Gladstone LNG Project Fisherman's Landing

The **shared vision** of HQC and LNG Limited

Corporate Presentation: October/November 2011

Corporate Overview – ASX:LNG

October/November 2011

- **Market Cap:** ~ A$ 90 million (267.7 million shares at A$ 0.35/ share)
- **Capital Structure:**

Shares on issue (million)	267,699,015
Options on issue (million)	6,680,000
Performance rights (million)	2,250,000

- **Cash Reserves:** ~A$ 17 million (as at 18 October, no debt)
- **Strategic Investments:** ~A$ 14 million (as at 18 October) strategic shareholdings in ASX : MEL and OBL
- **Top 20 Shareholders:** ~ 60% ownership
- **Major Shareholders:**
  - HQC (19.89%)- wholly owned by CNPC
  - Copulos Group (10.10%)
  - Dart Energy Limited (5.37%)
- **Company Directors:**

Non-Executive Chairman:	Richard Beresford
Managing Director /Joint Chief Executive Officer:	Maurice Brand
Executive Director /Joint Chief Executive Officer:	Cathy Wang
Executive Director /Chief Financial Officer:	Norman Marshall
Executive Director /Chief Technical Officer:	Paul Bridgwood
Non-Executive Director:	Leeanne Bond
Non-Executive Director:	Gavin Zhang

Who is China Huanqiu Contracting & Engineering Corporation (HQC)?

- Wholly owned by CNPC, with over 9,500 employees
- Technology focussed engineering, procurement, construction, consulting, R&D, manufacturing and project management group
- HQC has delivered more than 2,000 projects over its 50 years of operation
- Executed and delivered Guangdong LNG receiving terminal; Jiangsu LNG receiving terminal near Shanghai; Dalian LNG receiving terminal
- EPC contractor for the Tangshan LNG receiving terminal near Beijing
- EPC contractor for the Ansai LNG plant (500,000 tpa) in China using own technology

Who is China National Petroleum Corporation (CNPC)?

- China's largest oil (54% share) and gas (82% share) producer and supplier
- Top 5 global oil and gas company, with over 1.6 million employees
- Ranked 10 in revenue amongst 2010 Fortune Global 500 companies
- Oil and gas assets and interest in 29 countries and presence in almost 70 countries
- Businesses covering petroleum exploration & production, natural gas & pipelines, refining & marketing, oilfield services, engineering construction, equipment manufacturing, R&D, capital management, finance and insurance services

LNGL Business Model

- Identify, develop and retain ownership of mid scale LNG plants in the 1 to 3 mtpa range, e.g. 3 mtpa Gladstone LNG Project Fisherman's Landing
- Develop and patent leading edge LNG technology such as the OSMR liquefaction process and boil off gas technology, e.g. License and receive fees from the Gladstone LNG Project Fisherman's Landing
- Leverage gas supply into LNG Project opportunities, e.g. strategic shareholding in Metgasco Limited
- Leverage the global capabilities of HQC , e.g. identify midscale LNG global projects with HQC

Gladstone LNG Project Fisherman's Landing

Project Description

- 3 mtpa LNG plant to be located on Fisherman's Landing, an existing reclaimed site on the mainland, Port of Gladstone
- Project utilises existing Berth #5 and other port infrastructure
- Key approvals and licences in place
- 3.8 mtpa LNG plant nameplate capacity (3 mtpa is the guaranteed capacity)
- HQC supporting gas supply and delivery plan
- HQC finalising EPC proposal for the LNG Plant; CNPC (or affiliate) to potentially be LNG off-taker
- Project financing being developed with HQC for the first LNG train

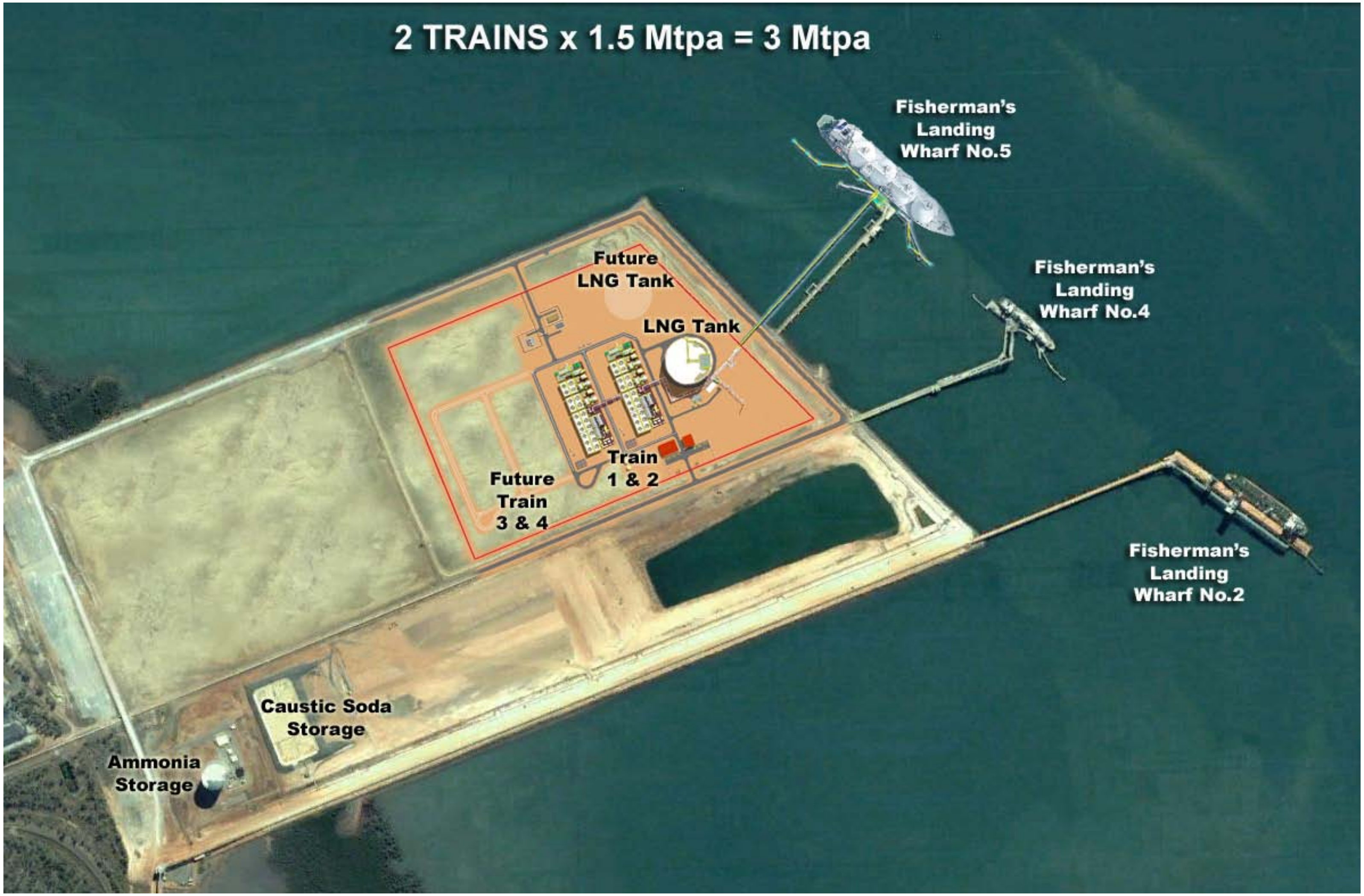
Project Schedule Targets

- Finalise gas supply arrangements
- Commence construction in 2012
- 30 month construction schedule
- First LNG export in 2014/2015

Gladstone LNG Project Fisherman's Landing

GLADSTONE LNG PROJECT
Fisherman's Landing

Gladstone LNG Project Fisherman's Landing

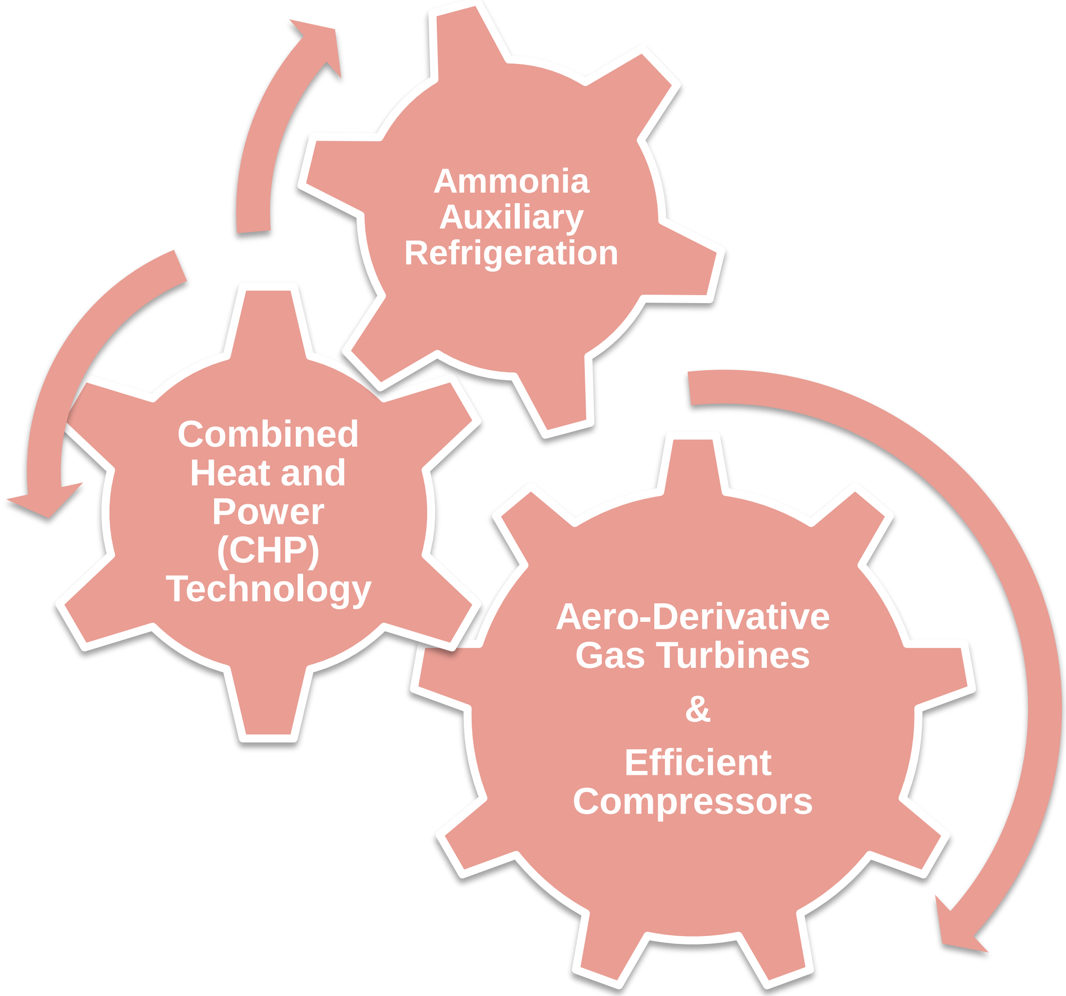


Gladstone LNG Project Fisherman's Landing

LNG Liquefaction Technologies

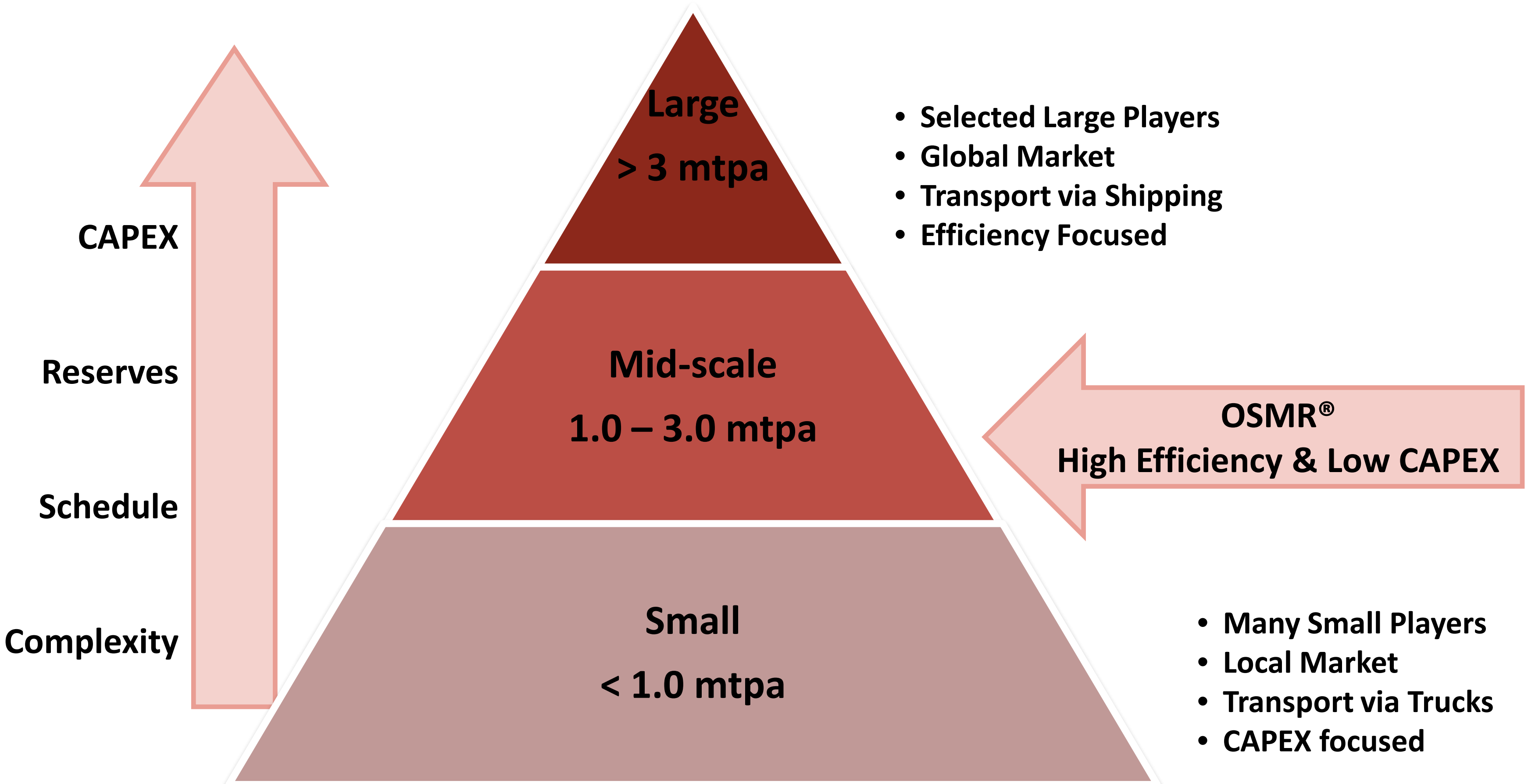
- **Large Scale LNG Plants (>3 mtpa)**
  - ConocoPhillips – Cascade Process
  - APCI – C3/MR Process
  - Shell – Dual MR
- **Mid Scale LNG Plants (1-3 mtpa)**
  - LNG Limited - **OSMR®** Process, but option to upscale >mtpa
- **Small Scale LNG Plants (<1 mtpa)**
  - Black & Veatch – PRICO – SMR Process
  - Hamworthy - N^2 Expansion

Main features of the OSMR® Process



The OSMR® process incorporates three separately proven features

LNG Plant Scale Economics



At mid-scale, the best features of the large and small scale LNG plants can be implemented.

Gladstone LNG Project Fisherman's Landing vs Gladstone Curtis Island CSG-LNG Projects

LNG Plant Capex and $/tpa (2 trains)

	QCLNG	GLNG	APLNG	LNG Ltd
Capacity (mtpa)	8.5	7.8	9.0	3.8
CAPEX (Billion US$)	10.2	8.8	10.0	1.7
Cost (Billion $/tpa)	1.20	1.12	1.11	0.45

Source : Energy Quest Report: *Australian Coal Seam Gas 2011: from Well to Wharf* (Aug, 2011) and LNG Ltd estimates October 2011.

Greenhouse Gas Emissions Intensity (tonne CO_2 / tonne LNG)

	QCLNG	GLNG	APLNG	LNG Ltd
Process/Power Plant CO_2	n/a	0.313	0.279	0.178
Feed Gas CO_2	n/a	0.034	0.032	0.035
Total Plant CO_2 Emissions	0.238	0.347	0.311	0.213
Compared to FL-LNG	1.12	1.63	1.46	1.00

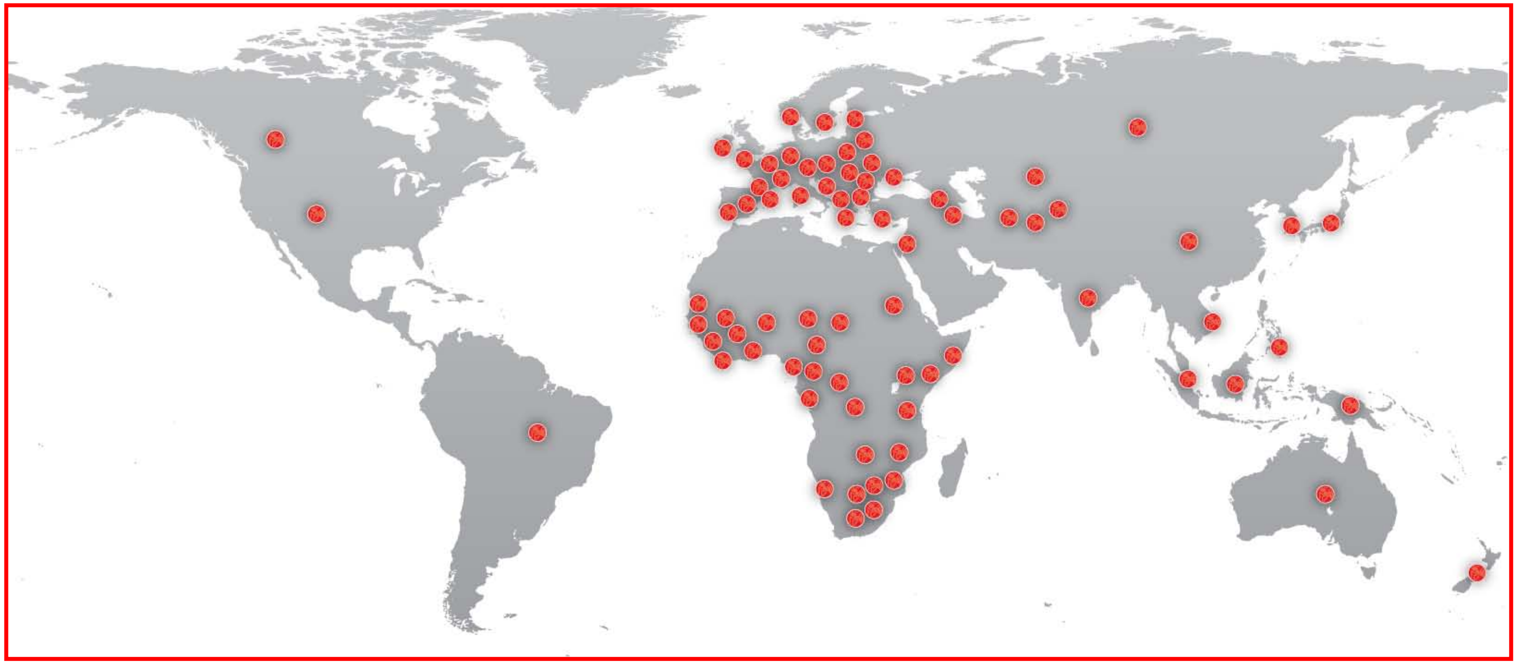
Source : Project Environment Impact Study submissions to EPA.

Fuel Gas Consumption (tonne of CH_4/ tonne LNG)

	QCLNG	GLNG	APLNG	LNG Ltd
Fuel Gas Consumption (t CH_4/ t LNG)	n/a	0.101	0.091	0.063
Compared to FL-LNG	-	1.60	1.43	1.00

Source : Estimated based of Turbine Emissions from Project Environment Impact Studies.

Patent Applications Submitted

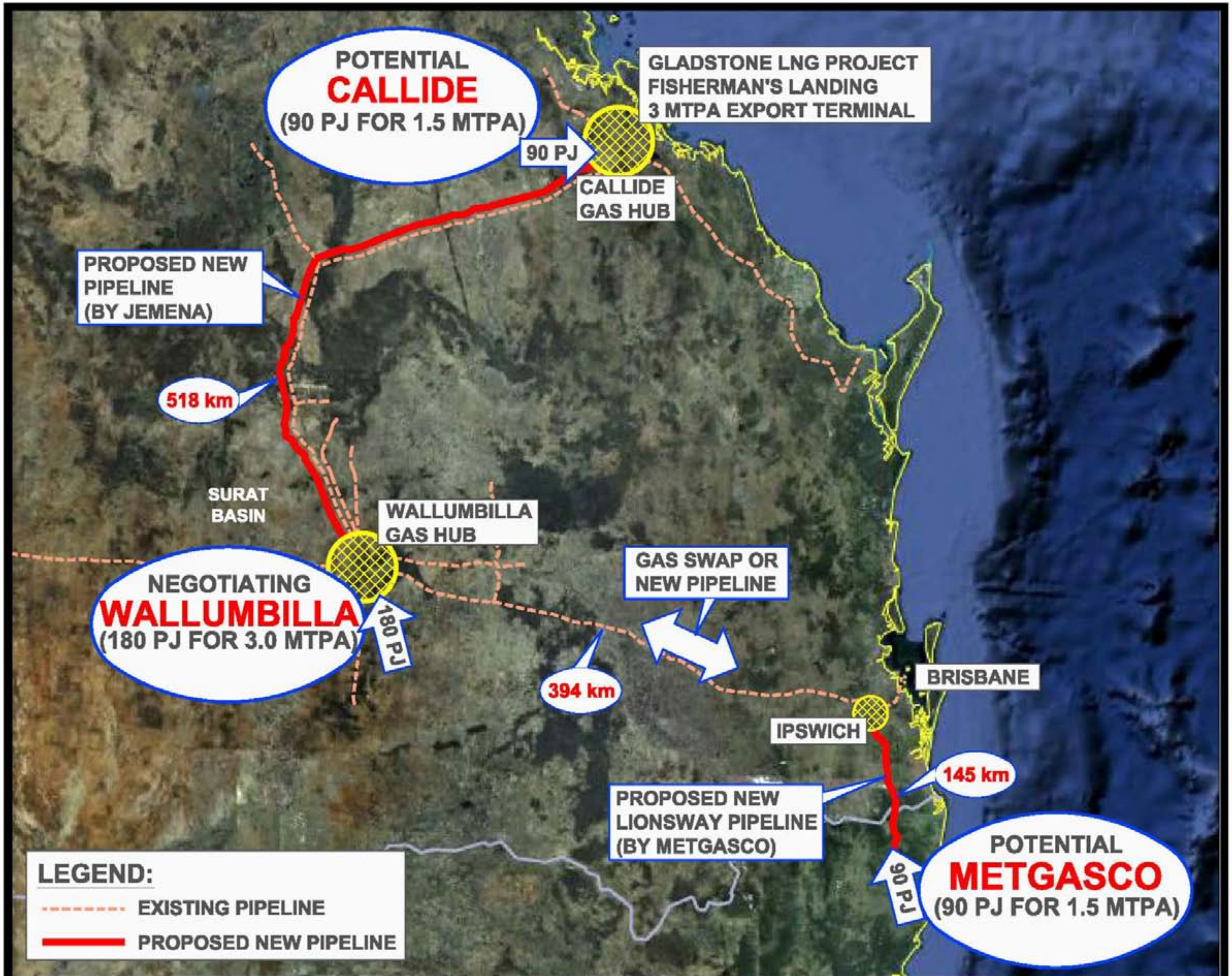


Patents Granted

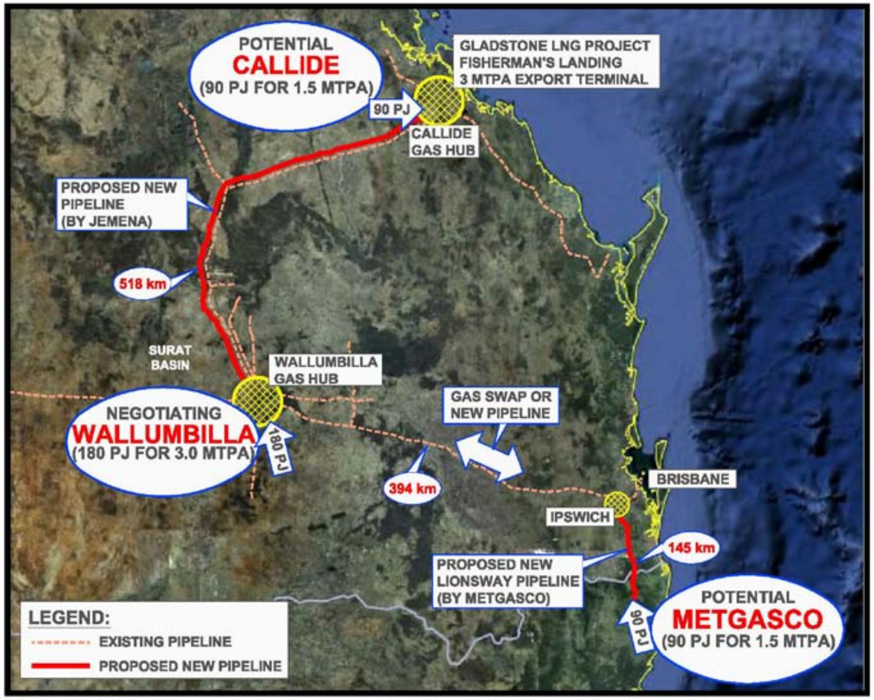
OSMR® Process patents have been granted in Australia and OAPI*
BOG Treatment Process patents have been granted in China, OAPI* and South Africa

*OAPI is **African Intellectual Property Organisation** member states include Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Congo, Cote d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal and Togo

Gas Supply and Delivery Plan



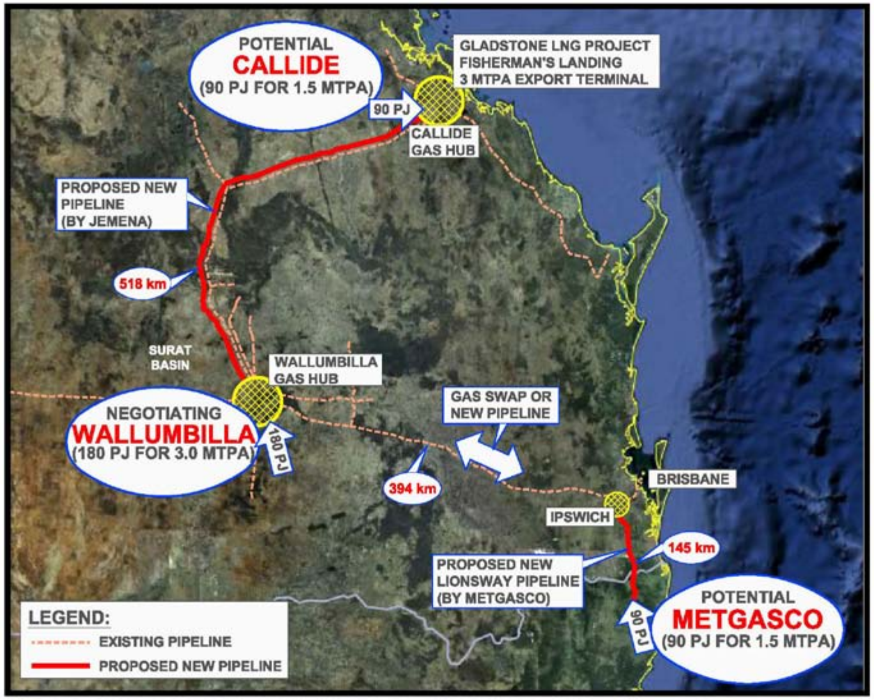
Gas Hubs:
Wallumbilla Gas Hub



- Existing gas hub for gas delivery from Cooper, Eromanga and Surat Basins
- Proposed gas hub for future gas supply from Gunnedah and Clarence Moreton basins
- Accessible gas hub for developing gas supply companies
- Existing Jemena gas pipeline can be expanded to deliver 180 PJ/pa (3mtpa) to Gladstone in 2014/2015

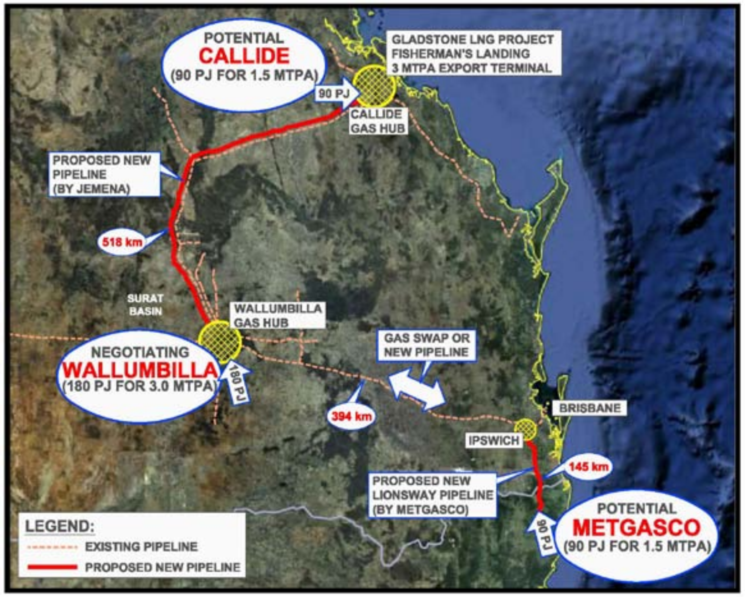
Gas Hubs:

Callide Gas Hub



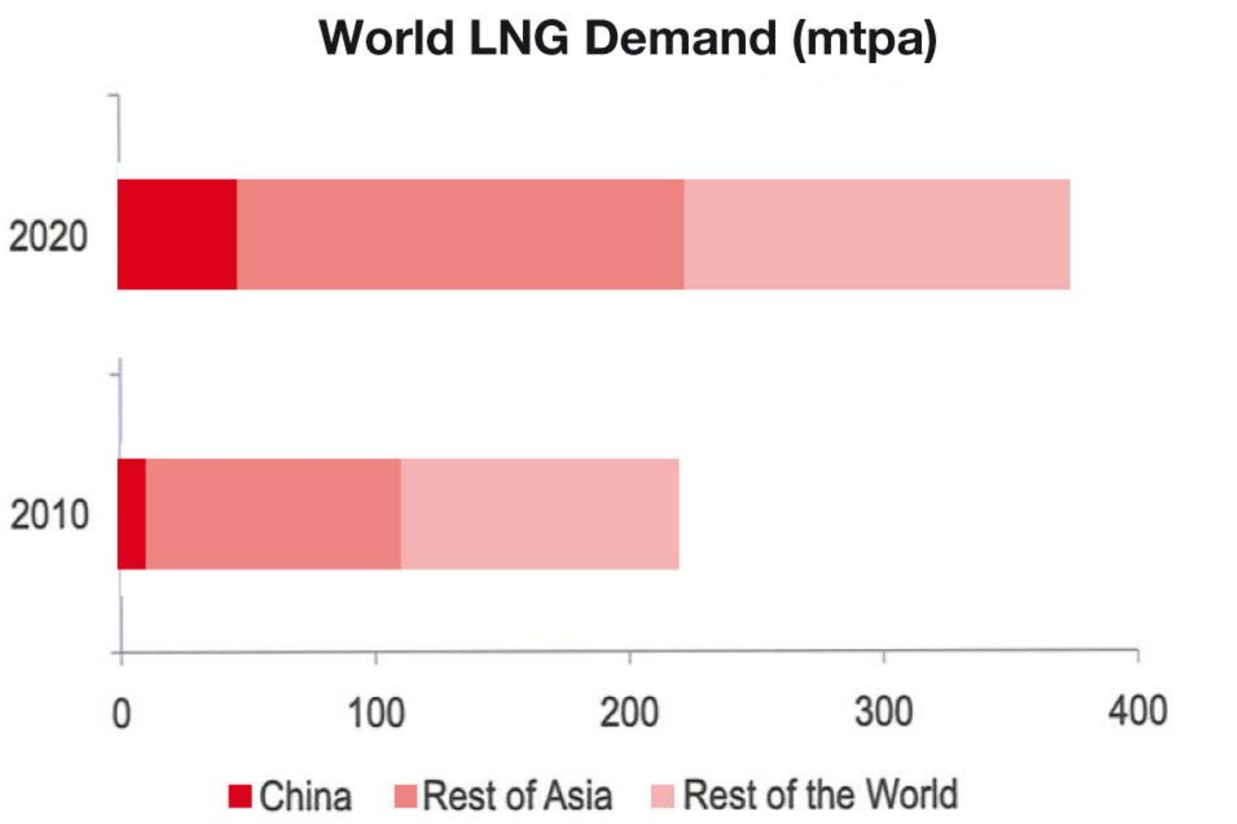
- Delivery point for existing Jemena to Gladstone gas pipeline
- Proposed delivery point for six new pipelines
- Provides an access point for short and long term gas supply

Gas Hubs:
Ipswich Gas Hub



- Metgasco has plans to supply gas to Ipswich (near Brisbane)
- Gas supply to Ipswich may be delivered to Gladstone via pipelines or able to be swapped with existing gas producers in order to allow first LNG in 2014/5
- Metgasco has adequate 3P reserves for at least one 1.5 mtpa LNG Train (2,542 PJ 3P reserves)
- Metgasco has the largest uncontracted 3P reserve base on the east coast of Australia
- Metgasco gas reserves compliments other gas supply options
- LNG Ltd and Metgasco entered into a MOU to undertake a joint review of gas supply to the Gladstone LNG Project Fisherman's Landing
- LNG LTD is the largest shareholder in Metgasco

LNG Outlook: Asia drives demand



Source: The LNG Review 2010, Wood MacKenzie and Facts Global Energy

Gladstone LNG Project Fisherman’s Landing

Project Financial Parameters

- LNG production of 1.5 Mtpa of LNG (~77 million MMBtu/year)
- LNG Tolling Fee target of ~ US$3.00 per MMBtu of LNG
- Opex target of ~US$0.60 per MMBtu of LNG
- 30% tax rate, with depreciation of ~ 13.5% declining balance
- Estimated total project capital cost of US$1.18 billion (EPC Contract, Port costs, project management, owner’s costs, project financing, corporate management and overhead costs)
- Based on 100% ownership by LNG Limited

LNG Ltd's Advantages

HQC major shareholding demonstrates

- HQC's confidence in the OSMR® LNG process technology and business model
- HQC's confidence in securing gas for the Gladstone LNG Project Fisherman's Landing
- HQC's confidence in reaching FID for the Gladstone LNG Project Fisherman's Landing

LNG LTD and HQC have a shared vision that

- Gladstone LNG Project Fisherman's Landing will showcase the capabilities of
  - HQC and LNG Ltd development of mid scale LNG opportunities
  - HQC as the global LNG EPC contractor of choice
  - LNG Ltd's OSMR® technology as the global LNG process technology of choice
  - Delivery of Gladstone LNG Project Fisherman's Landing will create shareholder value in the short and longer term

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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All references to dollars, cents or $ in this document is a reference to Australian Dollars, unless otherwise stated.


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