



ASX/MEDIA RELEASE
29 JANUARY 2014

MAGNOLIA LNG SIGNS DEFINITIVE PIPELINE CAPACITY AGREEMENT

Liquefied Natural Gas Limited (the **Company**) is pleased to advise that Magnolia LNG LCC, its 100% owned subsidiary, has executed a legally binding pipeline capacity agreement, known in the United States as a Precedent Agreement (**PA**), with Kinder Morgan Louisiana Pipeline LLC (**KMLP**). The PA secures sufficient firm gas transportation service rights for the full 8 million tonnes per annum (**mtpa**) capacity of the Company's Magnolia LNG Project (the **MLNG Project**) in Lake Charles, Louisiana, United States.

The execution of the PA is the fourth major milestone for the MLNG Project, following on from:

1. Lease Option Agreement with the Lake Charles Harbour and Terminal District, securing the 115 acre MLNG Project site for up to 70 years;
2. LNG Export Approval from the Department of Energy, Office of Fossil Energy, for up to 4 mtpa (with an application submitted to increase this to 8 mtpa) over 25 years to all existing, and any future, countries that have, or enter into, a Free Trade Agreement with the Government of the United States; and
3. Equity Commitment Agreement with Stonepeak Partners LP, underwriting the full equity requirement of US\$660 million for the construction and commissioning of the MLNG Project's initial two LNG trains, each of 2 mtpa.

The PA provides firm gas transportation rights for each of the four LNG trains proposed for the MLNG Project, from various receipt points along the existing KMLP pipeline to the MLNG Project site (refer to attached maps).

Upon satisfaction of the conditions precedent in the PA, KMLP will execute multiple Firm Transportation Service Agreements (**FTS Agreement**) for the MLNG Project, substantially in the form attached to the PA. One such condition precedent is respective Board approvals within 70 days from the execution of the PA.

KMLP will now proceed to file its application with the Federal Energy Regulatory Commission (**FERC**) to install new pipeline compression facilities and additional pipeline and interconnect facilities to provide such new transportation service. Importantly, KMLP's FERC approval process will run in parallel with FERC's regulatory review of the MLNG Project with the expectation that MLNG will file its formal application with FERC in March/April this year upon completion of the FERC pre-filing process. This is the normal next step in the FERC approval process.

Company Managing Director, Maurice Brand, said "this is the first major milestone that the MLNG Project wanted to achieve early in 2014 and augurs well for the receipt of timely approvals under the FERC approval process."

"One of the main benefits of the MLNG Project site is that the existing KMLP pipeline directly transverses the site. This has directly assisted the Company in developing the MLNG Project in a timely and cost effective manner and will materially contribute to the MLNG Project potentially being in the first 5 US LNG export projects to achieve commercial operations."

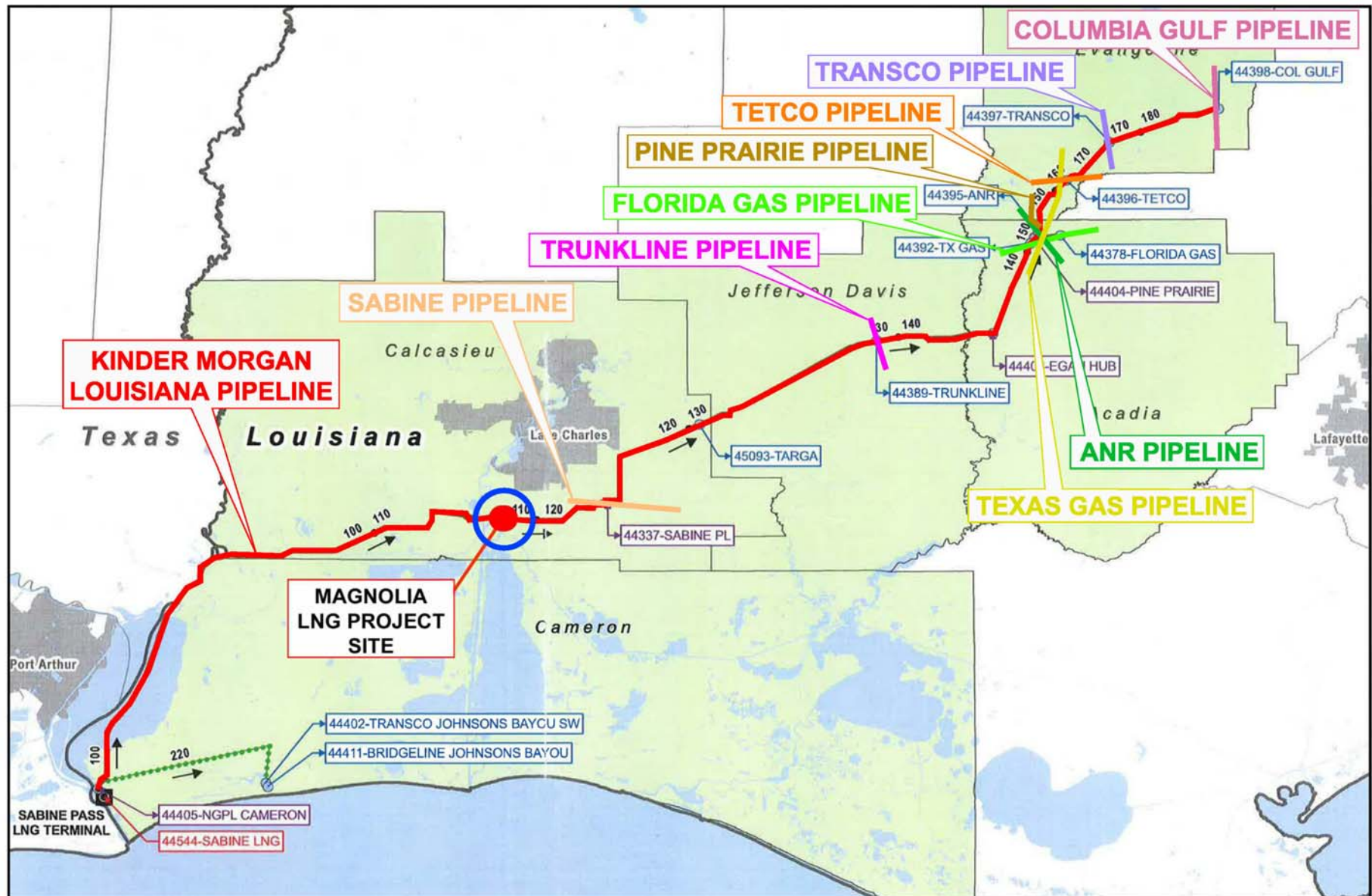
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KINDER MORGAN LOUISIANA PIPELINE LOCATION MAP



MAGNOLIA LNG PROJECT LAYOUT

(existing Kinder Morgan Louisiana Gas Pipeline
shown directly traversing the Project Site)

