



**ASX/MEDIA RELEASE
23 July 2015**

MAGNOLIA LNG SIGNS BINDING AGREEMENT WITH MERIDIAN LNG

Liquefied Natural Gas Ltd (**LNGL** or **Company**) is pleased to advise that its 100% owned project company, Magnolia LNG, LLC (**Magnolia**), has signed a legally binding agreement with Meridian LNG Holdings Corp (**Meridian LNG**) for firm capacity rights for up to 2 million tonnes per annum (**mtpa**) at Magnolia LNG, located on the Calcasieu shipping channel in the Lake Charles District, State of Louisiana, USA.

Under the liquefaction tolling agreement (**LTA**), Magnolia will provide liquefaction services to Meridian LNG over the term of the contract in return for monthly capacity payments. Meridian LNG is responsible for procurement and delivery of feed gas to the liquefaction plant and for arranging all LNG shipping required to transport the LNG from the liquefaction plant to its customers.

Meridian LNG intends to deliver the LNG to Port Meridian, its Höegh LNG operated floating re-gasification terminal in the UK with the gas delivered to E.ON Global Commodities (**EGC**) under the 20-year gas sales agreement (**GSA**) executed and announced by Meridian LNG on 23 April 2015.

Key terms of the LTA include:

- Initial term of 20 years, with option to extend by a further 5 years;
- Firm annual capacity of 1.7 mtpa with a further 0.3 mtpa to be offered at Magnolia's discretion; and
- Conditions precedent, including that Magnolia achieves financial close no later than 30 June 2016.

"We have been working with Meridian LNG since late 2013 and are delighted to have completed our first binding liquefaction tolling agreement. This is another significant milestone for Magnolia toward fully subscribing our 8 mtpa project," said Magnolia LNG Chief Commercial Officer, Rick Cape.

"Meridian LNG is very pleased to complete our LTA with Magnolia and looks forward to participating alongside other off-take participants in this impressive and innovative LNG export project. This agreement marks a critical step towards fulfilling our commitment to deliver up to 750 million standard cubic feet a day of natural gas to E.ON Global Commodities, for 20 years from 2019, via our UK Port Meridian terminal", said Roger Whelan, CEO Meridian LNG.

LNGL Managing Director/CEO and President of Magnolia LNG, Maurice Brand said, "Financial close for the Magnolia project is planned for first quarter 2016. The Magnolia project remains on schedule to provide first LNG in December 2018 with full LNG supply of 8 mtpa completed in 2019."

To this end, Mr. Brand further stated, "In light of market interest in the Magnolia LNG project, we have asked the KBR-SK Joint Venture (**KSJV**) to provide a fixed-price turnkey EPC contract price on the full 8 mtpa project, rather than just the original Phase I project of 4 mtpa. The KSJV pricing will be firm for a six-month period from signing, aligning with our targeted first quarter 2016 financial close. Our marketing efforts continue to progress and shareholders should expect an update regarding status of other binding contracts to coincide with the KSJV EPC announcement and/or later in the last quarter of 2015."

For further information contact:

Mr. Maurice Brand
Managing Director & CEO
LNG Limited
+61 8 9366 3700

Mr. Mike Mott
Chief Financial Officer
LNG Limited
+1 713 815 6909

Mr. Rick Cape
Chief Commercial Officer
Magnolia LNG LLC
+1 713 815 6915

ABOUT MAGNOLIA LNG

The Magnolia LNG project is 100% owned by Magnolia LNG LLC, which is a wholly owned subsidiary of Liquefied Natural Gas Limited. The project comprises the proposed development of an 8-mtpa LNG project on a 115-acre site, located on an established LNG shipping channel in the Lake Charles District, State of Louisiana, United States of America. The project is based on development of four LNG production trains of 2 mtpa each using the Company's wholly owned OSMR® LNG process technology.

Magnolia's business model provides liquefaction services to LNG buyers who pay a monthly fixed capacity fee, plus all LNG plant operating and maintenance costs. LNG buyers contract for liquefaction services under two contract models – a LTA, whereby the LNG export terminal is only responsible for processing natural gas into LNG, and a LNG Sales and Purchase Agreement under which the customer buys LNG on a free on board basis (FOB).

ABOUT MERIDIAN LNG

Meridian LNG is a wholly owned portfolio company of a fund advised by West Face Capital Inc., a Toronto-based institutional investment manager. Meridian LNG is focused on the development of Port Meridian together with Höegh LNG under a joint development agreement (**JDA**). Today's announcement follows Meridian LNG's execution of its 20-year GSA with EGC, a wholly owned company of E.ON, announced on 23 April 2015. Meridian also plans to develop an LNG import terminal located offshore Long Island, NY (www.portambrose.com) to address seasonal or peak natural gas demand.

For further information, please contact: info@meridianlng.com.

HÖEGH JDA

Meridian LNG, through the JDA with Höegh LNG, will ship LNG to Port Meridian LNG using traditional LNG carriers. The LNG will then be stored and regasified using a floating storage and re-gasification unit (**FSRU**). Höegh will act as the supplier and operator of the FSRU and carriers (collectively **Vessels**) and under an option agreement included in the JDA, Meridian LNG may acquire a 49% interest in the Vessels.

For more information on Höegh LNG, please visit www.hoeghlng.com.

PORT MERIDIAN

Port Meridian will consist of a FSRU, a subsea pipeline, and onshore facilities connecting into the UK National Transmission System (**UK NTS**). All major construction permits and planning approvals for Port Meridian have been obtained. Gas deliveries are expected to commence in 2019 subject to Ofgem granting a third party access exemption to Port Meridian and Meridian LNG.

For more information, please visit www.portmeridian.com.

ABOUT EGC

EGC is the energy trading arm of E.ON, one of the world's largest investor-owned power and gas companies. As the commercial hub for E.ON to the international wholesale markets, it sources, stores, transports, markets and trades energy commodities on a global scale. The company also owns and operates a pipeline infrastructure business, which supports gas supply and trading activities, and an unbundled gas storage business. EGC is involved in regasification terminals across Europe and has booked 1.7 billion cubic meters (bcm) per year of long-term capacity at the Grain LNG Terminal in the UK and 3 bcm per year of long-term capacity at Gate Terminal in the Netherlands. Further, EGC has access to Spanish regasification capacity in Huelva and Barcelona.

For more information, please visit www.eon.com.

LNG AND GAS SUPPLY CHAIN

Meridian LNG, together with its operating partner Höegh LNG, will deliver LNG from Magnolia to the Port Meridian import terminal in the UK, as well as potentially to other destinations compatible with Höegh's FSRU vessels. Meridian LNG will deliver re-gasified LNG to EGC on the UK NTS pursuant to the GSA. The following map shows the LNG and gas supply chain.



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 companies:

- Magnolia LNG LLC (**Magnolia LNG**), a US - based wholly owned subsidiary of LNGL, which is developing an 8 mtpa LNG export terminal, in the Port of Lake Charles, Louisiana, USA;
- Bear Head LNG Corporation (**Bear Head**), a Canadian based wholly owned subsidiary of LNGL, which is developing an 8 mtpa LNG export terminal in Richmond County, Nova Scotia, Canada with potential for further expansion;
- Gladstone LNG Pty Ltd, a wholly owned subsidiary, which is progressing the 3.8 mtpa **Fisherman's Landing LNG (FLLNG) 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 and operating costs, faster construction, and improved efficiency, relative to larger traditional LNG projects.

Liquefied Natural Gas Limited

Level 1, 10 Ord Street, West Perth WA 6005

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

Email: LNG@LNGLimited.com.au

Website: www.LNGLimited.com.au

Disclaimer

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