



9 December 2013

Media Release

EQUITY PLACEMENT TO FURTHER PROGRESS MAGNOLIA LNG PROJECT

Highlights:

- The Company is undertaking a placement of c.45m shares to institutional and sophisticated investors.
- Foster Stockbroking appointed Lead Manager.
- ASX BookBuild Facility is being used to allow all eligible investors to participate.
- Lead Manager to pay stamping fee of 2.00%.
- Pricing to be set via a bookbuild process, with the opening price set at \$0.34/sh.
- Placement expected to raise a minimum of \$15.3m.
- Following the equity raising, the Company will be well funded to progress Magnolia LNG on a 100% ownership basis in calendar year 2014.

Liquefied Natural Gas Limited (ASX:LNG) (**Company**) is pleased to announce it will be completing a placement (**Placement**) of c. 45m new fully paid ordinary shares to sophisticated and professional investors. The Placement is being conducted within the 15% capacity available to the Company, under ASX Listing Rule 7.1.

The Company has appointed Foster Stockbroking as Lead Manager and will also be utilising the recently introduced ASX BookBuild Facility to broaden investor support and enable qualified clients from other organisations the opportunity to participate. The Company's US advisor, EAS Advisors LLC, is also assisting with the Placement.

Pricing of the Placement will be determined following a review of the Lead Manager's demand and on-market bids. However the opening price for the bookbuild has been set at \$0.34/sh, which represents an 11% discount to the 5 day VWAP. The Placement is expected to raise a total of between \$15.3m and \$16.2m, subject to the final pricing.

Foster Stockbroking, as Lead Manager, will be paying a **stamping fee of 2.00%** on allocations made via the ASX BookBuild Facility. Brokers may also charge brokerage in relation to the purchase of shares in the Company.

The proceeds from the equity raising will be deployed towards progressing Magnolia LNG on a 100% ownership basis. Specifically the Company will be progressing all permits and environmental approvals required by the Federal Energy Regulatory Commission as well as finalising all commercial agreements to facilitate a Final Investment Decision in first half 2015.

The Company's Managing Director, Maurice Brand, commented *"We have completed extensive marketing to investors in recent months and the response has been very supportive. I am expecting the Placement to receive solid support and the Company will then be well funded during the final approvals process and development phase in calendar year 2014."*

The Company's shares will remain in trading halt whilst the Placement is completed. The offer will **open at 10am on Monday 9 December** and **close at any time after 12pm (AEST) on Tuesday 10 December**. Settlement will be via DvP.

Investors interested in participating in the Placement should contact their broker or advisor and bid via the code LNGXBB.

The Placement is offered to all sophisticated and professional investors, as defined in the Corporations Act (2001). In addition, investors that wish to apply for shares on-market must have signed a once off client agreement to participate in the ASX BookBuild Facility through their broker and advisor and satisfy the Placement Representations and Warranties set out in Appendix B of this announcement and the ASX BookBuild rules and procedures, available on the ASX website.

Further Information

Further information about the ASX BookBuild Facility can be found on the ASX website at the links below:

For brokers: <http://www.asx.com.au/documents/professionals/bookbuild-trading-participant-information-sheet.pdf>

For Investors: <http://www.asx.com.au/documents/professionals/bookbuild-investor-information-sheet.pdf>

Attachments

- Placement representations and warranties; and
- Lead Manager 'deal sheet'.

For further information contact:

Mr Maurice Brand
Managing Director & Joint CEO

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

PLACEMENT REPRESENTATIONS AND WARRANTIES FOR ON-MARKET BIDDERS

By applying for Shares on-market under the LNG Placement, each applicant will be deemed to represent, warrant and agree for the benefit of LNG, the Lead Manager, their respective related bodies corporate, and the directors, officers, employees, or agents of any of them (**affiliates**) that:

- a) If you are in Australia, you are a sophisticated investor within the meaning of section 708(8) or professional investor within the meaning of section 708(11) of the Corporations Act 2001 (Cth) (**Corporations Act**) and that the shares offered to you on the basis that you are, and represent that you are a person to whom a disclosure document is not required to be given under chapter 6D of the Corporations Act.
- b) If you are in New Zealand, you are a person whose principal business is the investment of money or who, in the course of and for the purposes of your business, habitually invests money, under section 3(2)(a)(ii) of the New Zealand Securities Act 1978.
- c) If you are outside Australia and New Zealand, you are a person to whom an invitation or offer to subscribe for Shares is permitted by the laws of the jurisdiction in which you are situated or from where you submitted your bid to subscribe for Shares and you are a person to whom the Shares may lawfully be offered and issued in compliance with applicable laws.
- d) You are not a U.S. Person as defined in Rule 902(k) Regulation S of the United States Securities Act of 1933, as amended (**Securities Act**).
- e) The offer and sale to you of the Shares has not been and will not be registered under the Securities Act or the laws of any state or other jurisdiction in the United States. Therefore, you acknowledge that you may not offer, sell, pledge, transfer or otherwise dispose of any Shares in the United States unless and until the Shares are registered under the Securities Act (which you acknowledge LNG has no obligation to do) or offered, sold, pledged, transferred or otherwise disposed of in a transaction exempt from, or not subject to, the registration requirements of the Securities Act or the laws of any state or other jurisdiction in the United States.
- f) You are not a Related Party (as defined in section 228 of the Corporations Act or treated as such for the purposes of ASX Listing Rule 10.11) of LNG.
- g) If you are acquiring any Shares for or on account of one or more persons, you have full power to make the foregoing acknowledgments, representations, warranties and agreements on behalf of each such person.
- h) LNG, the Lead Manager and their respective affiliates are entitled to, and will, rely upon the truth and accuracy of these, representations, warranties and agreements.

In addition by applying for Shares under the Placement, each applicant will be deemed to indemnify LNG, the Lead Manager and their respective affiliates against any loss, damage or costs incurred and arising out of or in relation to any breach by the applicant of any of the above representations, warranties and agreements.

DEAL SHEET – \$15M INSTITUTIONAL PLACEMENT AT \$0.34/sh

Liquefied Natural Gas Ltd (LNG.ASX)



COMPANY DESCRIPTION:

Liquefied Natural Gas Ltd (LNG) is focused on developing the company's 100% owned Magnolia LNG ('MLNG') Project comprising a development of a staged 8mtpa LNG export facility located in Louisiana, USA, utilising company's OMSR technology.

TRANSACTION SUMMARY:

Foster Stockbroking has been mandated by LNG to act as Lead Manager to raise a minimum \$15.3 million in equity via a placement of 45m shares and opening price at \$0.34/sh. The issue will be undertaken on ASX BookBuild (LNGXBB) and settled in one tranche. The purpose for the issue is to progress all permits and environmental approvals required by the Federal Energy Regulatory Commission (FERC) as well as finalising all commercial agreements to facilitate a Final Investment Decision (FID) in first half 2015.

The Placement will be made to professional/sophisticated investors and all bids are to be firm and irrevocable and received by 12pm (EST) Tuesday 10 December.

INVESTMENT HIGHLIGHTS:

MLNG Project strategically located in Louisiana USA for dynamic export LNG sector

- Ideally located in an existing LNG shipping channel with direct access to the Gulf of Mexico for proximity to several key LNG markets, which have Free Trade Agreements (FTA) with the USA.
- US Department of Energy approval granted for 4 mtpa export LNG to FTA countries and awaiting Federal Energy Regulatory Commission (FERC) 'filing' status in March 2014. Application made with the DoE for additional 4mt FTA export approval.

Stage 1 4mt project to be fast tracked to FID early 2015 & first LNG targeted for 2018

- Up to \$30m of FEED work transferrable from Gladstone LNG has advanced the project by up to 2 years positioning MLNG to rank in the top 5 for timeline to export.
- Project site secured for 70 years suitable for development of an 8 mtpa LNG project in an established LNG shipping channel in the Lake Charles District, State of Louisiana.
- Three tolling term sheets signed for trains 1-3 with two converting to binding tolling agreements 1HCY14 along with a fourth and final train to be announced.
- Tolling agreements for the base case 4mt over 20yr term generates ~US\$7.5 billion in fixed capacity payments and a forecast annual EBITDA of US\$380m (100% basis).
- FERC environmental approvals on track to achieve 'Filing' status in March 2014.

Binding equity funding deal provides LNG with 50% free carry through construction

- Binding equity agreement with Stonepeak Partners LP ('Stonepeak') to provide 100% of the project equity finance at financial close (US\$660m) for approximately 50% of the project with LNG to be 'free carried' for approximately 50%.
- LNG's valuation will re-rate towards the Stonepeak equity value as the project is de-risked towards financial close at the end of 2014.

Tolling operating model low risk, exceptional financial returns and valuation upside

- Assuming LNG remain free carried for 50% of a 4mt project we ascribe an un-risked equity valuation of \$560m or \$1.83/sh providing incoming investors with a highly leveraged risk/return profile vs the current share price of \$0.36/sh.
- The likely upside case of a 8mt project we value at \$903m or \$2.93/sh (LNG's 50% equity)

LNG set to replicate the valuation success of Cheniere Energy Inc (LNG>US)

- US listed Cheniere Energy Inc (LNG.US) is valued at ~US\$10 billion with the stock price appreciating 400% over the last 3 years as the company moved through off-take, funding, FERC approval and construction. Demonstrates a good example of the re-rating effect for LNG to follow over the coming 18mths when FID is expected.

Major quarterly milestones set to re-rate and de-risk LNG towards FID in 2014

- Over the next 3-6mths include: Debt Advisors; Preferred EPC contractor; Binding Tolling Agreements; FERC Filing status; Train 4 off-take party; DoE approval for 8mt.

COMPANY SNAPSHOT

ASX Code	LNG
Share Price (\$)	0.36
Shares on Issue (m)	310.8
Market Cap (\$m)	111.9
Cash (\$m)	5.5
Enterprise Value (\$m)	106.4

MAJOR SHAREHOLDERS (%)

China HQC	17.3%
Copulos Group	8.3%
Board & Management	6.9%
Top 20	55.5%

OFFER DETAILS

Transaction	Placement
Amount (\$m)	15.3
Issue Price (\$)	0.34
Discount (5-day VWAP)	-11.6%
Discount (last close)	-5.6%

CAPITAL STRUCTURE

Placement Shares (m)	45.1
Existing Shares on Issue (m)	310.8
Shares Post Placement (m)	356.0
Market Cap Post Placement (\$m)	121.0
Cash Post Placement (\$m)	20.8
Enterprise Value Post Placement (\$m)	100.2

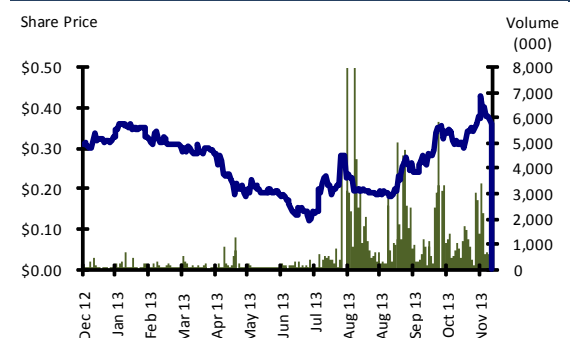
USE OF FUNDS (\$m)

Magnolia LNG Project	14.4
Offer Costs	0.9
Total Proceeds	15.3

INDICATIVE TIMETABLE

Trading Halt	Mon-Tue 9 - 10 Dec
Firm Acceptance Letters Due	9am, Wed 11 Dec
Trading Recommences	Wed, 11 Dec
Settlement	Mon, 16 Dec
Allotment	Tue, 17 Dec

SHARE PRICE CHART



FOSTER STOCKBROKING CONTACTS

Mark Hinsley**Equity Capital Markets**

+61 2 9993 8166

+61 402 315140

mark.hinsley@fostock.com.au

Stuart Foster**Dealing**

+61 2 9993 8131

+61 407 954838

stuart.foster@fostock.com.au

Martin Carolan**Dealing**

+61 2 9993 8168

+61 404 809019

martin.carolan@fostock.com.au

Kevin Massey**Dealing**

+61 2 9993 8130

+61 411 863741

kevin.massey@fostock.com.au

Haris Khaliqi**Analyst**

+61 2 9993 8152

+61 414 796401

haris.khaliqi@fostock.com.au

DISCLAIMER: Foster Stockbroking, its servants or representatives, make no recommendation as to whether you should participate in the new issue by the Company nor do they make any recommendation or warranty to you concerning the shares/options or accuracy, reliability or completeness of the information provided or the performance of the Company. This note is intended to provide background information only and does not purport to make any recommendation upon which you may reasonably rely without taking further and more specific advice. You should make your own decision whether to participate based on your own enquires. Potential investors must make their own independent assessment and investigation of the opportunity and should not rely on any statement or the adequacy or accuracy of the information provided by Foster Stockbroking. The information provided does not purport to cover all relevant information about any potential investment in the Company. Accordingly potential investors are advised to seek appropriate independent advice, if necessary, to determine the suitability of this investment.

DISCLOSURE: Foster Stockbroking has been mandated to act as Lead Manager to the Placement and will receive fees from this transaction. Foster Stockbroking as principal, its directors and staff may participate in the new issue detailed herein. Foster Stockbroking and the Directors of Foster Stockbroking advise that they and persons associated with them may have an interest in the above securities and that they may earn brokerage, commissions, fees and other benefits and advantages, whether pecuniary or not and whether direct or indirect, in connection with the making of a recommendation or a dealing by a client in these securities, and which may reasonably be expected to be capable of having an influence in the making of any recommendation, and that some or all of our Representatives may be remunerated wholly or partly by way of commission.