Liquefied Natural Gas Ltd
Level 1, 10 Ord Street, West Perth
Perth 6005 Western Australia
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Website: www.lnglimited.com.au
ABN: 19 101 676 779

29 February 2016

In compliance with ASX Listing Rule 4.2A, the ASX Appendix 4D – Half-Year Report and Financial Report for the half-year ended 31 December 2015 for Liquefied Natural Gas Limited (ASX: LNG) follow this announcement.

David Gardner
Company Secretary

Liquefied Natural Gas Limited

Liquefied Natural Gas Limited
Level 1, 10 Ord Street, West Perth WA 6005
Telephone: (08) 9366 3700 Facsimile**:** (08) 9366 3799
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LIQUEFIED NATURAL GAS LIMITED

ABN 19 101 676 779

APPENDIX 4D
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015

LIQUEFIED NATURAL GAS LIMITED
ABN 19 101 676 779

Results for announcement to the market

Current reporting period:	6 months ending 31 December 2015
Previous corresponding reporting period:	6 months ending 31 December 2014

This preliminary financial report is presented in Australian dollars, unless otherwise indicated.

Consolidated	31 December 2015 $'000	31 December 2014 $'000	Change %	Movement
Revenues from ordinary activities	359	382	-6	Down
Loss from ordinary activities after tax attributable to members	80,175	26,973	197	Up
Net loss for the period attributable to members	80,175	26,973	197	Up

Operating Results

For commentary on the financial results please refer to information provided in the Directors Report in the attached Financial Report for the Half-Year Ended 31 December 2015.

Dividend and Other Returns to Shareholders

There were no dividends paid or proposed during or as at the end of the financial year. There were no share buy backs or proposed share buy backs during the financial year.

Net Tangible Assets

	31 December 2015 $	31 December 2014 $
Net tangible assets per security	0.22	0.13

Details of entities over which control has been gained or lost during the period

Not applicable.

LIQUEFIED NATURAL GAS LIMITED

ABN 19 101 676 779

FINANCIAL REPORT
FOR THE HALF - YEAR ENDED
31 DECEMBER 2015

LIQUEFIED NATURAL GAS LIMITED
ABN 19 101 676 779

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CORPORATE DIRECTORY

LIQUEFIED NATURAL GAS LIMITED
ABN 19 101 676 779

DIRECTORS
Richard Beresford, Non-Executive Chairman
Fletcher Maurice Brand, Managing Director / Chief Executive Officer
Leeanne Bond, Non-Executive Director
Paul Cavicchi, Non-Executive Director
Michael Steuert, Non-Executive Director
Philip Moeller, Non-Executive Director

JOINT COMPANY SECRETARIES
David Gardner (Australia)
Kinga Doris (United States)

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS
Level 1, 10 Ord Street
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SOLICITORS
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Level 7, 190 St Georges Terrace
Perth WA 6000

BANKERS
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Perth, WA, 6000

SHARE REGISTER
Link Market Services Limited
Locked Bag A14
Sydney NSW 1235
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ASX CODE
LNG

OTC ADR CODE
LNGLY

LIQUEFIED NATURAL GAS LIMITED

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2015.

DIRECTORS

The names of the Liquefied Natural Gas Limited (the **Company**, **Group**, or **LNGL**) company's directors in office during the half-year and until the date of this report are as below.

Directors were in office for the entire period (unless otherwise stated).

Richard Beresford	Non-Executive Chairman
Leeanne Bond	Non-Executive Director
Paul Cavicchi	Non-Executive Director
Michael Steuert	Non-Executive Director
Philip Moeller	Non-Executive Director (appointed 7 December 2015)
Yao Guihua (Grace)	Non-Executive Director (resigned 19 November 2015)
Fletcher Maurice Brand	Managing Director and Chief Executive Officer

REVIEW AND RESULTS OF OPERATIONS

Liquefied Natural Gas Limited holds a strong competitive position in the mid-scale LNG industry with our three LNG projects: Magnolia LNG, in Lake Charles, Louisiana, USA; Bear Head LNG in Richmond County, Nova Scotia, Canada; and Fisherman's Landing LNG, in Queensland, Australia. The projects anticipate near term achievement of full permitting and regulatory approval, have completed project engineering to advanced stages, and are ready to progress to construction.. Our patented OSMR® technology platform provides tangible competitive cost and efficiency advantages.

Like others in the energy industry, current weakness in energy markets and other factors, have affected LNGL's progress in signing sufficient binding offtake to enable the projects to move at planned pace to FID, financial close, and construction. LNGL's ongoing work program reflects the impact of slowing industry conditions and includes:

– Commercial focus on signing binding offtake agreements for Magnolia LNG;
– Placing on hold our EPC-related contracts;
– Finishing residual engineering, regulatory, and permitting work on our projects;
– Maintaining the projects in "ready mode" to enable fast track ramp-up once sufficient levels of binding offtake agreements are signed; and
– Conservatively managing our cost base.

LNGL has approximately A$114 million of cash at 1 January 2016 (inclusive of restricted and unrestricted funds). In applying our cost management strategy, our existing cash position sustains the business through to calendar year-end 2018. We believe that within this timeframe we will conclude sufficient offtake agreements to progress one or more of our projects to FID and financial close.

We remain confident in our fundamental view of global gas demand and the role the LNG industry has in meeting that demand. LNGL is well placed to participate in that delivery through execution of its Energy Link strategy.

Project Update

(a) Magnolia LNG Project, Lake Charles, Louisiana, United States (Magnolia LNG)

Magnolia LNG advanced its project milestones significantly during the past six-months. Achieved milestones included the signing of a legally binding lump sum turnkey (**LSTK**) engineering, procurement and construction contract (**EPC Contract**) with the KBR-SKE&C joint venture (**KSJV**), receipt of the Final Environmental Impact Statement (**FEIS**) from the United States Federal Energy Regulatory Commission (**FERC**), and the signing of an up to 2 million tonnes per annum (**mtpa**) offtake agreement with Meridian LNG Holdings Corp. (**Meridian LNG**). The following narrative outlines the specifics of these milestone achievements.

On 16 November 2015, LNGL announced it had agreed a LSTK EPC Contract with KSJV in relation to the Magnolia LNG project.

Contract highlights:

– EPC Contract LSTK cost of US$4.354 billion for four LNG trains and associated facilities;

– EPC guaranteed production of 7.6 mtpa, or 0.8 mtpa greater than previous guidance;

– The EPC Contract LSTK plant design utilises LNGL's patented OSMR® technology;

– Installed capacity EPC contract cost/tonne range of US$495 to US$544 based on final design at FID;

– LNG plant fuel gas consumption of 8%, or 92% feed gas production efficiency guaranteed; and

– EPC Contract LSTK price is valid to 30 April 2016.

The EPC Contract covers the engineering, procurement and construction of four LNG production trains with design capacity of 2 mtpa or greater each, inclusive of sub-contractor costs for all key components (turbines, cold boxes, etc.), two 160,000m^3 full containment storage tanks, LNG marine and ship loading facilities, supporting infrastructure, mobilisation and de-mobilisation costs, contractor insurances, etc., and all required post-FID approvals and licenses.

In addition to the EPC Contract with KSJV, strategic alliances with other key contractors were agreed during the period. These alliances established terms and conditions with suppliers of key components of the OSMR® technology design for Magnolia LNG as well as for future LNGL projects.

On 30 July 2015, LNGL announced a strategic alliance agreement (**SAA**) with Chart Industries, Inc. (**Chart**) through Chart's wholly owned subsidiary, Chart Energy & Chemicals, Inc., and on 24 August 2015, LNGL announced two other key SAAs with Siemens Energy Inc**.** (**Siemens**) and EthosEnergy Group (**EthosEnerg**y), respectively. The Chart SAA provides for the design and manufacture of brazed aluminium heat exchangers and LNG liquefaction cold boxes, while the Siemens SAA provides the OSMR® main process compressor equipment and the EthosEnergy SAA provides for operations and maintenance services. The global alliance agreements call for Chart, Siemens, and EthosEnergy to each work collaboratively with LNGL on both current and future Company projects.

The use of global alliance agreements with key suppliers is central to LNGL's strategy to produce standardised, repeatable designs and processes across all its projects and operations.

On 13 November 2015, LNGL announced the FERC issuance of the FEIS for the Magnolia LNG project, inclusive of the associated Kinder Morgan Louisiana Pipeline (**KMLP**) Lake Charles Expansion Project. Issuance of the FEIS represented the culmination of the FERC staff's environmental, reliability, and safety review of the Magnolia LNG and KMLP projects. In completing the unified FEIS for the two projects, the FERC conducted a comprehensive environmental, safety and security review analysing publicly available data, input from other federal and state agencies, comments from interested stakeholders, and detailed information that Magnolia LNG and KMLP provided regarding the construction and operation of the LNG facility and related natural gas pipeline infrastructure. The next step in the FERC process is for the FERC Commissioners to act on Magnolia LNG and KMLP's respective applications by releasing the FERC Order. The necessary waiting period under U.S. law has now elapsed and the FERC may issue their Order for the project at any time.

On 23 July 2015, LNGL announced that Magnolia LNG had signed a legally binding agreement with Meridian LNG for firm capacity rights for up to 2 mtpa. Under the liquefaction tolling agreement (**LTA**), Magnolia LNG will provide liquefaction services to Meridian LNG over the term of the contract in return for monthly capacity payments. Meridian LNG is responsible for procurement and delivery of feed gas to the liquefaction plant and for arranging all LNG shipping required to transport the LNG from the liquefaction plant to its customers.

Meridian LNG intends to deliver the LNG to Port Meridian, its Höegh LNG operated floating re gasification terminal in the UK with the gas delivered to E.ON Global Commodities under a 20-year gas sales agreement executed and announced by Meridian LNG on 23 April 2015.

Key terms of the LTA include:

– Initial term of 20 years, with option to extend by a further 5 years;

– Firm annual capacity of 1.7 mtpa with a further 300,000 tonnes per annum to be offered at Magnolia LNG's discretion; and

– Conditions precedent, including that Magnolia LNG achieves financial close no later than 30 June 2016. Subsequent to half-year end, this date was extended to 31 December 2016, refer to Significant Events After Balance Date.

(b) Bear Head LNG, Nova Scotia, Canada (Bear Head LNG)

Bear Head LNG holds all initial federal, provincial, and local regulatory approvals and permits required to commence site construction. The following describes milestone events over the past six months.

On 20 July 2015, LNGL announced that the U.S. Department of Energy (**DOE**) granted Bear Head LNG authorisation to export up to 440 bcf per year of U.S. natural gas to Canada, and up to 8 mtpa of liquefied natural gas from Canada to free trade agreement countries.

On 17 August 2015, LNGL announced that Canada's National Energy Board (**NEB**) had granted Bear Head LNG Corporation and Bear Head LNG (USA), LLC (collectively, **Bear Head LNG**) authorisation to export LNG from Bear Head LNG's project site on the Strait of Canso in Nova Scotia.

The NEB licencing decision approved Bear Head LNG's application for authority to export up to 8 mtpa of LNG from Canada starting in 2019, with expanded authority to increase production to 12 mtpa in 2024. The export licence extends for a period of 25 years from the date of first LNG export. Bear Head was also granted a licence to import 1.2 bcf per day of natural gas from the U.S., an amount adequate to produce the authorised annual LNG exports.

Bear Head LNG Corporation applied to the DOE for authority to import for subsequent export up to 250 bcf per year of Canadian natural gas by pipeline that is “in transit” through the U.S., back into Canada for delivery to Bear Head LNG's proposed liquefied natural gas export facility. This authorisation will allow a portion of the Bear Head LNG’s natural gas requirements to come from sources in Western and Central Canada, enhancing commercial supply options. On 6 February 2016, DOE determined that Bear Head LNG does not require DOE’s authorization for Canadian natural gas to pass through U.S. pipelines (in transit) on its way to the export facility in Nova Scotia (refer to Significant Events After Balance Date).

In connection with permitting and commercial efforts related to the lateral pipeline to transport feed gas to the Bear Head LNG terminal, Bear Paw Pipeline Corporation Inc. (“Bear Paw”) was incorporated as a Nova Scotia limited liability company on 11 November 2015, as a wholly-owned subsidiary of Mayflower LNG Pty, Ltd. (**Mayflower**), which is also the parent company of Bear Head LNG. Bear Paw is progressing front-end engineering and design and regulatory permitting processes.

(c) Fisherman’s Landing LNG Project, Gladstone, Queensland (FLLNG)

The major focus for the FLLNG Project is to secure adequate gas supply for the first LNG train. Management continues to work this requirement with multiple parties.

The Gladstone Ports Corporation (**GPC**) extended LNGL’s Site Agreement for Lease at Fisherman’s Landing Project site to 31 March 2016. Discussions with the GPC are taking place regarding a further extension of the lease.

The Queensland Government’s Department of Natural Resources and Mines approved extension of the dates for completion of construction (associated with the LNG Facility) for the Petroleum Facility Licence 18 and the Petroleum Pipeline Licence 161 to 31 December 2017.

(d) OSMR Technology

During the half-year the Company received confirmation that a patent had been granted in Japan for OSMR process. Patents have now been granted in countries and jurisdictions for the OSMR patent in USA, Canada, Australia, Japan, South Korea, China, Eurasia, OAPI, ARIPO, Brunei, Singapore, Hong Kong, Israel, New Zealand, Philippines, South Africa and Ukraine.

(e) Corporate

Board of Director Announcements

Philip D. Moeller became a Non-Executive Director (**NED**) of LNGL in December 2015. Mr Moeller is the Company’s third US-based NED following the appointments of Paul Cavicchi in October 2014 and Mike Steuert in February 2015. Former Commissioner Philip D. Moeller left the FERC in October 2015 as the second-longest serving member in the history of FERC. While serving on the Commission he focused on policies that encouraged the construction of additional electric transmission and interstate natural gas infrastructure and policies, which promoted well-functioning wholesale markets. He was a national leader in promoting improved coordination between the electric industry and the natural gas industries as the United States moves toward burning significantly more natural gas to meet electricity demand.

Madam Yao Guihua retired as NED of LNGL after the 2015 Annual General Meeting on 19 November 2015. Ms Guihua held the NED role since August 2013 when her employer, China Huanqiu Contracting and Engineering Corporation, was a major shareholder in the Company.

Share Movements

On 13 August 2015, 60,000 shares were issued on the exercise of options. At the date of this report, there are 2,409,000 options outstanding.

On 18 November 2015, 74,405 shares were issued on the vesting of NED Rights.

Personnel

On 18 August 2015, LNGL announced the appointment of Ms Kinga Doris as General Counsel and Joint Company Secretary. Ms Doris is responsible for all statutory, securities, regulatory and other legal activities of the LNGL group as well as management of outside legal counsel across all operations and global project activities.

On 20 November 2015, LNGL announced the appointment of Mr Anthony Gelotti as Chief Development Officer based in Houston, Texas, USA. Mr Gelotti's responsibilities include assisting in the close-out of the full production capacity of Magnolia LNG, developing new North America and international opportunities for mid-scale LNG projects, and conducting M&A activities.

In addition, Mr John Baguley, Chief Operating Officer for Magnolia LNG, assumed the additional responsibilities of LNGL Chief Technical Officer.

Ms Doris, Mr Gelotti, and Mr Baguley are part of LNGL's senior leadership team reporting to Maurice Brand, LNGL's Managing Director / Chief Executive Officer.

Financial Results

The consolidated net loss after income tax for the half-year, excluding non-controlling interest, was $80,175,000 (2014: $26,792,000). Project development expenditure increased from $24,981,000 (2014) to $68,385,000, reflecting expansion of LNG project activity. Administration expenditure increased from $3,744,000 (2014) to $7,544,000, as a result of an increasing general activity, including staff numbers and office space, in the United States. The expense of share-based payments issued to directors, employees and consultants increased from $3,449,000 (2014) to $12,583,000 during the period, reflecting an additional year's long-term incentive (**LTI**) rights issuance, an increase in the number of employees and a higher LNGL share price on grant date. The consolidated net loss was reduced by pre-tax foreign exchange gains of $7,465,000, resulting primarily from the movement in the USD against the AUD in the period.

SIGNIFICANT EVENTS AFTER BALANCE DATE

The following significant events have occurred subsequent to the half-year ended 31 December 2015:

(a) Magnolia LNG

Extension of Binding Agreement with Meridian LNG

On 1 February 2016, Magnolia LNG and Meridian LNG agreed to extend the financial close date condition precedent for Magnolia LNG from 30 June 2016 to 31 December 2016. The financial close date for the Magnolia LNG project is dependent on the execution of further binding offtake agreements, the timing of which is uncertain due to current market conditions. The extension of time with Meridian LNG provides additional time for Magnolia LNG to finalise additional offtake agreements and allows for a typical timeline to conclude both project equity and debt following the execution of offtake agreements.

(b) Bear Head LNG

U.S. Department of Energy Authorization for Exports to Non-FTA Countries

On 5 February 2016, the DOE issued final authorization for Bear Head LNG Corporation and Bear Head LNG (USA), LLC (together Bear Head LNG) to export liquefied natural gas derived from U.S. produced natural gas to countries that do not have free trade agreements (FTA) with the United States. The DOE decision is a determination that these exports are not inconsistent with the U.S. public interest. This approval, in addition to DOE's prior approval for exports to FTA countries, now allows Bear Head LNG to export LNG to countries with which trade is not prohibited by U.S. law or policy.

In tandem with the non-FTA export permit, DOE determined that Bear Head LNG does not require DOE's authorization for Canadian natural gas to pass through U.S. pipelines (in transit) on its way to the export facility in Nova Scotia. This outcome enhances Bear Head's commercial gas supply options by allowing a portion of supply requirements to come from Western and Central Canada largely using existing pipeline facilities.

(c) Corporate

Exercise of Options

On 9 February 2016, 100,000 shares were issued on the exercise of options. At the date of this report there are 2,409,000 options outstanding.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration on page 8 forms part of the Directors' Report for the half-year ended 31 December 2015.

Signed in accordance with a resolution of the directors.

R. J. Beresford	F.M. Brand
Chairman	Chief Executive Officer
29 February 2016	29 February 2016

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Auditor's Independence Declaration to the Directors of Liquefied Natural Gas Limited

As lead auditor for the review of Liquefied Natural Gas Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Liquefied Natural Gas Limited and the entities it controlled during the financial period.

Ernst & Young

D A Hall
Partner
29 February 2016

DH:VH:LIQUEFIED:007

LIQUEFIED NATURAL GAS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	CONSOLIDATED	
		2015	2014*
		$'000	$'000
Revenue	2	359	469
Other income	2	7,946	4,774
Administration expenses		(7,544)	(3,744)
Finance costs		(1)	(1)
Project development expenses		(68,385)	(24,981)
Share based payment expenses		(12,583)	(3,449)
Other expenses		-	(41)
Loss before income tax		**(80,208)**	**(26,973)**
Income tax benefit		33	-
Loss after income tax		**(80,175)**	**(26,973)**
Net loss for the period		**(80,175)**	**(26,973)**
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Foreign currency translation		(40)	181
Other comprehensive income for the period, net of tax		(40)	181
Total comprehensive income for the period		**(80,215)**	**(26,792)**
Loss for the period is attributable to:			
Non-controlling interest		-	(1)
Equity holders of the Parent		(80,175)	(26,972)
		(80,175)	**(26,973)**
Total comprehensive income for the period is attributable to:			
Non-controlling interest		-	(1)
Equity holders of the Parent		(80,215)	(26,791)
		(80,215)	**(26,792)**
Loss per share attributable to the ordinary equity holders of the Company:		**Cents**	Cents
- Basic loss per share		**(15.93)**	**(5.88)**
- Diluted loss per share		**(15.93)**	**(5.88)**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

*Certain numbers shown here do not correspond to the 31 December 2014 interim financial report and reflect adjustments made, refer to note 1.

LIQUEFIED NATURAL GAS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	CONSOLIDATED	
		31 DEC 2015 $'000	30 JUN 2015 $'000
Assets			
Current assets			
Cash and cash equivalents	3	109,480	46,971
Trade and other receivables		748	2,485
Other financial assets		4,291	134,830
Prepayments		159	325
Total current assets		**114,678**	**184,611**
Non-current assets			
Property, plant and equipment		12,088	12,120
Total non-current assets		**12,088**	**12,120**
Total assets		**126,766**	**196,731**
Liabilities			
Current liabilities			
Trade and other payables		11,825	13,859
Interest-bearing liabilities		4	3
Income tax payable		9	50
Provisions		823	971
Total current liabilities		**12,661**	**14,883**
Non-current liabilities			
Interest-bearing liabilities		6	9
Provisions		106	230
Total non-current liabilities		**112**	**239**
Total liabilities		**12,773**	**15,122**
Net assets		**113,993**	**181,609**
Equity			
Equity attributable to equity holders of the Parent:			
Contributed equity	7	392,037	392,021
Reserves		39,841	27,298
Accumulated losses		(317,768)	(237,593)
Parent interests		**114,110**	**181,726**
Non-controlling interest		(117)	(117)
Total equity		**113,993**	**181,609**

LIQUEFIED NATURAL GAS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Ordinary shares	Share options reserve	Rights reserve	Redeemable preference share reserve	Equity reserve	Foreign currency translation reserve	Accumulated losses	Owners of the Parent	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2015	392,021	6,078	15,243	4,032	578	1,367	(237,593)	181,726	(117)	181,609
Loss for the period	–	–	–	–	–	–	(80,175)	(80,175)	–	(80,175)
Other comprehensive income	–	–	–	–	–	(40)	–	(40)	–	(40)
Total comprehensive income/(loss) for the half-year	–	–	–	–	–	(40)	(80,175)	(80,215)	–	(80,215)
Transactions with owners in their capacity as owners										
Exercise of options	16	–	–	–	–	–	–	16	–	16
Share based payments	–	–	12,583	–	–	–	–	12,583	–	12,583
At 31 December 2015	**392,037**	**6,078**	**27,826**	**4,032**	**578**	**1,327**	**(317,768)**	**114,110**	**(117)**	**113,993**
At 1 July 2014	187,024	6,078	485	4,032	578	808	(151,287)	47,718	(116)	47,602
Loss for the period (restated)	–	–	–	–	–	–	(26,972)	(26,972)	(1)	(26,973)
Other comprehensive income (restated)	–	–	–	–	–	181	–	181	–	181
Total comprehensive income/(loss) for the half year	–	–	–	–	–	181	(26,972)	(26,791)	(1)	(26,792)
Transactions with owners in their capacity as owners										
Shares issued on placement	38,670	–	–	–	–	–	–	38,670	–	38,670
Less: Share issue costs	(1,954)	–	–	–	–	–	–	(1,954)	–	(1,954)
Exercise of options	356	–	–	–	–	–	–	356	–	356
Share-based payments	–	–	3,449	–	–	–	–	3,449	–	3,449
At 31 December 2014 (restated)	224,096	6,078	3,934	4,032	578	989	(178,259)	61,448	(117)	61,331

LIQUEFIED NATURAL GAS LIMITED
CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	CONSOLIDATED 2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from the Australian Taxation Office		-	5
Interest received		395	508
Research and development tax concession rebate		462	-
Payments to suppliers and employees		(76,295)	(29,330)
Net cash flows used in operating activities		**(75,438)**	**(28,817)**
Cash flows from investing activities			
(Investment in)/proceeds from deposits classified as other financial assets		130,539	(504)
Investment in other financial assets		-	-
Purchase of property, plant and equipment		(40)	(11,104)
Net cash from/(used in) investing activities		**130,499**	**(11,608)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	38,670
Transaction costs on issue of ordinary shares		-	(2,166)
Proceeds from the exercise of options		16	355
Repayment of finance lease principal		(2)	(1)
Interest paid		(1)	(1)
Net cash flows from financing activities		**13**	**36,857**
Net increase/(decrease) in cash and cash equivalents		**55,074**	**(3,568)**
Net foreign exchange differences		7,435	4,941
Cash and cash equivalents at beginning of period		46,971	47,771
Cash and cash equivalents at end of period	3	**109,480**	**49,144**

The above cash flow statement should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

General Information

This general purpose condensed financial report for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 17 February 2016.

Liquefied Natural Gas Limited (the Company or Group) is a company limited by shares, domiciled and incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange.

The Company is a for-profit entity and is primarily involved in mid-scale liquefied natural gas projects.

Basis of preparation

This general purpose condensed consolidated financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company and its subsidiaries (the Group) as the full annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015, and considered together with any public announcements made by the Company during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The accounting policies and method of computation are the same as those adopted by the Group in the most recent annual financial report, except the new policies as disclosed below.

New standards

The adoption of new standards and interpretations has not resulted in a material change to the financial performance or position of the Group; however, it has resulted in some changes to the Group's presentation of, or disclosure in, its half-year financial statements.

All new and amended Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board (AASB), mandatory as of 1 July 2015 to the Group have been adopted, including:

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality;* and
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

Correction of an error

At 30 June 2015, the Group reviewed the accounting treatment of intercompany loans with subsidiaries with foreign operations. In accordance with AASB 121, the accounting treatment for the foreign exchange differences arising on translation of the intercompany loans at reporting date is dependent upon whether the settlement of the loans is likely in the foreseeable future. Due to the nature of the loans, the Group concluded that from inception the loans represented a net investment in foreign entity and they would not be settled in foreseeable future. In accordance with AASB 121, any foreign exchange gains and losses arising on consolidation should have been accounted for directly in other comprehensive income. As a consequence, the accounting treatment applied during the period ended 31 December 2014 resulted in an overstatement of other income (being unrealised foreign exchange gains). The change did not have an impact on the Group’s operating, investing or financing cash flows. The change did not have an impact on the opening balances of reserves or accumulated losses at 1 July 2014.

The error has been corrected by restating each of the affected financial statement line items for the prior period, as follows:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

	31 DEC 2014 $'000
Impact on equity (increase/(decrease) in equity):	
Reserves	6,925
Accumulated losses	(6,925)
Net impact on equity	-
Impact on statement of profit or loss (increase/(decrease) in profit):	
Other income	(6,925)
Net impact on profit for the year	
Attributable to equity holders of the parent	(6,925)
Net impact on other comprehensive income	
Attributable to equity holders of the parent	6,925
Impact on basic and diluted earnings per share (EPS) (increase/(decrease) in EPS):	
Basic earnings per share	(1.51)
Diluted earnings per share	(1.51)

2. REVENUE, INCOME AND EXPENSES

	CONSOLIDATED	
	31 DEC 2015 $'000	31 DEC 2014 $'000
(a) Revenue		
Interest revenue	359	469
	359	**469**
(b) Other Income		
Research and development rebate	481	462
Foreign exchange gains	7,465	4,312
	7,946	**4,774**

3. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	31 DEC 2015 $'000	30 JUN 2015 $'000
For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	104,863	41,171
Short-term deposits	4,617	5,800
	109,480	**46,971**

4. DIVIDEND PAID AND PROPOSED

There were no dividends paid or proposed during the half-year ended 31 December 2015.

5. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on information that is reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Reportable segments are based on operating segments used for management purposes, and, where appropriate, the Group has aggregated operating segments determined by the similarity of the types of business activities and/or the services provided and the regulatory environment, as these are the sources of the Group's major risks and have the most effect on rates of return.

Reportable operating segments

The Group has identified the following reportable operating segments:

LNG Infrastructure

The LNG Infrastructure business involves the identification and progression of opportunities for the development of LNG projects to facilitate the production and sale of LNG. This includes:

– Project development activities from pre-feasibility, detailed feasibility, and advancement of each project to final investment decision at which time the Group expects to obtain reimbursement of all, or part of, the development costs incurred by the Group to that date and then fund the project via a suitable mix of project debt and equity;
– Construction activities; and
– Production and sale of LNG via offtake arrangements with external parties.

The LNG Infrastructure reportable operating segment is based on the aggregation of the following operating segments:

– Magnolia LNG project;
– Bear Head LNG project; and
– Fisherman's Landing LNG project.

In applying the aggregation criteria, management have made a number of judgements surrounding:

– The economic characteristics of the company's projects, including consideration of the macroeconomic environment impacting each individual project;
– Percentage of consolidated revenue that the operating segment will contribute; and
– The regulatory environment the Company's projects operate in.

Technology and Licensing

The technology and licensing business is involved in the development of LNG technology, through research and development activities, and the advancement of each developed technology to the patent application stage or ability to commercialise the LNG technology. The business model aims to derive licensing fees or royalties from the utilisation of, or the sub-licensing of the LNG technology. The technology and licensing has been determined as both an operating segment and a reportable segment.

Segment accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 1 to the annual report for the year ended 30 June 2015 and in the prior period.

Corporate charges

Corporate charges comprise non-segmental expenses such as certain head office expenses, including share based payments.

5. OPERATING SEGMENTS (Continued)

Income tax expense

Income tax expense/deferred tax benefit is calculated based on the segment operating net profit/(loss) using a notional charge of 30% (2014: 30%). No effect is given for taxable or deductible temporary differences.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments, which management believe would be inconsistent.

The following items and associated assets and liabilities are not allocated to operating segments, as they are not considered part of the core operations of any segment:

– Interest revenue;
– Realised foreign exchange gains and losses;
– Corporate expenses; and
– Finance costs.

The following table shows the revenue and profit or loss information for reportable segments for the half-years ended 31 December 2015 and 31 December 2014:

Half Year ended 31 December 2015	**LNG Infrastructure $'000**	**Technology and Licensing $'000**	**Total $'000**
Revenue			
Other revenue	-	-	-
Inter-segment sales	-	-	-
Total segment revenue	-	-	-
Inter-segment elimination			-
Unallocated revenue			359
Total revenue per the statement of comprehensive income			**359**
Unallocated other income			7,946
Segment profit/(loss)	(68,029)	(356)	**(68,385)**

Half Year ended 31 December 2015	**LNG Infrastructure $'000**	**Technology and Licensing $'000**	**Total $'000**
Reconciliation of segment net profit/(loss) after tax to net profit/(loss) before tax			
Income tax benefit at 30% (2014: 30%)			33
Unallocated revenue and other income			8,305
Finance costs			(1)
Corporate charges			(20,127)
Net profit/(loss) before tax per the statement of comprehensive income			**(80,175)**

Segment assets for the half-year ended 31 December 2015 are as follows:

Segment assets			
Segment operating assets	11,823	10	**11,833**
Unallocated assets[1]			114,933
Total assets per the statement of financial position			**126,766**

[1] Unallocated assets primarily consisted of cash and equivalents of $109,480,000 and other financial assets of $4,291,000.

5. OPERATING SEGMENTS (Continued)

Segment liabilities for the half-year ended 31 December 2015 are as follows:

Segment liabilities			
Segment operating liabilities	10,938	80	**11,018**
Unallocated liabilities			1,755
Total liabilities per the statement of financial position			**12,773**

Half Year ended 31 December 2014	**LNG Infrastructure $'000**	**Technology and Licensing $'000**	**Total $'000**
Revenue			
Other revenue	-	-	-
Inter-segment sales	-	-	-
Total segment revenue	-	-	-
Inter-segment elimination			-
Unallocated revenue			469
Total revenue per the statement of comprehensive income			**469**
Unallocated other income			4,774
Segment profit/(loss)	(24,674)	(307)	**(24,981)**
Reconciliation of segment net profit/(loss) after tax to net profit/(loss) before tax			
Income tax expense at 30% (2013: 30%)			-
Unallocated revenue and other income			5,243
Finance costs			(1)
Corporate charges			(7,234)
Net profit/(loss) before tax per the statement of comprehensive income			**(26,973)**

	LNG Infrastructure $'000	**Technology and Licensing $'000**	**Total $'000**
Segment assets for year ended 30 June 2015 were as follows:			
Segment assets			
Segment operating assets	14,284	19	**14,303**
Unallocated assets[1]			182,428
Total assets per the statement of financial position			**196,731**

[1] Unallocated assets primarily consisted of cash and cash equivalents of $46,971,000 and other financial assets of $134,830,000.

Segment liabilities for the year ended 30 June 2015 were as follows:

Segment liabilities			
Segment operating liabilities	11,293	-	**11,293**
Unallocated liabilities			3,829
Total liabilities per the statement of financial position			**15,122**

6. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

At 31 December 2015, there were no commitments in relation to the purchase of plant and equipment (30 June 2015: $nil).

(b) Operating lease commitments – Group as lessee

The Company leases its corporate and project offices under an operating lease. There are no restrictions placed upon the lessee upon entering into these leases. Certain leases contain renewal provisions that are at the option of the Company. Certain leases contain a clause to enable upward revision of the rental charge on an annual basis based on the consumer price index.

	CONSOLIDATED	
Future minimum rentals payable under non-cancellable operating leases is as follows:	**31 DEC 2015 $'000**	**30 JUN 2015 $'000**
- Within one year	436	447
- After one year but not more than five years	520	686
Aggregate non-cancellable operating lease expenditure contracted for at reporting date	**956**	**1,133**

(c) Finance lease – Group as lessee

As at 31 December 2015, the future minimum lease commitment in relation to a photocopier purchased in November 2013 was $11,000 (30 June 2015: $12,000).

(d) Guarantees

The Company's subsidiary, Magnolia LNG LLC ("MLNG"), has provided a bank guarantee (issued by ANZ Bank) for the amount of US$2,000,000, in favour of KMLP which is a condition of the Precedent Agreement between MLNG and KMLP, providing firm gas transportation rights for the Magnolia LNG Project.

The Company's subsidiary, Gladstone LNG Pty Ltd, has provided a bank guarantee (issued by ANZ Bank) for the amount of A$789,263, in favour of Queensland's Department of Environment and Resource Management ("DERM"), which is a condition of DERM's environmental authority approval for the FLLNG Project. The bank guarantee is valid until all environmental authorities are received.

Gladstone LNG Pty Ltd has provided a bank guarantee (issued by ANZ Bank) for the amount of A$151,106, in favour of DERM, which is a condition of DERM's environmental authority approval for the FLLNG Project's proposed gas pipeline. The bank guarantee is valid until it is no longer required by the State of Queensland.

6. COMMITMENTS AND CONTINGENCIES (Continued)

The Company has provided a bank guarantee (issued by ANZ Bank) for the amount of A$100,000 in favour of Colin Street Investments Pty Ltd, pertaining to leasehold improvements for the head office premises.

The Company's subsidiary, LNG International Pty Ltd has provided a C$500,000 letter of credit (issued by the Bank of Montreal), in favour of the UARB.

Term deposits of $4,291,000 (30 June 2015: $4,197,000) are held by the Company and pledged as security for the above guarantees.

(e) Insurance claims

There are no active or pending material insurance claims at the date of this report.

(f) Legal claims

There are no legal claims outstanding against the Group at the date of this report, which in management's opinion require accrual of legal obligations as at the balance sheet date and through the date of this report.

7. CONTRIBUTED EQUITY

(a) Movement in ordinary shares on issue:		**CONSOLIDATED Number**	**CONSOLIDATED $'000**
At 1 July 2014		**446,479,015**	**187,024**
Share placement	(i)	14,873,186	38,670
Less: Share issue costs		-	(1,954)
Exercise of options	(ii)	871,000	356
At 31 December 2014		**462,223,201**	**224,096**
Share placement	(iii)	40,000,000	174,000
Less: Share issue costs		-	(6,301)
Exercise of options	(iv)	870,000	226
At 30 June 2015		**503,093,201**	**392,021**
Exercise of options	(v)	60,000	16
Vesting NED Rights	(vi)	74,405	-
At 31 December 2015		**503,227,606**	**392,037**

(i) On 6 August 2014, the Company raised $38,670,000 (before costs) through the placement of 14,873,186 shares at $2.60/share.

(ii) During the half-year ended 31 December 2014, 871,000 shares were issued on the exercise of options. The weighted average exercise price of the options exercised was $0.408.

(iii) On 29 May 2015, the Company raised $174,000,000 (before costs) through the placement of 40,000,000 shares at $4.35/share.

(iv) During the six months ended 30 June 2015, 870,000 shares were issued on the exercise of options. The weighted average exercise price of the options exercised was $0.26.

(v) During the half-year ended 31 December 2015, 60,000 shares were issued on the exercise of options. The weighted average exercise price of the options exercised was $0.26.

(vi) On 25 November 2015, the Company issued 74,405 shares upon the vesting of rights under the NED Rights Plan.

At 31 December 2015, 503,227,606 of the Company's ordinary shares were listed for Official Quotation on the ASX.

7. CONTRIBUTED EQUITY (Continued)

(b) Terms and conditions of ordinary shares

Voting rights

Each ordinary share entitles its holder to one vote, either in person or by proxy, attorney or representative at a meeting of the Company. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.

Dividends

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

(c) Rights

The Company has an Incentive Rights Plan under which performance rights to subscribe for the Company's ordinary shares have been granted to the Managing Director and employees. 3,420,194 performance rights were issued during the period. No performance rights were cancelled during the period.

The performance rights vest if the Group achieves prescribed targets pertaining to total shareholder returns and the achievement of financial close on an LNG project, on prescribed dates in the future. The performance rights have a zero exercise price. The fair value of the rights granted with market conditions is estimated at the date of grant using a Monte Carlo Simulation model, taking into account the terms and conditions upon which the rights were granted. For performance rights with non-market conditions, the share price on grant date was adopted as the fair value. The contractual life of each right granted is 3 years from the date of grant.

The Company has a NED Rights Plan under which rights to subscribe for the Company's ordinary shares have been granted to non-executive directors. 73,110 NED Rights were issued during the period. The NED Rights vest after a 12 month service period has passed. No NED Rights were cancelled during the period.

For the six months ended 31 December 2015, the Group has recognised $12,583,000 (2014: $3,449,000) of share-based payments expense for the rights in the statement of profit or loss.

8. FINANCIAL INSTRUMENTS

(a) Overview of financial instruments

Set out below is an overview of the financial instruments, other than cash, held by the Group as at 31 December 2015:

	31 DEC 2015 $'000	30 JUN 2015 $'000
Financial assets:		
Loans and receivables		
Receivables	748	2,485
Other financial assets	4,291	134,830
Total Current	**5,039**	**137,315**
Total Non-Current	**-**	**-**
Total Financial Assets	**5,039**	**137,315**
Financial liabilities:		
At amortised cost		
Trade and other payables	11,827	13,859
Interest-bearing liabilities	4	3
Total Current	**11,831**	**13,862**
Interest-bearing liabilities	6	9
Total Non-Current	**6**	**9**
Total Financial Liabilities	**11,837**	**13,871**

8. FINANCIAL INSTRUMENTS (Continued)

(b) Fair Values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 December 2015:

	Carrying Amount $'000	Fair Value $'000
Financial assets:		
Trade and other receivables	748	748
Other financial assets (i)	4,291	4,291
Total Current	**5,039**	**5,039**
Total Non-Current	**-**	**-**
Total	**5,039**	**5,039**

(i) Due to the short term nature of the above financial instruments, their carrying amounts approximate their fair value.

	Carrying Amount $'000	Fair Value $'000
Financial liabilities:		
Trade and other payables	11,827	11,827
Interest-bearing liabilities	4	4
Total Current	**11,831**	**11,831**
Interest-bearing liabilities	6	6
Total Non-Current	**6**	**6**
Total	**11,837**	**11,837**

(c) Risk Management Activities

The Group's principal financial instruments comprise finance leases, receivables, available for sale financial assets, cash and cash equivalents, and term deposits. Other financial assets and liabilities include receivables and payables, which arise directly from operations.

Interest rate risk, foreign currency risk, price risk, credit risk, and liquidity risk arise as part of the normal course of the Group's operation. The Board reviews and agrees on policies for managing each of these risks. The Group's management of financial risk is aimed to ensure net cash flows are sufficient to meet financial commitments as and when they fall due, and to fund the progression of the Group's core activity being the identification and progression of opportunities for the development of LNG projects to facilitate the production and sale of LNG. To achieve its objective, the Group may also consider raising additional equity.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks which it is exposed to, including monitoring the Group's level of exposure to interest rate, foreign exchange rate and price risks, and assessment of market forecasts for interest rates and foreign exchange rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is managed through cash flow monitoring and forecasting.

8. FINANCIAL INSTRUMENTS (Continued)

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cashflows of an exposure will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures, mainly due to costs incurred in currencies other than its functional currency, such as United States dollars, Canadian dollars and Indonesian rupiah. The Company's current policy is not to implement hedging instruments but to maintain cash in foreign currencies to protect against the risk of adverse exchange rate movements. When exchange rates are favourable against budget assumptions the Company will generally accept the prevailing exchange rate on the date of payment, otherwise the Company will effect payment from its foreign currency holdings.

As and when the Group's foreign currency expenditure commitments increase, and the timing of such payments have an acceptable degree of certainty, the Group will consider the implementation of foreign currency hedging instruments to mitigate potentially unfavourable foreign exchange rate movements.

Interest rate risk

Interest rate risk is the risk the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and term deposits held with two Australian financial institutions. The interest rate risk is managed by the Group through analysis of the market interest rates and its exposure to changes in variable interest rates. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, and the mix of fixed and variable interest rates. To minimise interest rate risk, the Group analyses its cash flow position and may invest excess cash in fixed rate term deposits for a short- to medium-term period.

Credit risk

Financial assets that potentially subject the Group to credit risk consist primarily of cash, trade and other receivables and term deposits. The Group places its cash with high quality Australian financial institutions with Standard and Poor's credit rating of A-1+ (short term) and AA- (long term). The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these financial assets.

It is the Group's policy that customers who wish to trade on unsecured credit terms will be subject to credit verification procedures. Receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts.

At balance date, the Group's credit risk relates mainly to trade and other receivables of $748,000 (30 June 2015: $2,485,000).

The Group does not have any outstanding receivables that are past due payment dates. The carrying amounts of the financial assets represent the maximum credit exposure.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

It is the Group's policy to ensure it has adequate cash reserves to meet known committed corporate and project development expenditure over the ensuing 3-6 months and additional equity may be raised, as necessary, to maintain the cash reserve coverage. It is Group policy to generally fund all project development expenditure, through to final investment decision of a project, from its cash reserves.

At 31 December 2015, except for payables, the Group had no debt (30 June 2015: nil) and its activities are primarily funded from cash reserves from share issues, interest revenue, and research and development concession rebates. The majority of cash reserves are held in deposits with the ANZ Banking Group, with funds transferred as necessary to the Group's working accounts to meet short-term expenditure commitments.

9. RELATED PARTY TRANSACTIONS

(a) Fees paid to related entities

Directors' fees for Mr R.J Beresford are paid to Clearer Sky Pty Ltd, a company in which Mr. R.J. Beresford is a director. For the current half year, the amount paid was $135,000 (excluding GST) [2014: $79,471]. At reporting date, no amount is outstanding [2014: $nil].

Directors' fees for Ms. L. K. Bond are paid to Breakthrough Energy Pty Ltd, a company in which Ms. L.K. Bond is a director. For the current half year, the amount paid was $78,750 (excluding GST) [2014: $42,628]. At reporting date, no amount is outstanding [2014: $nil].

Other than the above, in the half year ended 31 December 2014 administrative services provided by Clearer Sky Pty Ltd amounted to $31,957 (excluding GST). For the half year ended 31 December 2015, these services were not provided.

There were no loans made to related parties during the year.

(b) Wahoo Agreement

Concurrent with the acquisition of Bear Head LNG Corporation by the Company, Mayflower LNG Pty Ltd (**Mayflower**), a wholly owned subsidiary of the Company, entered into the Payments and Incentives Agreement (**PPI Agreement**) with Wahoo Midstream LLC (**Wahoo**). Wahoo is owned by its principals and officers, Mr John Godbold and Mr Ian Salmon, who lead development of the Bear Head LNG project. The purpose of the PPI Agreement was to provide incentive and other payments to Wahoo based on the development of the Bear Head LNG project in consideration for their contributions related to the acquisition of Bear Head LNG by the Company and to set forth other agreements relating to the development of the Bear Head LNG project. Provisions in the PPI Agreement outline the term of the PPI Agreement, describe success fee payments due Wahoo upon realisation of specific milestones, the process for the Company's funding of the Bear Head LNG project, rights held by Wahoo accruing if the Company were to sell all or a part of Bear Head LNG, and indemnification, representations and warranties, confidentiality, dispute resolution and other similar clauses common in commercial contracts. At 31 December 2015, the Company has not recognised within its financial statements a provision for any success fee payments, given the obligating events (i.e. the achievement of specific milestones) have not occurred.

(c) Parent Guaranty

LNGL has provided a parent guaranty associated with obligations under each of Messrs Godbold and Salmon's respective employment agreements.

(d) Bear Head LNG management change

Effective 26 February 2016, the Company, certain of its subsidiaries, Messrs. John Godbold and Ian Salmon (**Executives**), and Wahoo executed an agreement (**Agreement**) to conclude the Executives respective employment agreements with immediate effect. Under terms of the Agreement, the parties thereto agreed that a majority of the existing terms and conditions from the PPI Agreement, including the success fee payments due Wahoo upon realisation of specific milestones, remain in force. Further, the Agreement includes other consideration, establishes that the parent guaranties associated with the Executives employment agreements are wholly satisfied, and ends all known disputes, formal or otherwise, between the Company, the Executives and/or Wahoo.

10. SIGNIFICANT EVENTS AFTER BALANCE DATE

The following significant events have occurred subsequent to the half-year ended 31 December 2015:

(a) Magnolia LNG

Extension of Binding Agreement with Meridian LNG

On 1 February 2016, Magnolia LNG and Meridian LNG Holdings Corp (**Meridian LNG**) agreed to extend the financial close date condition precedent for Magnolia LNG from 30 June 2016 to 31 December 2016. The financial close date for the Magnolia LNG project is dependent on the execution of further binding offtake agreements, the timing of which is uncertain due to current market conditions. The extension of time with Meridian LNG provides additional time for Magnolia LNG to finalise additional offtake agreements and allows for a typical timeline to conclude both project equity and debt following the execution of offtake agreements.

10. SIGNIFICANT EVENTS AFTER BALANCE DATE (Continued)

(b) Bear Head LNG

U.S. Department of Energy Authorization for Exports to Non-FTA Countries

On 5 February 2016, the U.S. Department of Energy (**DOE**) issued final authorization for Bear Head LNG Corporation and Bear Head LNG (USA), LLC (together **Bear Head LNG**) to export liquefied natural gas derived from U.S. produced natural gas to countries that do not have free trade agreements (**FTA**) with the United States. The DOE decision is a determination that these exports are not inconsistent with the U.S. public interest. This approval, in addition to DOE's prior approval for exports to FTA countries, now allows Bear Head LNG to export LNG to countries with which trade is not prohibited by U.S. law or policy.

In tandem with the non-FTA export permit, DOE determined that Bear Head LNG does not require DOE's authorization for Canadian natural gas to pass through U.S. pipelines (in transit) on its way to the export facility in Nova Scotia. This outcome enhances Bear Head's commercial gas supply options by allowing a portion of supply requirements to come from Western and Central Canada largely using existing pipeline facilities.

(c) Corporate

Exercise of Options

On 9 February 2016, 100,000 shares were issued on the exercise of options. At the date of this report there are 2,409,000 options outstanding.

Directors' Declaration

In accordance with a resolution of the directors of Liquefied Natural Gas Limited, I state that:

In the opinion of the directors:

a) the financial statements, and notes of the Group are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

   (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Richard Beresford

R. J. Beresford

Chairman

Perth, Western Australia

29 February 2016

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Report on the Half-Year Financial Report to the members of Liquefied Natural Gas Limited

We have reviewed the accompanying half-year financial report of Liquefied Natural Gas Limited, which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Liquefied Natural Gas Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Liquefied Natural Gas Limited is not in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

D A Hall
Partner
Perth
29 February 2016