LIQUEFIED NATURAL GAS LIMITED

ASX: LNG

PRESENTATION

AGM 22 NOVEMBER 2010

Liquefied Natural Gas Limited
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LNG Limited – An Overview

ASX Code	LNG
Shares on Issue	213 million
Market Capitalisation	AUD 121 million (at AUD 0.57/share)
Cash Reserves	AUD 14 million (at 31 October 2010), no debt
Top 5 Shareholders	31.0% ownership
Top 50 Shareholders	58.4% ownership
Major Shareholders	Copulos Group (9.2%) Dart Energy Limited (7.5%) P W Bridgwood (6.2%) F M Brand (6.0%)

KEY MESSAGES:

- Tight Capital Structure;
- Cash reserves adequate for two years;
- Director commitment to shareholder value;
- Strong and experienced board and executives.

LNG Limited – An Overview

- **Business focus – LNG opportunities by:**
  - Marketing OSMR® technology competitive benefits;
  - Accessing and influencing gas supply for LNG projects;
  - Identifying LNG sites with associated infrastructure.
- **OSMR® Technology marketing:**
  - Two groups undertaking detailed due diligence ;
  - OSMR® benefits attracting global interest.
- **Gas Supply:**
  - Strategic positioning to access gas supply via corporate and project participation;
  - Shareholding in Metgasco Limited (ASX: MEL);
  - MOU signed with MEL to study gas supply for Gladstone and/or Brisbane;
  - Shareholding in Oil Basins Limited (ASX: OBL);
  - HOA signed to study gas supply for Kimberley LNG.
- **Identifying LNG sites with infrastructure:**
  - Fisherman's Landing Gladstone site fits business focus;
  - Gladstone LNG will be delivered – why?
    - 18,000 PJ uncontracted gas resources: focused on three gas suppliers;
    - LNG buyers available : focused on three partners;
    - Business model benefits enable delivery.

Business Model

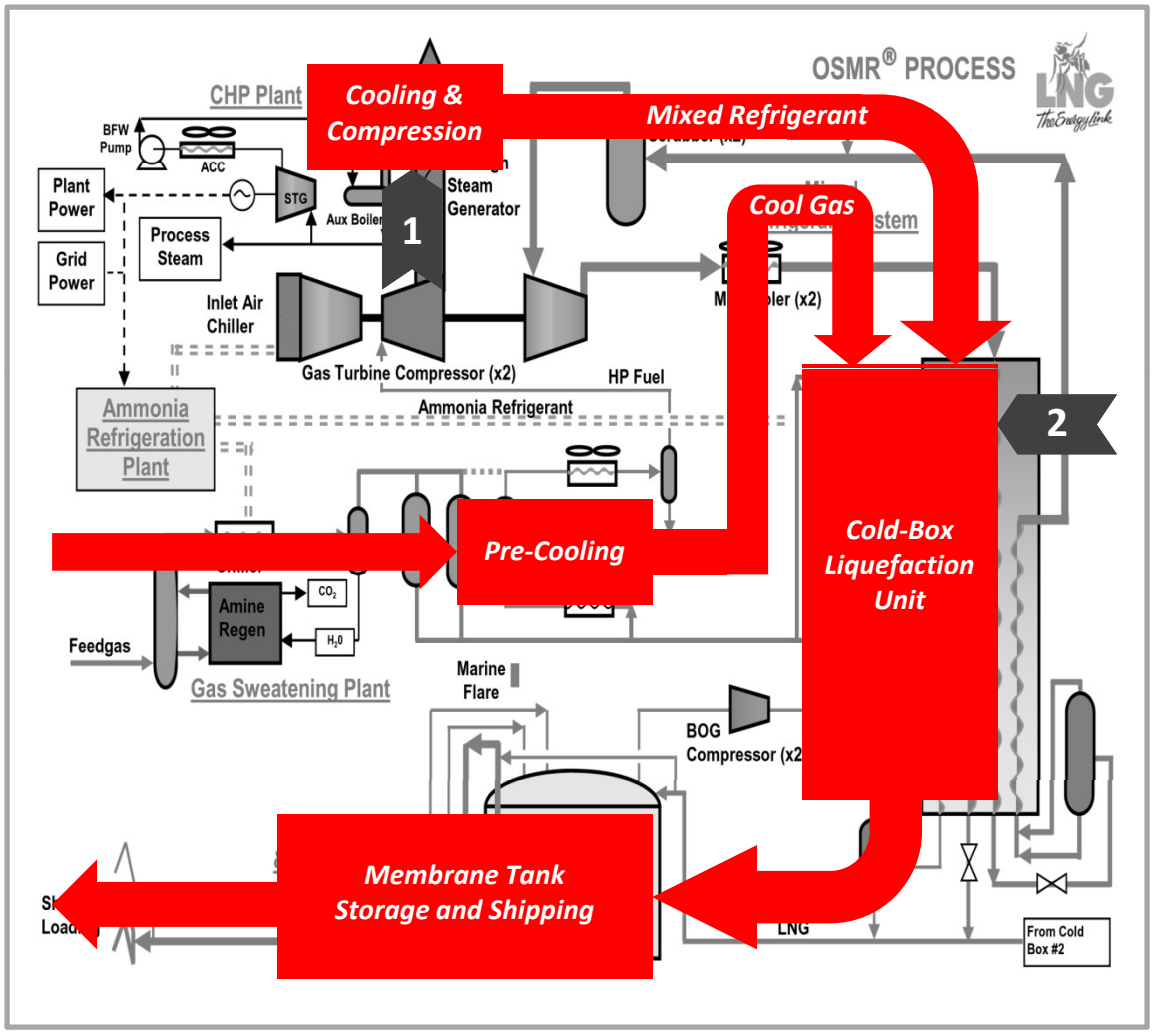
OSMR® liquefaction technology is central to LNG Limited's strategic focus in developing LNG projects

Technical highlights of LNG Limited Approach	*Benefits for LNG Project Development*
Smaller land access requirement	Increases ability to strategically locate LNG projects Potential to site closer to gas supply Potential to site closer to existing infrastructure such as sheltered deepwater harbours and roads
Simple and efficient process Using proven liquefaction technology Low equipment count	Highly efficient Low construction cost Easier installation Easier operation & maintenance Fast shut down and start up Faster on-site construction
Use of proven membrane tank technology	Lower construction cost of around 50% Faster construction by around 10 months

OSMR® Process

Developed and owned by LNG Limited

Technology and OSMR® Benefits



OSMR® KEY DESIGN FEATURES

Simplicity in design, construction and operation

- Faster build
- Reduced capital intensity

Mid-scale

- Location flexibility
- Reduced capital requirement

High efficiency and low emissions

- Better economics
- Reduced emissions

Total energy efficiency improvement of 30% over conventional LNG processes results from OSMR® process innovations:

1 Gas turbine inlet air cooling improves plant capacity by 15%

2 Supplementary cold-box cooling improves plant capacity and efficiency by 25%

How is High Efficiency Achieved?

- **USE AERO-DERIVATIVE GAS TURBINES & EFFICIENT COMPRESSORS**
  - Improves fuel efficiency of gas turbine by 25%
  - Standard high efficiency compressors (87% polytropic efficiency)
  - No gear box, no helper motor, single stage (no inter-stage cooler/scrubber)
  - Aero's already used in Darwin LNG Project in Australia
- **USE COMBINED HEAT AND POWER (CHP) TECHNOLOGY**
  - Recovers GT waste heat so LNG plant heat and power needs are substantially "free"
  - Commonly used in power industry and in gas pipeline compression/power generation
- **USE AMMONIA AUXILIARY REFRIGERATION**
  - Refrigeration power is provided by CHP plant so is substantially "free"
  - Cools GT inlet air to improve GT output by 15%
  - Cools MR and LNG streams to increase production by 25% - substantially "free"
  - Ammonia is a commonly used in industrial and commercial refrigeration
  - Commonly used for direct inlet air cooling of gas turbines in power industry.

Process Risk Mitigation

Numerous reviews completed by industry experts and recognised LNG companies

General outcome of reviews

- Process is technically sound and benefits confirmed
- Low technical risk due to integration of proven systems

The OSMR® Process has been reviewed by:

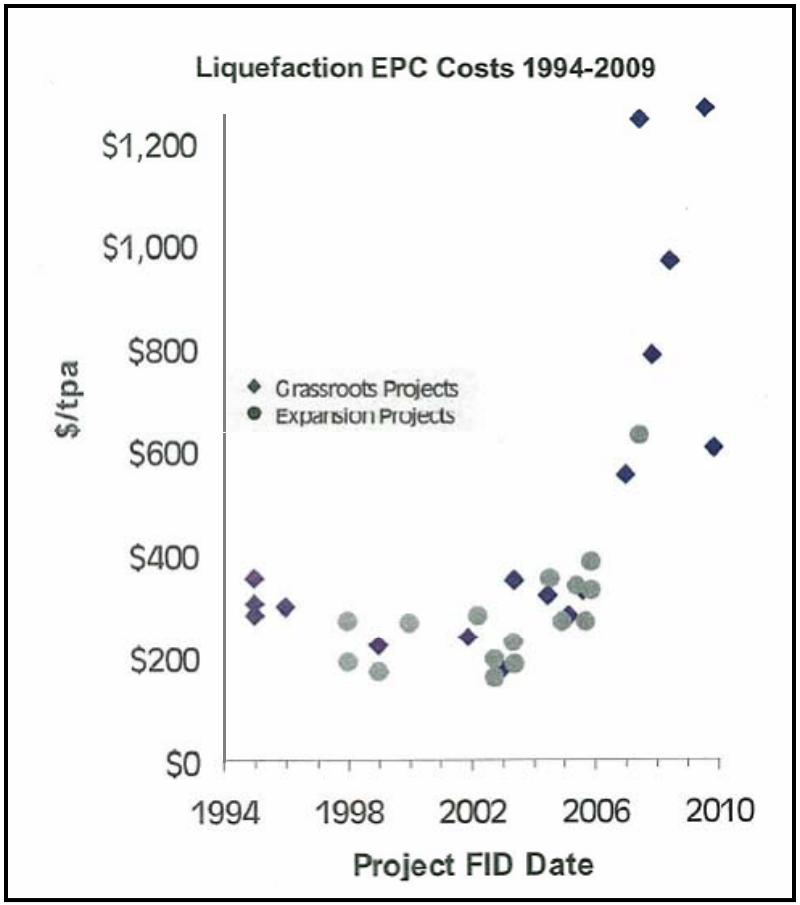
1. **Foster Wheeler**
2. **CH-IV**
3. **CB&I**
4. **Shell**
5. **SKEC**
6. **Worley Parsons**

Small scale (proof of concept) LNG plant using ammonia pre-cooling has been operating successfully for 2 years in Karratha WA

Commercial Benefits of LNG Ltd's Technology and Methodology

Project cost breakdown (USD):

▶ Engineering	$29m
▶ Procurement	$210m
▶ Construction	$374m
▶ Other (incl contingency)	$107m
Total EPC (1 train)	$720m
Marine Works	$85m
Additional train	$300m
Total cost for 3.5mtpa	$1,105m
Efficiency benefit (2.5% more LNG sales) at $10/MMbtu NPV_{10}	$387m
EPC cost index for 3.5mtpa	$300/tpa
Project cost using cascade or other process >$600/tpa	>$2,100m



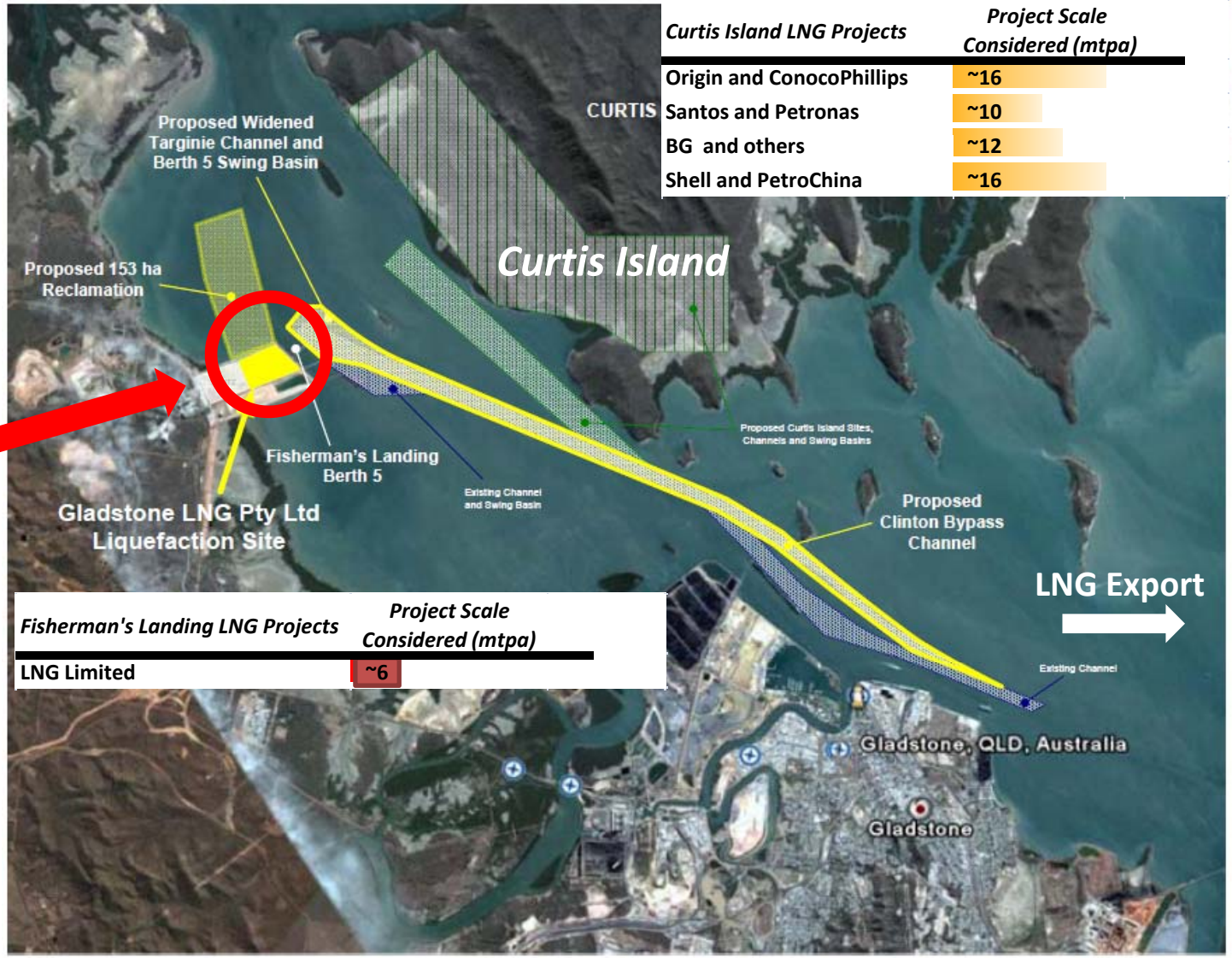
Commercial Benefit at FL alone >$1,400m for 3.5mtpa

Summary of Benefits

- Best solution - All aspects of the plant including gas pre-treatment, liquefaction, storage, utilities, construction techniques etc optimised and integrated. Numerous industry experts (consultants, process licensors, equipment suppliers, contractors, operators etc) engaged to accomplish the best techno-economic solution
- Liquefaction system - single mixed refrigerant composition, flowrate and pressures optimised to match cooling curve and best fit standard available equipment. Proven SMR process used with numerous reference sites
- Efficient process - only ~6.5% of feedgas used as fuel for the process. Modern high efficiency gas turbines (MR compressors) and CHP plant utilised for utility power
- Simple process – less equipment items required per train compared to alternative processes. This results in low capital and low operating/maintenance costs
- High train availability – parallel compressors (MR and ammonia) used compared to compressors in series for alternative processes
- Fast start-up time – only 24 hours compared to up to 72 hours for alternative processes
- Modular construction technique - minimises site construction/commissioning work, improves quality and reduces costs
- LNG storage tanks – uses membrane tanks and concrete slip form construction technique to minimise construction time (critical path) and reduce costs

Gladstone LNG Project Location

GLADSTONE LNG
Fisherman's Landing



What do we have in Gladstone…..

- Agreement to Lease executed
- Superior Site with access to existing infrastructure
- Site area can potentially accommodate 4 trains at guaranteed 6 mtpa
- Environment approval received (2x1.5mtpa: OSMR® and membrane tank)
- Stage 1 dredging and disposal approval received
- FEED completed by LNGL/SKEC/LOR and detail design commenced
- Fixed price EPC proposal submitted (low cost)
- Access to OSMR® and membrane tank technology
- Most efficient LNG process by 30% (~6.5% of feedgas used for fuel)
- Lowest capital cost LNG project in Gladstone (~US$300/tpa)
- Fastest project schedule of ~30 months (usually 40+ months)
- Construction started ($50m spent; 5 months of EPC program completed)

What does Gladstone need…..

Gas supply plan

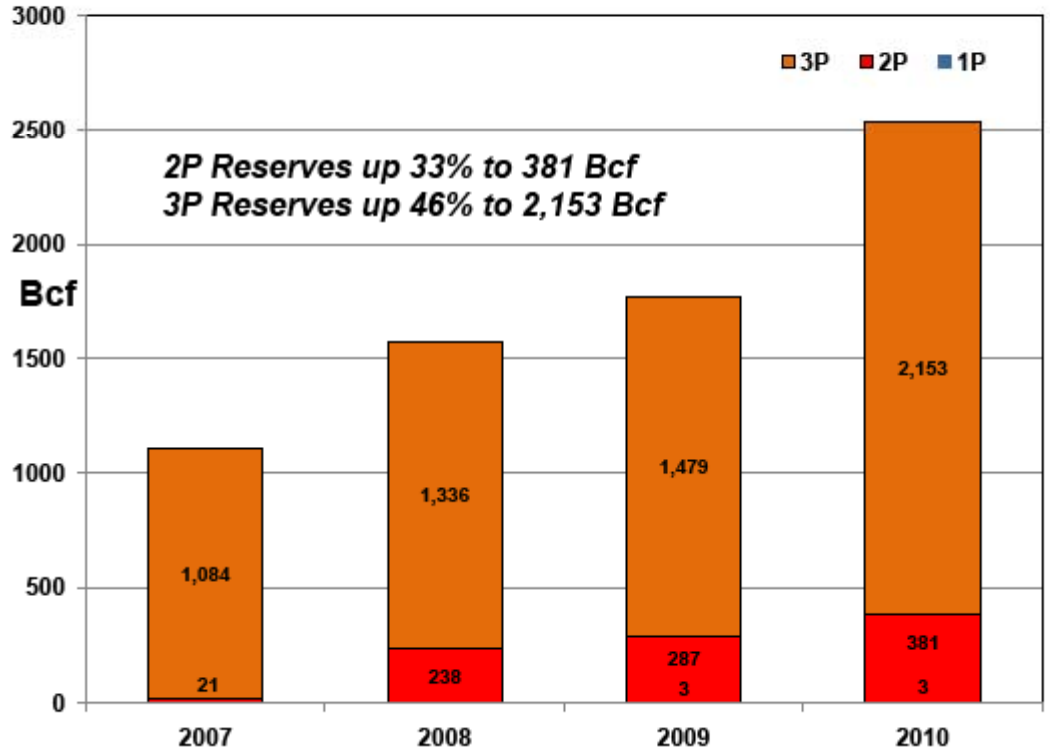
- 18,000 PJ* risked forecast 2P reserves uncommitted in Queensland;
- Key focus on CSG companies for gas supply of ~4,500PJ for 3 mtpa;
- Gas supply plan now focused on three suppliers, one of whom is Metgasco;
- Gas supply plan to be supported by strategic partner(s).

*Company internal independent report

LNG strategic partners

- Essential criteria
  - Commitment to Gas supply plan; understanding of CSG challenges;
  - Financial credibility; understanding of company business model;
  - End buyer with existing or planned import terminal or existing LNG portfolio buyer;
  - LNG buyer for at least 1.5 mtpa
- Focused on three potential partners

2010 year in review - Exploration



Reserves have been certified by Mr Tim Hower of MHA Petroleum Consultants (Denver) who is a qualified person as defined under the ASX Listing Rule 5.11. Reserves have been developed within the guidelines of the SPE. Mr Hower has consented to the use of the reserve figures in this presentation.

METGASCO

Slide sourced from Metgasco 2010 AGM: Managing Director's review
16 November 2010

LNG Plant Model

- **Our shared vision**

Our Logo:

We chose the red ant as our logo because it is distinctive and bold and represents strength, energy, hard work and perseverance – characteristics we aim to make trademarks of our corporate culture.

Disclaimer

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