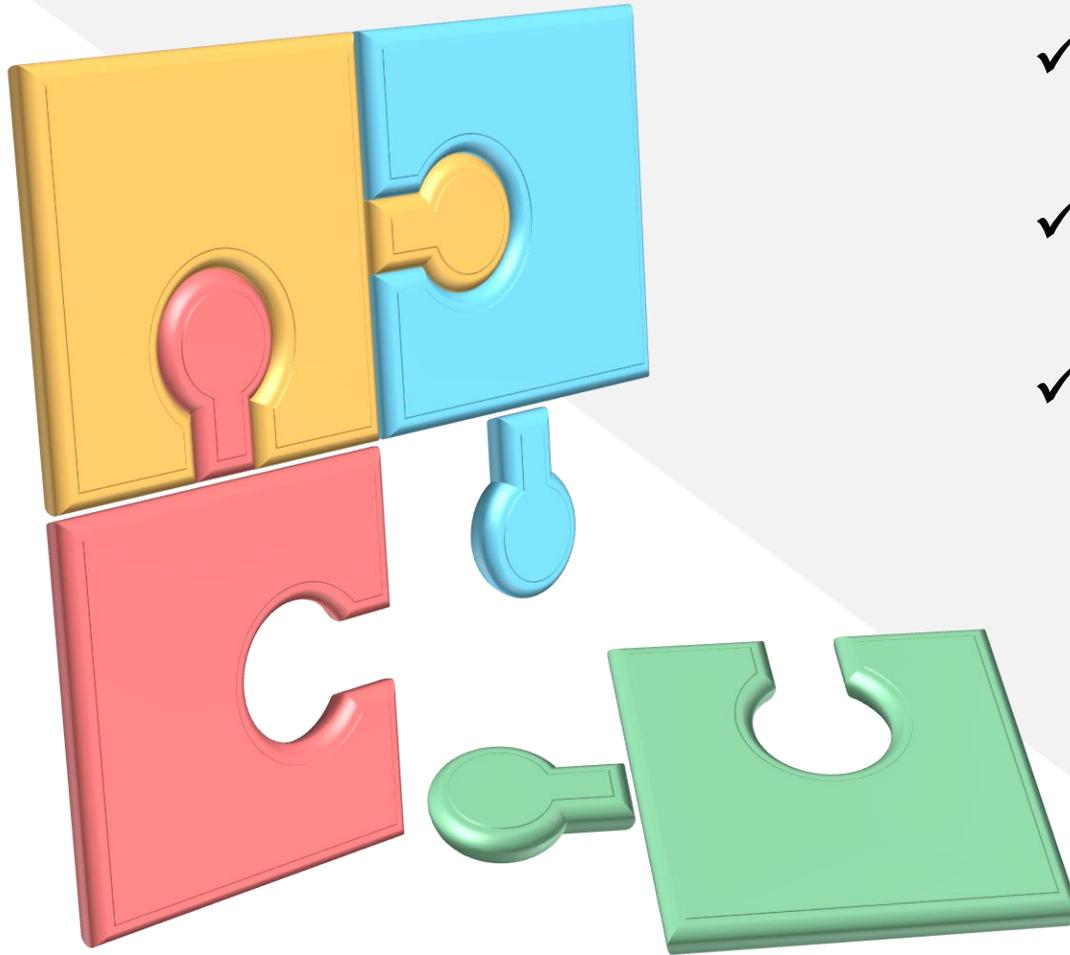


# ATTRIBUTES

## Competitively Advantaged

- Most advanced greenfield project
- Credentialed expertise
- Lowest full cycle cost
- Marketing to all growing LNG demand economies

# FINAL INVESTMENT DECISION ROADMAP



- ✓ **Regulatory Permits**
- ✓ **EPC Contract**
- ✓ **Financing**
- Sales Contracts**

***Magnolia LNG project de-risked through completion of permitting, EPC contracting, and financing phases***

# DELIVERY CONFIDENCE

## PROJECT SIZE

- *Up to 8.8 mtpa capacity*
- *Smaller size shortens FID path*
- *Minimum launch capacity of 6 mtpa*
- *Initial offtake will be catalyst to FID*

## PROJECT PROCESS

- *Standard sized equipment*
- *True modular design*
- *Meticulous 6,000 line EPC schedule*
- *Detailed project execution plan*

## PROJECT STATUS

- *All regulatory approvals granted*
- *EPC contract executed with price validity*
- *Equity funding commitment contracted*
- *Third-party O&M contract executed*

## COMMERCIAL APPROACH

- *Market standard terms*
- *Flexible in contract design*
- *Competitive pricing*
- *Buyer-friendly attributes*

## PROJECT DESIGN

- *Highly mature design*
- *Key suppliers and sub-contractors known*
- *Purchase Orders placed for long-lead items*
- *Module fabrication yards shortlisted*

## RISK MANAGEMENT

- *In-house LNG EPC expertise*
- *EPC readiness very advanced*
- *EPC is full wrap, HAZOPs performed*
- *Risk areas and mitigation plans known*

***Certainty derived from combination of project size, readiness, and execution expertise***

# DELIVERY TEAM



**John Baguley, Chief Operating Officer**

- *Over 35 years of LNG EPC experience*
- *Project delivery: Malaysia Trains 1-3, Woodside NW Shelf 1-2, Qatargas Trains 1-2, Bontang Train H, Tangguh LNG Trains 1-2*
- *Design/Planning: Mozambique, Woodside Browse, and Pacific Northwest*



**Richard Wheeler, Process Technology Manager**

- *Over 25 years of industry experience*
- *Process engineering, project management, and process safety management work*
- *Design and engineering of QCLNG, Prince Rupert LNG, Nigeria's OKLNG, and Lake Charles LNG*



**Nim Gnanendran, Ph.D, Technology Manager**

- *Worked extensively in developing the OSMR® process*
- *20 years experience in the LNG and cryogenics industry*
- *Prior affiliations include Shell Technology Ventures investment in Cool Energy as Lead Process Engineer*



**Rafael Hernandez, V.P. Engineering & Construction**

- *Over 21 years at Bechtel and ExxonMobil*
- *Construction Director for the Sabine Pass LNG project*
- *Construction Coordinator at Equatorial Guinea LNG*
- *Chief Construction Engineer for the three-simultaneous mega LNG projects, QCLNG, GLNG, and APLNG*



**Maury Hudson, V.P. Operations & Maintenance**

- *Almost 30 years of operations experience*
- *OxyChem, Equistar, Enterprise Products, and Cheniere*
- *Vice President, Corpus Christi Operations after holding various technical roles in support of Sabine Pass LNG*



**Lincoln Clark, Engineering & Operations Manager**

- *Extensive experience on the design, construction, commissioning, and operation of LNG plants*
- *Worked extensively in developing the OSMR® process*

**Unparalleled leadership experience and capability amongst US Gulf Coast LNG developers**

# SITE ADVANTAGES

Existing electric grid ably handles MLNG needs

Local electric prices among lowest in the U.S.

30 feet above the water line

Natural storm surge protection

Established LNG shipping channel and turning basin maintained by US Army Corps of Engineers

Regional Industrial Complex provides ready access to shared services and trained workforce

Water supply for plant operations in place

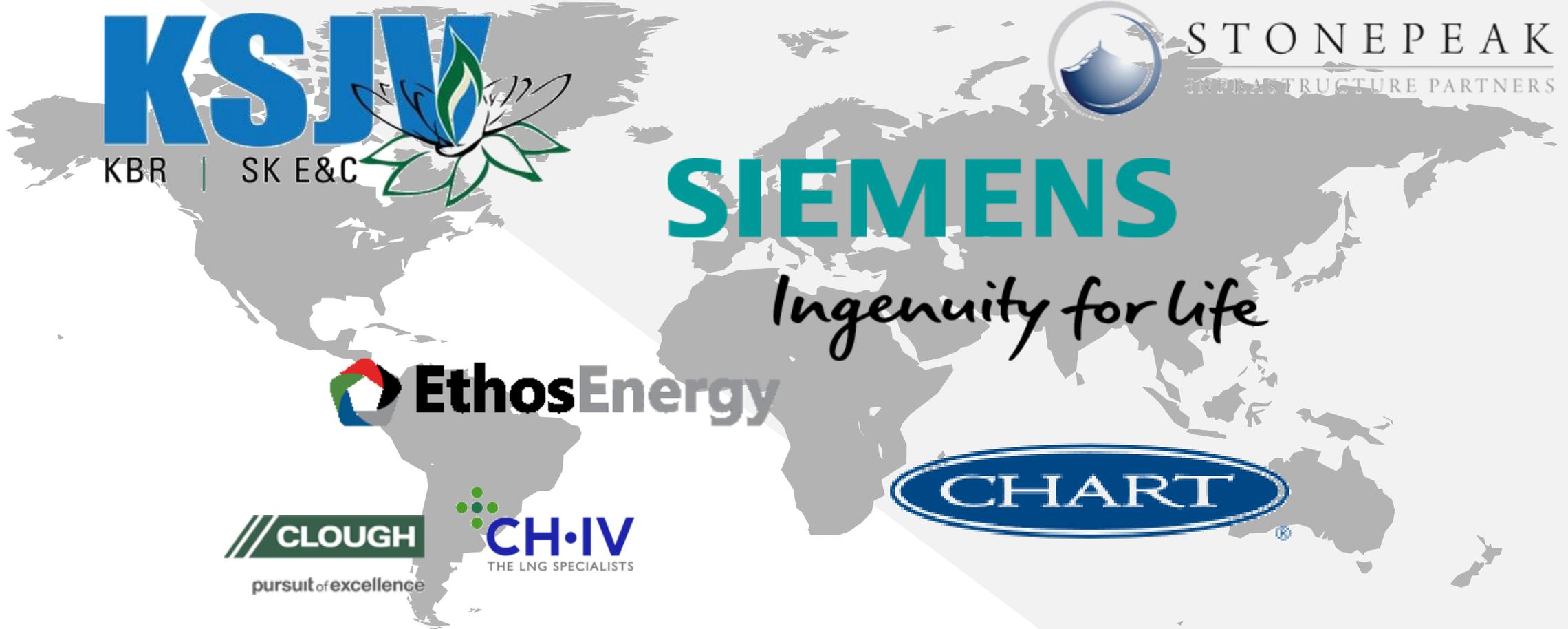
Mature design, advanced engineering, and modular construction decrease risk of delays and cost overruns

Kinder Morgan Louisiana Pipeline runs directly under the southern edge eliminating any additional pipeline construction



*Site selection advantages are recognized by customers with costs and risk low relative to peers*

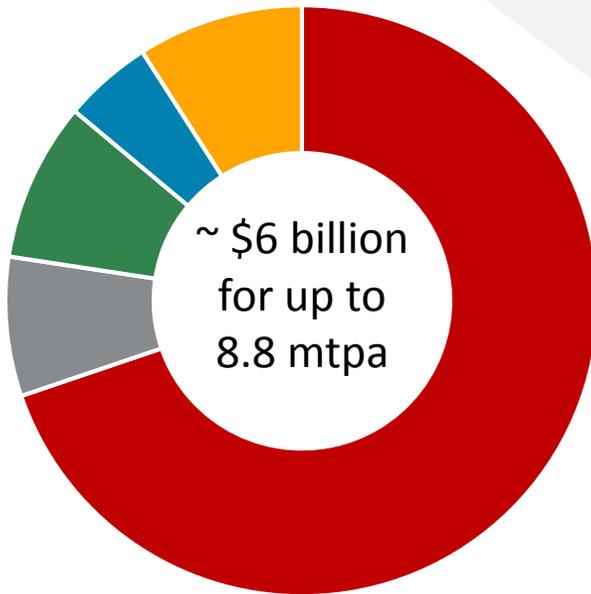
# ALIGNED WITH WORLD CLASS COMPANIES



*World class contractors aligned with and backing LNG's OSMR<sup>®</sup> technology and Magnolia LNG project*

# LOW COST PROVIDER – PROJECTED FULL CYCLE COST

Magnolia LNG Project CAPEX



- EPC
- Contingency
- Capitalized Interest
- Owner's Cost
- Finance Fees

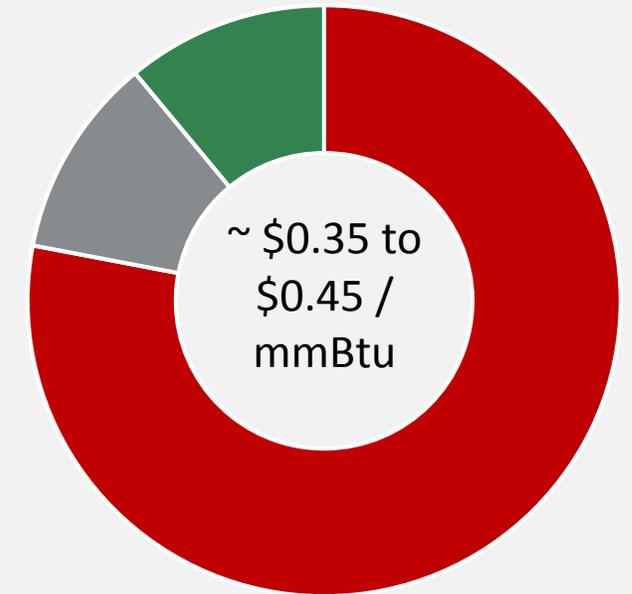
## CAPEX

- LSTK EPC ~ \$500/tonne
- Total project cost ~ \$675 - \$700/tonne
- Owner's costs
  - O&M preparation
  - Commissioning
  - Owner's engineer and internal costs
- Finance fees and Capitalized Interest reflect market rates
- Contingency ~ 10% of pre-finance total CAPEX cost

## OPEX

- O&M range \$0.30 - \$0.35/mmBtu
- Fees \$0.05/mmBtu
- Contingency \$0.00 - \$0.05/mmBtu

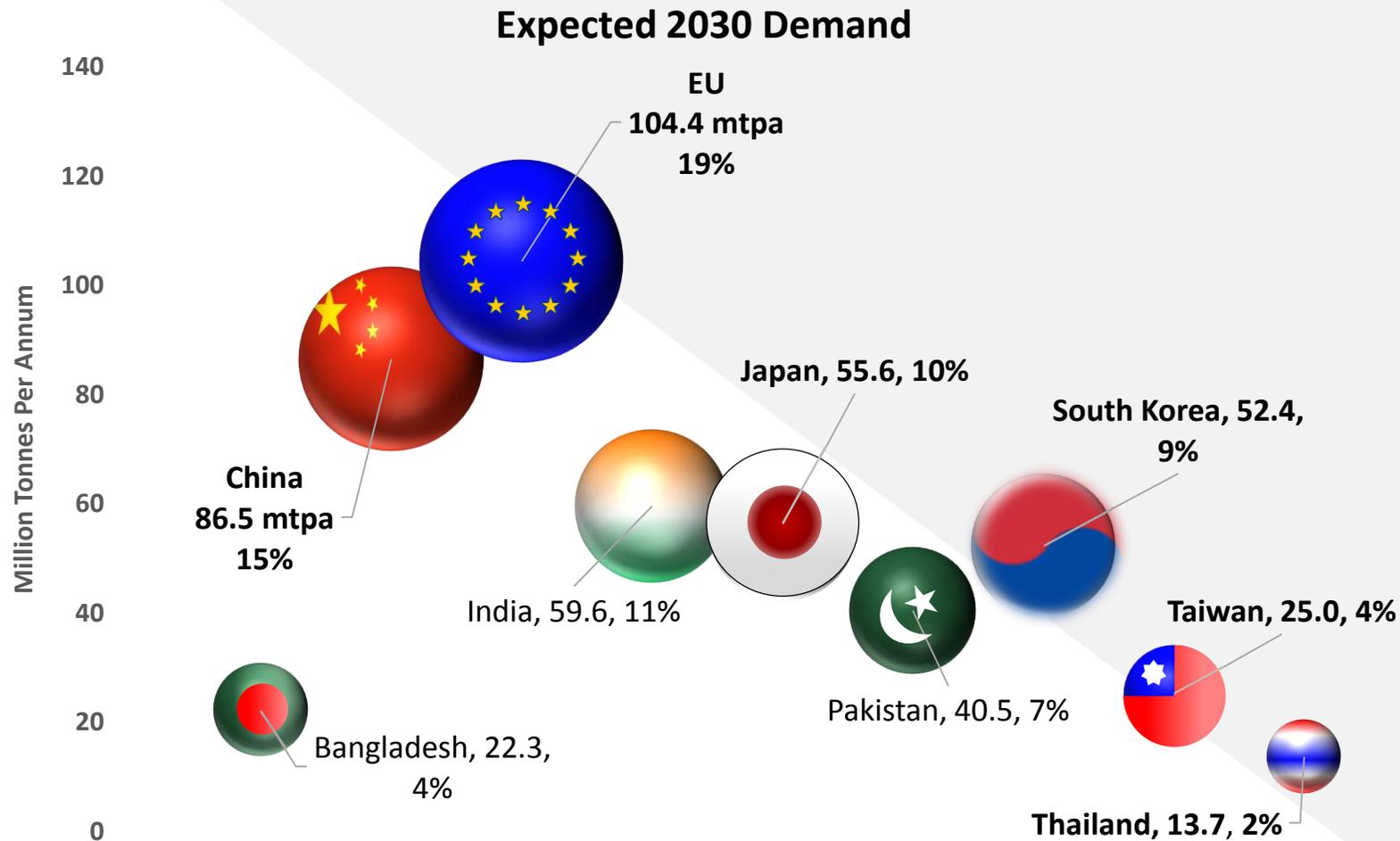
Magnolia LNG Project OPEX



- O&M Costs
- Fees
- Contingency

**Industry leading retainage (inlet gas consumed in liquefaction process) of 6 – 8%**

# TARGET MARKETING AREAS



- Target area demand exceeds 460 mtpa
  - 82% of expected global demand
- Demand concentrated in EU, China, Japan, and South Korea
  - 53% of expected global demand
- China accounts for 15%
  - Trade war impact real but navigable

Source: Bloomberg Intelligence, 2018 September

***Multi-faceted marketing strategy designed to offer transactions sculpted to individual buyer requirements***



# CERTAINTY

# KEY MESSAGES

- Significant new LNG supply still needed to meet projected 2020s demand growth
- Robust buyer opportunities remain in spite of China / U.S. trade war
- Non-U.S. and IOC/NOC led mega projects will struggle to be low-cost LNG providers
- U.S. sourced LNG benefits from sustainably low-cost and abundant feed gas supplies
- Magnolia LNG is extremely well positioned due to competitive advantages
  - Mature regulatory and cost status
  - Project delivery expertise
  - Multi-faceted marketing strategy and contracting approach
- LNGL is focused on delivering meaningful returns to shareholders
  - Participating in “race to the bottom” in project pricing or deal structure is risky
  - Rational pricing is required to finance projects and provide shareholder returns



## Forward looking statement / Non-GAAP financial measures

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