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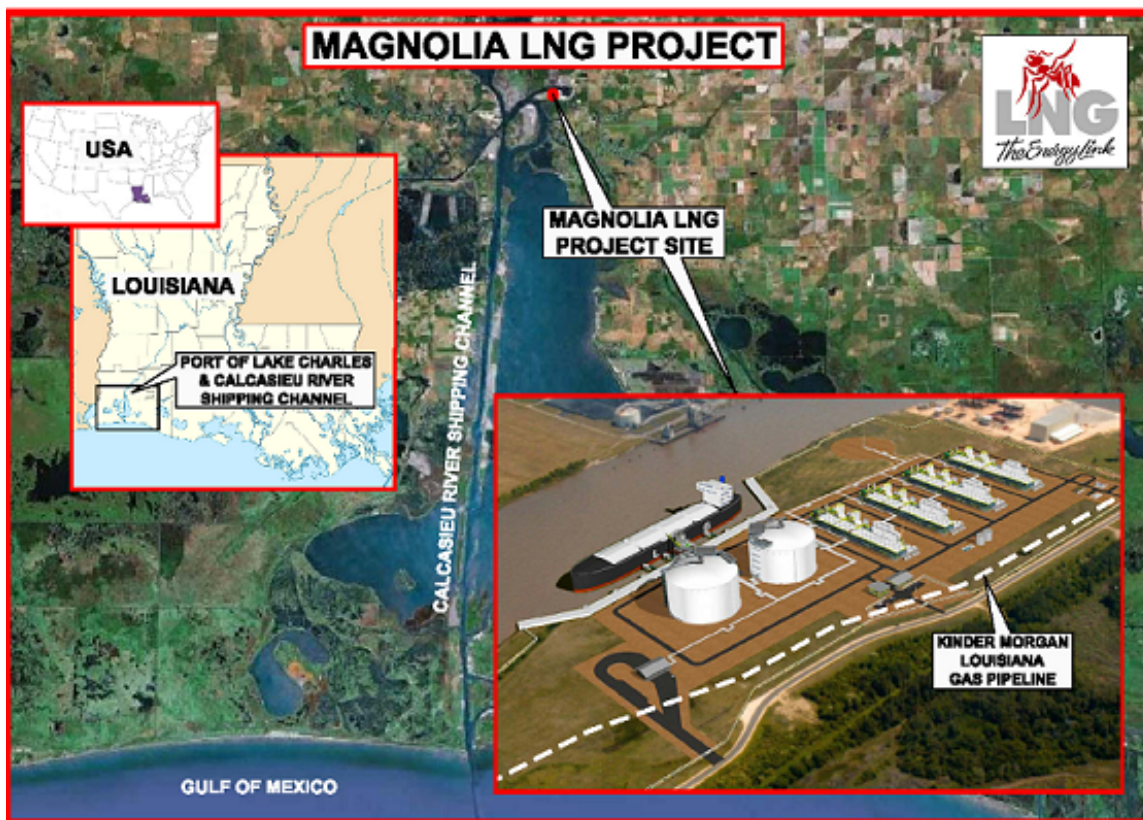
MAGNOLIA LNG PROJECT UPDATE

The Directors of Liquefied Natural Gas Limited (**Company**) wish to provide a general update on the development progress of its wholly owned 8 million tonnes per annum (**mtpa**) Magnolia LNG Project (**MLNG Project**), in Louisiana, United States of America (**US**). The MLNG Project is held through the Company's indirect 100% owned US subsidiary, Magnolia LNG, LLC (**MLNG**) and is being designed to comprise four LNG trains, each of 2 mtpa nominal LNG production capacity.

- The MLNG Project's Pre-Filing process (project approvals and permits) continues to be on track for the lodgement of all 13 draft Resource Reports, with the US Federal Energy Regulatory Commission (**FERC**) in November 2013. Attached is a copy of the October 2013 Monthly Progress Report, submitted to FERC, as required under the FERC regulations.
- The Company executed a legally binding definitive Equity Commitment Agreement and agreed Magnolia LLC Agreement with Stonepeak Partners LP (**Stonepeak**) during October 2013. The key terms were advised to Company shareholders on 26 July 2013, including that Stonepeak will provide 100% of the MLNG Project's equity finance requirement from financial close (currently estimated at ~US\$660 million), for the construction and commissioning of the MLNG Project. In consideration of the equity financing, Stonepeak will be granted an estimated 50% interest in the MLNG Project, at financial close. The Company will receive a one-off success fee on the MLNG Project achieving financial close, equivalent to 3% of the total MLNG Project capital cost. This such fee is estimated at US\$66 million.
- During November 2013, the Company and Stonepeak will appoint a Financial Advisor from a shortlist of three international banks, with proven financial advisor and project financing experience. The Financial Advisor will assist MLNG secure long term project debt financing for the MLNG Project, which is estimated at US\$1,540 million. In this regard, Stonepeak and the Financial Advisor will work with the Company to ensure that all material MLNG Project agreements and other documents are in a bankable form.
- The Company has issued a draft definitive Tolling Agreement to Brightshore Overseas Ltd (**Brightshore**), who is an affiliate of the Gunvor Group. Under the agreement, Brightshore is responsible to deliver gas, including gas usage for the LNG plant, at its own expense, to the MLNG Project for liquefaction, storage, and delivery onto LNG ships arranged by Brightshore. Other terms include the payment by Brightshore of:
 - (i) a Fixed Monthly Capacity Fee, to be paid over 20 years, to secure 1.7 mtpa firm, and 0.3 mtpa interruptible, LNG production capacity in the MLNG Project; and
 - (ii) inflation adjusted fixed and variable operating and maintenance fees.
- The Company will deliver in November to Gas Natural SDG SA (**GNF**) a draft legally binding Tolling Agreement, under which MLNG will reserve for GNF firm LNG production capacity of up to 1.7

mtpa and interruptible capacity of up to 0.3 mtpa. The general terms and conditions will be similar to the Brightshore Tolling Agreement.

- The Company is also negotiating with and will select its preferred Engineering, Procurement and Construction (**EPC**) Contractor during the December quarter. The preferred EPC Contractor will provide a total capital cost estimate range for the MLNG Project.
- Negotiations are well advanced with a number of other parties to secure tolling arrangements for the MLNG Project's remaining 4 mtpa of LNG production capacity.
- In October 2013 MLNG filed for additional export approval with United States Department of Energy to export up to 8 mtpa of LNG to countries that do not have Free Trade Agreements with the US and an additional 4 mtpa to Free Trade Agreement countries.
- MLNG is on track to open its local project office in Lake Charles Louisiana in December 2013.



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Introduction

By letter order dated March 20, 2013, Magnolia LNG, LLC, LLC ("Magnolia LNG") was granted approval by the Director of the Office of Energy Projects of the Federal Energy Regulatory Commission ("FERC" or "Commission") to utilize the Commission's Pre-Filing review process for the proposed Magnolia LNG Project ("Project"). The Commission's Pre-Filing review of the Project has been assigned Docket No. PF 13-09-000.

The proposed Magnolia LNG Project includes an 8 million tonne per annum ("mtpa") liquefied natural gas ("LNG") facility in the Port of Lake Charles, Louisiana, that will receive natural gas sourced from North America via an existing pipeline and liquefy, store, and deliver it as needed to LNG carriers for export overseas; LNG carriers and barges for domestic marine distribution and the possibility of LNG bunkering; and LNG trucks for road distribution to LNG refueling stations in Louisiana and the surrounding states. The Project will include four 2-mtpa LNG trains.

This Monthly Progress Report, which covers the period from October 1, 2013 through October 31, 2013, provides a brief summary of significant Project activities or changes in Project information that have occurred during the reporting period.

Filings with the Commission

No filings were made with the Commission during this period.

Agency Contacts

The following agency contacts were held during the reporting period:

- A conference call was held with FERC staff and consultants on October 15, 2013, to review the storm surge analysis prepared for the project.
- A monthly conference call was held with FERC staff on October 24, 2013, to review current status of project.
- A follow-up conference call was held with FERC staff on October 29, 2013, to review current status of air modeling protocol.



- CH·IV met with FERC and the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration on October 29, 2013, to discuss the framework to model ammonia releases.
- Magnolia LNG received the following:
 - o Confirmation from the U.S. Fish and Wildlife Service by agency stamp dated September 27, 2013, on a letter from Ecology and Environment, Inc., indicating that the Magnolia LNG Project has been reviewed and that, as proposed, the Project will have no effect on the Federal trust resources currently protected by the Endangered Species Act of 1973;
 - o A letter dated October 29, 2013, from the Louisiana Department of Natural Resources indicating that a Coastal Use Permit is not needed for the Project;
 - o A letter dated October 28, 2013, from the Louisiana Department of Culture, Recreation, and Tourism finding that no further cultural surveys are required; and

A letter dated October 25, 2013, from the Calcasieu Police Jury indicating that it is not aware of any known historic or cultural properties that will be affected by the Project.

Engineering

The following engineering work was performed during the reporting period:

- CH·IV has continued to review and comment on process and utility design documents prepared by Magnolia LNG.
- CH·IV has prepared the following key documents during the period:
 - o Hazard detection and mitigation philosophy
 - o NFPA 59A Fire Protection Evaluation
 - o Rainfall Design Basis
 - o Emergency Response Plan
 - o Seismic Categorization
- Fugro prepared final site elevation plan and finalized seismic and geotechnical reports.
- Matrix PDM finalized LNG storage tank design package.



- Moffat & Nichol finalized the marine facilities design basis, marine facilities narrative and draft marine facilities drawings.

Environmental

The following environmental work was performed during the reporting period:

- Completed wetlands, soils, wildlife and vegetation field reports.
- Continued work on air emissions inventory and air modeling protocols.
- Continued development of: (a) Water Use and Quality – Resource Report (“RR”) 2; (b) Fish, Wildlife, and Vegetation – RR3; (c) Cultural Resources – RR4, (d) Socioeconomics – RR5, (e) Geological Resources – RR6; (f) Soils – RR7; (g) Land Use, Recreation & Aesthetics – RR8, (h) Air Quality and Noise – RR9 and (i) PCB Contamination – RR12.

Scope Update

There are currently no changes to the Project scope.

Stakeholder Activities

The following Stakeholder meetings have been held during the reporting period:

- Participated in the kickoff meeting of the Port of Lake Charles Marine Traffic Study, with participants consisting of the users of the Calcasieu Channel.
- Met with Dr. Loren Scott, economist and consultant in Baton Rouge, Louisiana. Provided information to Dr. Scott on the Magnolia LNG project. Dr. Scott prepares the Louisiana Economic Outlook report for Louisiana State University and forecasts information as it relates to workforce, housing and jobs.
- Met with Curt Eysink, Executive Director, Louisiana Workforce Commission (“LWC”). Provided an overview of the Magnolia LNG project to him and his staff. Discussed training and outreach by the LWC to meet the workforce needs in not only Southwest Louisiana but also the state. The agency is partnering with the Louisiana Department of Education, Southwest Louisiana Technical Community College, Associated Builders and Contractors for training.



- Attended meeting of the Imperial Calcasieu Regional Planning and Development Commission, representing the five-parish Southwest Louisiana region and heard presentations of the various subcommittees of the GO Group, pertaining to planned traffic and highway projects.
- Met with the Executive Director of the local Associated Builders and Contractors regarding workforce training plans.
- Participated in the SWLA Economic Development Alliance and Louisiana Association of Business and Industry Conference, "Meeting the Workforce Challenge Conference", at the L'Auberge Casino and Resort, Lake Charles, Louisiana.

Schedule Update

No changes were made in the project schedule during the reporting period.