



ASX/MEDIA RELEASE

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MAGNOLIA LNG PROJECT EPC CONTRACT TERM SHEET SIGNED WITH SK E&C FEED DESIGN AND COST ESTIMATE WORKS ON SCHEDULE

Highlights

- **Engineering, Procurement & Construction (EPC) Contract Term Sheet signed with SK E&C USA, Inc and drafting of the Lump Sum Turn Key EPC Contract has commenced**
- **Front End Engineering Design (FEED) by SK E&C is progressing on schedule and budget**
- **Supplier and Subcontractor inquiry process to support EPC Capital Cost Estimate underway**

Liquefied Natural Gas Limited (**ASX: LNG; OTC ADR: LNGLY**) (the **Company**) is pleased to advise that its wholly owned subsidiary, Magnolia LNG LLC (**MLNG**), has executed an EPC Contract Term Sheet with SK E&C USA (**EPC Term Sheet**) in relation to the first phase of the Company's Magnolia LNG Project.

The Magnolia LNG Project comprises the development of an 8 mtpa LNG export project on the Calcasieu River (near Lake Charles), Louisiana, United States of America. The project will be developed in two phases, with the initial phase comprising two LNG trains, each of 2 mtpa LNG design capacity, two 160,000m³ storage tanks, jetty and ship loading facility and related infrastructure.

The EPC Term Sheet details the generally agreed position of SK E&C and MLNG in relation to over 45 key commercial provisions to be further developed and included in a Lump Sum Turn Key (**LSTK**) EPC Contract. BNP Paribas, MLNG's project finance adviser and Merlin Advisors LLC, the lenders' technical consultant, contributed to the establishment of the EPC Term Sheet to assist in ensuring bankability of the provisions.

MLNG's Chief Operating Officer, John Baguley, said "LSTK EPC Contracts are very detailed and comprehensive contracts and their negotiation can be extremely protracted. The EPC Term Sheet will materially assist in the early drafting of the LSTK EPC Contract and pave the way for a much shorter negotiation and completion period".

Mr Baguley further said, "SK E&C is continuing to progress the FEED and build-up of the LSTK EPC Contract price under a separate Technical Service Agreement signed in April 2014, and at this stage the program is on schedule and within budget".

The Company is also pleased to inform that Mr Greg Pilkinton will join the MLNG team, as EPC Contracts Manager on 14 July 2014. This will shortly be followed by the appointment of an EPC Planning Director; VP Engineering and Construction, and SVP Facilities Operations.

Mr Baguley said, "These additional personnel will round out MLNG's core engineering, construction and operations team, to enable us to keep pace with the SK E&C work outflow and maintain adherence to the current target to achieve a Financial Close in mid-2015."

For further information contact:

Mr Maurice Brand
Managing Director/Chief Executive Officer

Mr David Gardner
Company Secretary

Liquefied Natural Gas Limited

Ground Floor, 5 Ord Street, West Perth WA 6005

Telephone: (08) 9366 3700 **Facsimile:** (08) 9366 3799

Email: LNG@LNGLimited.com.au

Web site: www.LNGLimited.com.au

About Liquefied Natural Gas Limited

Liquefied Natural Gas Limited is an ASX listed company (Code: **LNG** and OTC ADR: **LNGLY**) whose portfolio consists of 100% ownership of the following assets:

- Magnolia LNG LLC (**Magnolia LNG**), a US-based wholly owned subsidiary of the Company, which is developing an 8 million tonne per annum (**mtpa**) LNG export terminal, in the Port of Lake Charles, Louisiana, US;
- Gladstone LNG Pty Ltd, a wholly owned subsidiary, which is progressing the **Fisherman's Landing LNG Project** at the Port of Gladstone in Queensland, Australia; and
- LNG Technology Pty Ltd, a wholly owned subsidiary, which owns and develops the Company's **OSMR[®] LNG liquefaction process**, a mid-scale LNG business model that plans to deliver: lower capital operating costs; faster construction; and improved efficiency, relative to larger traditional LNG projects.

About the Magnolia LNG Project

The Magnolia LNG Project comprises the proposed development of an 8 mtpa LNG project on a 116 acre site, on an established LNG shipping channel in the Lake Charles District, State of Louisiana, United States of America.

The project is based on the development of 4 x 2 mtpa LNG production trains using the Company's wholly owned OSMR[®] LNG process technology and the completed LNG plant front end engineering and design from the Fisherman's Landing LNG Project in Queensland, Australia.

The business model being adopted for the Magnolia LNG Project is to provide liquefaction services to LNG buyers who pay a monthly fixed capacity fee, plus all LNG plant operating and maintenance costs. In addition, each LNG Tolling Party is responsible for supplying and transporting gas to the Magnolia LNG Project at its own expense.

For further information on the Magnolia LNG project, please see our website: www.magnolialng.com.