



ACN 101 676 779

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## **NOTICE OF ANNUAL GENERAL MEETING**

**The Annual General Meeting of the Company will be held at  
Fraser's Kings Park,  
Fraser Ave, Kings Park, West Perth, Western Australia, 6005  
on Thursday 17 November 2016 at 2:30pm (AWST).**

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*The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9366 3700.***

**Shareholders are urged to attend the Annual General Meeting or vote following the directions on the proxy form attached to the Notice.**

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# LIQUEFIED NATURAL GAS LIMITED

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Liquefied Natural Gas Limited (**Company**) will be held at Fraser's Kings Park, Fraser Avenue, Kings Park, West Perth, Western Australia on Thursday 17 November 2016 at 2:30pm (AWST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company on Tuesday 15 November 2016 at 4:00pm (AWST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

## AGENDA

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### 1. Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2016, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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### 2. Resolution 1 – Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That the Remuneration Report for the financial year ended 30 June 2016 be adopted."*

#### Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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### **3. Resolution 2 – Election of Philip D. Moeller as a Director**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That Mr Moeller who retires in accordance with Rule 9.1(e)(1) of the Constitution and, being eligible, offers himself for re-election, be elected as a Director."*

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### **4. Resolution 3 – Re-Election of Paul Joseph Cavicchi as a Director.**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That Mr Cavicchi who retires in accordance with Rule 9.1(e)(2) of the Constitution and, being eligible, offers himself for re-election, be elected as a Director."*

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### **5. Resolution 4 – Approval of Issue of Securities under NED Rights Plan**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the issue of securities under the NED Rights Plan on the terms and conditions summarised in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution 4 by any Director of the Company who is eligible to participate in the NED Rights Plan and any associate of such a Director. However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### **6. Resolution 5 – Issue of Incentive Rights to Gregory Matthew Vesey under Incentive Rights Plan**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, the grant of up to 1,600,000 Incentive Rights consisting of up to 960,000 Performance Rights and up to 640,000 Retention Rights to Gregory Matthew Vesey under the Incentive Rights Plan on the terms and conditions summarised in the Explanatory Memorandum be approved."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution 5 by any Director of the Company who is eligible to participate in the Incentive Rights Plan and any associate of such a Director. However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **7. Resolution 6 – Issue of NED Rights to Paul Joseph Cavicchi under NED Rights Plan**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, the grant of up to 248,400 NED Rights to Paul Joseph Cavicchi under the NED Rights Plan on the terms and conditions summarised in the Explanatory Memorandum be approved.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution 6 by any Director of the Company who is eligible to participate in the NED Rights Plan and any associate of such a Director. However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **8. Resolution 7 – Issue of NED Rights to Richard Jonathan Beresford under NED Rights Plan**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, the grant of up to 153,600 NED Rights to Richard Jonathan Beresford under the NED Rights Plan on the terms and conditions summarised in the Explanatory Memorandum be approved.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution 7 by any Director of the Company who is eligible to participate in the NED Rights Plan and any associate of such a Director. However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **9. Resolution 8 – Issue of NED Rights to Leeanne Kay Bond under NED Rights Plan**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, the grant of up to 153,600 NED Rights to Leeanne Kay Bond under the NED Rights Plan on the terms and conditions summarised in the Explanatory Memorandum be approved.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution 8 by any Director of the Company who is eligible to participate in the NED Rights Plan and any associate of such a Director. However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **10. Resolution 9 – Issue of NED Rights to Douglas Michael Steuert under NED Rights Plan**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, the grant of up to 153,600 NED Rights to Douglas Michael Steuert under the NED Rights Plan on the terms and conditions summarised in the Explanatory Memorandum be approved.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution 9 by any Director of the Company who is eligible to participate in the NED Rights Plan and any associate of such a Director. However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **11. Resolution 10 – Issue of NED Rights to Philip D. Moeller under NED Rights Plan**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, the grant of up to 153,600 NED Rights to Philip D. Moeller under the NED Rights Plan on the terms and conditions summarised in the Explanatory Memorandum be approved.”*

## **Voting Exclusion**

The Company will disregard any votes cast on this Resolution 10 by any Director of the Company who is eligible to participate in the NED Rights Plan and any associate of such a Director. However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
  - (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
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## **12. Resolution 11 – Board Spill Meeting (Contingent Resolution)**

*Note – the following Resolution will only be put to the Meeting if at least 25% of votes cast on Resolution 1 (to adopt the Remuneration Report) are “against” that Resolution. If less than 25% of the votes cast on Resolution 1 are against that Resolution, then there will be no second strike and Resolution 11 will not be put to the Meeting.*

*If put, the Meeting is to consider the following as an ordinary resolution:*

*“That, as required by Division 9 of Part 2G.2 of the Corporations Act:*

- (a) *a meeting of the Company’s members be held within 90 days of the date of this Meeting (the Spill Meeting);*
- (b) *all of the Directors in office when the Board resolution to approve the Directors’ Report for the financial year ended 30 June 2016 was passed (excluding the Managing Director, Mr Gregory M. Vesey) who remain in office as Directors at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting.”*

## **Voting Exclusion**

In accordance with section 250V(2) of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read "Kinga Doris". The signature is written in a cursive, flowing style.

Kinga Doris

**General Counsel and Joint Company Secretary**

Dated: 18 October 2016

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# LIQUEFIED NATURAL GAS LIMITED

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## EXPLANATORY MEMORANDUM

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### Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held Fraser's Kings Park, Fraser Avenue, Kings Park, West Perth, Western Australia, 6005 on Thursday 17 November 2016 at 2:30pm (AWST).

The Explanatory Memorandum forms part of the Notice, which should be read in its entirety. The Explanatory Memorandum contains information relevant to the approvals being sought at the Meeting.

To assist Shareholders in deciding how to vote on the Resolutions, the Explanatory Memorandum includes information under the following headings:

Section 1:	Annual Report
Section 2:	Resolution 1 – Remuneration Report
Section 3:	Resolution 2 – Election of Philip D. Moeller as a Director
Section 4:	Resolution 3 – Re-Election of Paul Joseph Cavicchi as a Director
Section 5:	Resolution 4 – Approval of Issue of Securities under NED Rights Plan
Section 6:	Resolutions 5 to 10 – Issues of Rights under the Plans
Section 7:	Resolution 5 – Issue of Incentive Rights to Gregory Matthew Vesey under Incentive Rights Plan
Section 8:	Resolution 6 – Issue of NED Rights to Paul Joseph Cavicchi under NED Rights Plan
Section 9:	Resolution 7 – Issue of NED Rights to Richard Jonathan Beresford under NED Rights Plan
Section 10:	Resolution 8 – Issue of NED Rights to Leeanne Kay Bond under NED Rights Plan
Section 11:	Resolution 9 – Issue of NED Rights to Douglas Michael Steuert under NED Rights Plan



Section 12:	Resolution 10 – Issue of NED Rights to Philip D. Moeller under NED Rights Plan
Section 13:	Resolution 11 – Board Spill Meeting (Contingent Resolution)
Schedule 1:	Definitions
Schedule 2:	Summary of Incentive Rights Plan
Schedule 3:	Summary of NED Rights Plan

## Proxies

A Proxy Form is attached to (and forms part of) the Notice. This is to be used by Shareholders if they wish to appoint a proxy to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company by no later than 2:30pm (AWST) on Tuesday 15 November 2016, being at least 48 hours before the Meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Alternatively, Shareholders can vote online by visiting <http://www.linkmarketservices.com.au>. Select “Investor & Employee Login” and enter Liquefied Natural Gas Limited or the ASX code (LNG) in the Issuer name field, your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) which is shown on the front of your Proxy Form, postcode and security code which is shown on the screen and click “Login”. Select the “Voting” tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

If you appoint the Chairman as your proxy, or the Chairman is appointed as your proxy by default, please note that the Chairman intends to vote all undirected proxies held by him, and which are able to be voted, **in favour** of Resolutions 1 to 10 and **against** Resolution 11 (if Resolution 11 is put to the Meeting).

## **Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)**

To the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 1 or 4 to 11 if the person is either a member of Key Management Personnel or a Closely Related Party of such a member and the appointment does not specify the way the proxy is to vote on the Resolution. However, the proxy may vote if the proxy is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on any of Resolutions 1 or 4 to 11, by signing and returning the Proxy Form (including via the online voting facility described above), you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

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## **1. Annual Report**

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2016.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at:  
<http://www.lnglimited.com.au/irm/content/annual-reports.aspx?RID=177>;
- (b) ask questions about, or comment on, the management of the Company;  
and
- (c) ask the auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, accounting policies adopted by the Company and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chairman or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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## 2. **Resolution 1 – Remuneration Report**

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the Key Management Personnel.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors or the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

However, under the “two strikes” rule, the Company will be required to put a resolution to Shareholders to hold new elections of Directors if, at two consecutive annual general meetings, more than 25% of the votes cast on a resolution to adopt the Remuneration Report (such as Resolution 1) are cast against that resolution. At the Company's 2015 annual general meeting, 34.4% of the votes were cast against the resolution to adopt the Remuneration Report. Accordingly, if 25% or more of the votes cast at the Meeting on Resolution 1 are against that Resolution to adopt the Remuneration Report, then the Company will be required to propose a resolution (the contingent resolution set out as Resolution 11) to hold another general meeting within the following 90 days (a **Spill Meeting**). If more than 50% of Shareholders vote in favour of Resolution 11, then at the Spill Meeting all Directors (other than the Managing Director) will cease to hold office immediately before the end of the Spill Meeting but may, if eligible, stand for re-election at the Spill Meeting. Following the Spill Meeting, those persons whose election or re-election as Directors is approved would (together with the Managing Director) be the Directors of the Company. For further details see Section 13 below.

Key Management Personnel, details of whose remuneration are included in the Remuneration Report, and their Closely Related Parties, are prohibited from voting on Resolution 1, except in the circumstances described in the voting exclusion set out in the Notice.

The Chairman will allow a reasonable opportunity for Shareholders at the Meeting to ask about, or make comments on, the Remuneration Report.

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board recommends that Shareholders vote in favour of the adoption of the Remuneration Report.

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## 3. **Resolution 2 – Election of Philip D. Moeller as a Director**

Rule 9.1(d) of the Constitution states that Directors may appoint any natural person to be a Director, either as an addition to the existing Directors or to fill a casual vacancy. Mr Philip D. Moeller has been appointed to be a Director as an addition to the existing Directors.

Rule 9.1(e)(1) of the Constitution requires that each person appointed under Rule 9.1(d) since the last annual general meeting must retire from office at the next annual general meeting.

Rule 9.1(h) of the Constitution provides that a Director who retires under Rule 9.1(e) of the Constitution is eligible for re-election.

Resolution 2 therefore provides that Mr Moeller seeks election as a Director.

Mr Moeller was appointed to the Board effective 7 December 2015. He was a member of the Audit Committee and Chair of the Governance and Nominating Committee.

The Board considers that Mr Moeller qualifies as an independent Director.

Based in Washington D.C., United States, Mr Moeller brings valuable government, legal and regulatory experience.

Mr Moeller served as a Commissioner of the Federal Energy Regulatory Commission (**FERC**) from July 2006 to October 2015. While serving on the FERC he focused on policies that encourage the construction of additional electric transmission and interstate natural gas infrastructure, and policies promoting well-functioning wholesale markets. From 1997 through 2000, Mr Moeller served as an energy policy advisor to U.S. Senator Slade Gorton (R-Washington). Prior to joining Senator Gorton's staff, he served for nearly ten years as the Staff Coordinator for the Washington State Senate Committee on Energy, Utilities and Telecommunications. Before becoming a Commissioner, Mr Moeller headed the Washington, D.C., office of Alliant Energy Corporation, an electric and natural gas utility company based in Madison, Wisconsin. Prior to Alliant Energy, Mr Moeller worked in the Washington office of Calpine Corporation.

Mr Moeller earned his bachelor degree in Political Science from Stanford University.

Mr Moeller contributes the following skills and experience to the Board:

- |                                      |                             |
|--------------------------------------|-----------------------------|
| - Government and community relations | - Risk management           |
| - Environmental and sustainability   | - Legal and regulatory      |
| - Corporate governance               | - Health and safety         |
| - Business strategy                  | - Contracts and negotiation |

The Board (excluding Mr Philip D. Moeller) recommends that Shareholders vote in favour of Resolution 2.

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#### **4. Resolution 3 – Re-Election of Paul Joseph Cavicchi as a Director**

Rule 9.1(e)(2) of the Constitution requires that one third of the Directors (excluding the Managing Director or any Director appointed since the last annual general meeting), rounded down if necessary to the nearest whole number, must retire from office at an annual general meeting.

Rule 9.1(h) of the Constitution provides that a Director who retires under Rule 9.1(e) of the Constitution is eligible for re-election.

Resolution 3 therefore provides that Mr Paul Joseph Cavicchi retires by rotation and seeks re-election.

Mr Cavicchi was appointed to the Board in 2014. He is Chair of the Compensation Committee and a member of Corporate Governance and Nominating Committee and the Safety Sustainability People and Culture Committee.

The Board considers that Mr Cavicchi qualifies as an independent Director.

As announced on 5 September 2016, Mr Cavicchi has been appointed by the Board as Chairman of the Board with effect from the close of the Meeting (subject to Resolution 3 being passed).

Mr Cavicchi has over 30 years' experience in the international energy industry across a range of natural gas and power projects, including the development and construction of LNG infrastructure. His most recent position was Executive Vice President of GDF SUEZ Energy North America, Inc. (**GSENA**), a subsidiary of GDF SUEZ Energy International, where he supervised and directed all business development and construction efforts for GSENA in the United States, Canada and Mexico. Previously, he held the roles of President and CEO of SUEZ Renewable Energy NA, LLC, and before that he was President and CEO of SUEZ Energy Generation North America, Inc.

Mr Cavicchi contributes the following skills and experience to the Board:

- |                                      |   |
|--------------------------------------|---|
| - Environmental and sustainability   | - Risk management                                 |
| - International experience           | - Legal and regulatory                            |
| - Marketing and business development | - Project engineering, construction and execution |
| - Project management                 | - Contracts and negotiation                       |
| - Finance                            | - Business strategy                               |
| - Government and community relations | - Mergers and acquisitions                        |
|                                      | - Health and safety                               |

The Board (excluding Mr Paul Joseph Cavicchi) recommends that Shareholders vote in favour of Resolution 3.

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## 5. Resolution 4 – Approval of Issues of Securities under NED Rights Plan

### 5.1 Background

The Company has in place the following Rights plans:

- (a) the Liquefied Natural Gas Limited Incentive Rights Plan (applicable to eligible employees of the Company and forming the LTI component of the executives' and staff remuneration structure); and
- (b) the Liquefied Natural Gas Limited Non-Executive Director (**NED**) Rights Plan (applicable to Non-Executive Directors),

(the **Plans**).

These Plans provide for the issuance of Rights which vest subject to the satisfaction of conditions. The conditions under the Incentive Rights Plan relate to performance and passing of time, while the conditions under the NED Rights Plan relate to the passing of time only.

The Plans were initially approved by Shareholders (for the purposes of Listing Rule 7.2 Exception 9(b)) at the 2013 annual general meeting held on 25 November 2013. Following the initial approval, a revised version of the Incentive Rights Plan was approved at the 2015 annual general meeting held on 19 November 2015.

Schedule 2 contains a summary of the Incentive Rights Plan and Schedule 3 contains a summary of the NED Rights Plan. Further details in relation to the Plans are set out in the 2013, 2014 and 2015 notices of annual general meeting which were released to ASX on 25 October 2013, 22 October 2014 and 19 October 2015 respectively.

## **5.2 Approval sought**

As set out in Section 5.1 above, three years have passed since the initial approval of the NED Rights Plan by Shareholders (for the purposes of Listing Rule 7.2, Exception 9(b)) at the annual general meeting held on 25 November 2013. Given that the approval for the NED Rights Plan is valid for three years from the date of Shareholder approval, the Company is seeking to renew the approval at the Meeting for the purposes of Listing Rule 7.2, Exception 9 (b) (so that issues made pursuant to the NED Rights Plan will not count towards the Company's Listing Rule 7.1 placement capacity). It is noted that this approval is not strictly required because grants of NED Rights approved under Listing Rule 10.14 already fall within an exception under Listing Rule 7.2. However, approval of the NED Rights Plan is being sought as a matter of good corporate governance.

The Incentive Rights Plan was last approved by Shareholders at the annual general meeting held on 19 November 2015 and therefore is not due for renewal until the 2018 annual general meeting.

The following information is provided for the purposes of Listing Rule 7.2 Exception 9(b):

### **(a) A summary of the terms of the NED Rights Plan**

A summary of the terms of the NED Rights Plan is set out in Schedule 3. A full copy of the terms of the NED Rights Plan will be sent to Shareholders on request.

### **(b) The number of securities issued under the NED Rights Plan since the date of the last approval**

As at the date of this Notice, a total of 150,212 NED Rights have been issued under the NED Rights Plan since the NED Rights Plan was approved by Shareholders at the annual general meeting held on 25 November 2013.

### **(c) A voting exclusion statement**

A voting exclusion statement for Resolution 4 is included in the Notice.

Mr Vesey, being the only Director not eligible to participate in the NED Rights Plan, recommends that Shareholders vote in favour of this Resolution 4.

## 6. Resolutions 5 to 10 – Issues of Rights under the Plans

### 6.1 Remuneration structure and policies

The Remuneration Report which is the subject of Resolution 1 sets out the remuneration policies of the Company and the remuneration structures for executives and staff and for NEDs.

The remuneration structure for executives and staff consists of a base salary, a short-term incentive (**STI**) based on corporate and individual performance and paid annually (subject to performance) and an annual grant of a long-term incentive (**LTI**) primarily based on the performance of the Company over multiple years.

The remuneration structure for NEDs consists of a base fee, certain committee fees and grants of options or NED Rights structured so as not to compromise the independence of the NEDs.

The Board recognises a need for the Company to manage its existing liquidity in line with its cash management plan. In addition, the composition of the Board of Directors has changed in recent years to comprise a majority of US-based NEDs. To conserve cash, the Board resolved to reduce the cash component of the relevant Board fees as provided below:

Director Pay Elements	2015	2016	Reduction Percentage
Chairman of the Board Base Fee	\$270,000	\$216,000	-20%
NED Base Fee	\$120,000	\$96,000	-20%
Committee Chair Fee	\$25,000	\$20,000	-20%
Committee Member Fee	\$12,500	\$10,000	-20%

**\*IMPORTANT NOTE:** The dollar amounts indicated above are Australian dollars for Australian-based NEDs and US dollars for US-based NEDs. No Australian dollar equivalent is provided as these amounts are subject to currency fluctuations. However, the Australian dollar equivalent can be ascertained by multiplying the USD:AUD exchange rate by the US dollar amount. As at 26 September 2016, the USD:AUD exchange rate was 1.308 (so, for example, a NED Base Fee of US\$96,000 would have converted to \$125,568 as at that date).

The grants of NED Rights to the NEDs will increase incrementally so that the cash component and the NED Right component of the NEDs' target compensation are more balanced. The target NED Right component will increase on average to 37% of the NED's total target remuneration, compared with an average of 31% of total NED remuneration in the prior year.

<b>NED Rights</b>	<b>2015</b>	<b>2016</b>	<b>Increase Percentage</b>
Chairman of the Board NED Rights	40% of Total Cash Fee	57.5% of Base Fee	+15%
NED Rights	40% of Total Cash Fees* (including committee fees)	80% of Base Fees* (excluding committee fees)	+17.3%

**\*IMPORTANT NOTE:** For the purpose of NED Rights calculations only, equity awards are calculated as if all NED fees were paid in Australian dollars, notwithstanding that US NEDs are paid the same dollar figure but in US dollars.

Upon vesting of a Right, the Shares issued to Directors and Key Management Personnel shall remain subject to the Company's Stock Ownership Guidelines as further provided below. Shares issued to a member of a Key Management Personnel shall initially be held in trust for the participant for a period of two years. All Shares issued under the Plans shall always remain subject to restrictions on dealing relating to compliance with the Company's securities trading policy and with all relevant insider trading laws.

The Board has adopted formal Stock Ownership Guidelines for Key Management Personnel whereby each member of Key Management Personnel shall maintain the following equity stake in the Company:



<b>Role</b>	<b>Minimum ownership by 30 June 2023</b>	<b>Holding requirement</b>
CEO	5x base pay	Each executive officer must retain 75 percent of all net Shares (post tax) that vest under the Incentive Rights Plan until the minimum Share ownership requirement is achieved.  If the executive officer is promoted to a position that has a higher ownership requirement, the higher standard will apply as of the promotion date and 75 percent of net vested Shares should be retained until such time that the higher ownership requirement is met.
CFO, CTO, CDO, GC	2.5x base pay	
Other executive officers designated by the Compensation Committee from time to time	2.5x base pay	

The Board has adopted formal Stock Ownership Guidelines for NEDs whereby each NED shall maintain the following minimum ownership in the Company:

<b>Role</b>	<b>Minimum ownership by 30 June 2023</b>	<b>Holding requirement</b>
Non-Executive Director	3x base fees	Each NED must retain 50 percent of all Shares that vest under the NED Rights Plan until the minimum Share ownership requirement is achieved.

In relation to the Incentive Rights Plan, the Compensation Committee considers that it is in the interests of Shareholders for selected executives to receive part of their total remuneration package in the form of at-risk securities that will vest based on performance against indicators that are linked to Shareholder benefit during a defined measurement period. The Incentive Rights Plan is therefore designed to accommodate a significant component of at-risk remuneration and to create alignment between Shareholder benefit and the remuneration of selected executives and Key Management Personnel. The Compensation Committee seeks to ensure that grants of Rights to executives are made at a level that will appropriately position their total remuneration package in the market, in accordance with the Company's remuneration policies. The Compensation Committee and the Board regularly review market positioning and the elements and mix of remuneration for Key Management Personnel to ensure remuneration remains

reasonable, within the range of market practices, and is appropriate to the circumstances of the Company and the relevant Key Management Personnel.

In relation to the NED Rights Plan, the Board recognises that some stakeholders see the participation of NEDs in securities based incentive plans designed for executives as compromising the independence of NEDs in overseeing the operation of the Incentive Rights Plan. Therefore, the Company designed a separate plan in order to provide securities to NEDs and grants of NED Rights made under the NED Rights Plan do not have any performance based vesting conditions and are not linked with the vesting of executive incentives.

## **6.2 Overview of approvals sought**

Listing Rule 10.11 requires a listed entity to obtain shareholder approval for the issue of securities to related parties, which include directors of a company.

Listing Rule 10.12, exception 4 provides that approval under Listing Rule 10.11 is not required where securities are to be issued to a person under an employee incentive scheme that has been approved under Listing Rule 10.14.

Listing Rule 10.14 requires a listed entity to obtain shareholder approval for the issue of securities under an 'employee incentive scheme' to certain parties, including a director, or an associate of a director, of the company.

Accordingly, the Company is seeking Shareholder approval under Listing Rule 10.14 before issuing Incentive Rights to Gregory Matthew Vesey under the Incentive Rights Plan, and before issuing NED Rights to the NEDs under the terms of the NED Rights Plan. Resolutions 5 to 10 seek Shareholder approval for this purpose.

All of the information that is required to be provided to Shareholders under Listing Rule 10.15 in order to obtain Shareholder approval under Listing Rule 10.14 for Resolutions 5 to 10 is set out in Sections 7 to 12 below.

If approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1 (and, if approved, the issues of Incentive Rights and NED Rights under Resolutions 5 to 10 will not count towards the Company's Listing Rule 7.1 placement capacity).

The Compensation Committee and the Board have, together with their professional advisers, considered the proposed issues of Rights to Directors and, taking into account the circumstances of the Company and its subsidiaries, the circumstances of the Directors and the remuneration practices of other similar entities, consider that the financial benefits provided to the Directors by way of the Rights (together with the other elements of their remuneration packages) constitute reasonable remuneration.

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## **7. Resolution 5 – Issue of Incentive Rights to Gregory Matthew Vesey under the Incentive Rights Plan**

Resolution 5 seeks Shareholder approval for the offer and issue of up to 1,600,000 Incentive Rights, consisting of up to 640,000 Retention Rights and up to 960,000

Performance Rights, to Mr Vesey or an entity or person associated with him in accordance with Listing Rule 10.14.

The following information is provided for the purposes of Listing Rule 10.15:

**(a) The maximum number of securities that may be acquired by all persons for whom approval is required**

A maximum of 1,600,000 Incentive Rights will be issued to Mr Vesey or an associated person or entity. These Incentive Rights could potentially vest and be exercised into no more than 1,600,000 Shares.

**(b) The price (including a statement whether the price will be, or be based on, the market price), or the formula for calculating the price, for each security to be acquired under the scheme**

The Company will issue the Incentive Rights to Mr Vesey or an associated person or entity at no cost and no exercise price will be payable upon vesting of the Incentive Rights. In accordance with the terms of the Incentive Rights Plan, the Incentive Rights will vest and convert to Shares in the Company if the following conditions are met:

**(i) Vesting of Retention Rights**

The Retention Rights will vest in full if Mr Vesey remains actively employed on the last date of the Measurement Period. The Measurement Period commenced on 1 July 2016 and ends on 30 June 2019.

**(ii) Vesting of Performance Rights**

The Performance Rights will partially or fully vest if the Company's Total Shareholder Return (**TSR**, as defined below) is equal to or greater than 100% of the Market Adjusted Total Shareholder Return (**MATSR**) of the ASX All Ordinaries Accumulation Index (**XAOAI**), with 25% vesting achieved if the Company's TSR is 100% of the XAOAI TSR (i.e. return performance percentages are equal) at the end of the Measurement Period and 100% vesting achieved if the Company's TSR is 200% of the XAOAI TSR or greater (i.e., Company's percentage return performance is at least double XAOAI's percentage return performance) at the end of the Measurement Period.

Vesting percentages for relative TSR performance between 100% and 200% of the XAOAI TSR will be calculated using linear interpolation, rounded down to the nearest whole Share; provided that, if the Company's TSR during the Measurement Period is negative (i.e. below 0%), the Performance Right payouts will be the lower of the linear interpolation calculation amount or 50% of the maximum award amount. The following table sets forth the vesting schedule for the Performance Rights.

<b>LNG TSR Relative to XAOAI TSR</b>	<b>Vesting % (of maximum grant)</b>	<b>Performance Level</b>
Less than 100%	0%	
100%	25%	Threshold
>100% < 200%	Linear Interpolation between 25% and 100%	
200% or Greater	100%	Target
TSR < 0%	Lower of linear interpolation calculation amount or 50% of Maximum Award	Award is Capped

The Measurement Period commenced on 1 July 2016 and ends on 30 June 2019.

For Mr Vesey, an additional 2-year retention period has been imposed during which any Shares issued on vesting of Incentive Rights may only be sold to cover tax liabilities resulting from the vesting.

Total shareholder return (**TSR**) is a measure which combines Share price appreciation over a period and dividends paid during that period (assuming dividends are reinvested into Shares) to show the total return to Shareholders over a period. When calculating the Company's TSR, its Share price at the beginning and end of the Measurement Period shall be calculated as the volume weighted average price (**VWAP**) of Shares on ASX over the 30 days immediately preceding the relevant dates.

The Board applied a VWAP of \$0.8703 for Shares and 48,530.4 for the XAOAI (the volume weighted average prices for a 30-day period ending on the first day of the Measurement Period).

**(c) The names of all persons referred to in Listing Rule 10.14 who received securities under the scheme since the last approval, the number of securities received, and acquisition price for each security**

Since the approval obtained at the 2015 annual general meeting, the following persons referred to in Listing Rule 10.14 have received Incentive Rights under the Incentive Rights Plan:

<b>Name</b>	<b>Date of issue</b>	<b>Number received</b>	<b>Acquisition Price</b>
Fletcher Maurice Brand	December 2015	563,345	Nil

Certain Incentive Rights were also issued under the Incentive Rights Plan to staff and consultants during the 2016 financial year.

**(d) The names of all persons referred to in Listing Rule 10.14 entitled to participate in the scheme**

The Incentive Rights Plan is open to employees and Executive Directors of the Company and its subsidiaries, at the discretion of the Board. Mr Vesey, as the Managing Director and Chief Executive Officer of the Company, is the only Director eligible to participate (directly or through his associated persons or entities) in the Incentive Rights Plan.

Any further persons referred to in Listing Rule 10.14 (for whom Shareholder approval is required) will not participate in the Incentive Rights Plan unless and until approval is obtained under Listing Rule 10.14.

**(e) A voting exclusion statement**

A voting exclusion statement for Resolution 5 is included in the Notice.

**(f) The terms of any loan in relation to the acquisition**

The Company will not loan any monies in relation to the acquisition of Incentive Rights by Mr Vesey or on vesting of the Incentive Rights.

**(g) The date by which the entity will issue the securities, which must be no later than 12 months after the meeting**

Subject to Shareholder approval, the Incentive Rights will be issued to Mr Vesey on a date not later than 12 months after the date of the Meeting.

**(h) Other information that may be relevant to the decision of Shareholders**

- (i) Mr Vesey currently receives a base salary of US\$635,000 per annum, equivalent to \$846,667 based on the exchange rate of 0.75.
- (ii) Mr Vesey currently holds 200,000 Shares and does not hold any Incentive Rights.
- (iii) Should the Incentive Rights to be granted to Mr Vesey in accordance with Resolution 5 vest at the maximum level, his interest in the Company's issued capital will increase by approximately 0.3% (assuming no prior exercise of Rights or Options by any other holder). In turn, the remaining Shareholders will have their existing interests diluted in proportion to the additional 1,600,000 Shares that will issue on vesting of these Incentive Rights.
- (iv) There will be no amount raised due to the vesting of Mr Vesey's Incentive Rights.
- (v) A valuation of the Incentive Rights has been undertaken by an independent accounting firm, HLB Mann Judd, with each Performance Right being valued at \$0.3993 and each Retention Right being valued at \$0.595, giving the Incentive Rights a maximum total value of \$764,160.53 as at the date of the valuation (being 26 September 2016). The key assumptions underpinning the valuation were as follows:
  - (A) The measurement date is the grant date, which is generally the date of Shareholder approval. For the purposes of this

valuation, a proxy grant date of 26 September 2016 has been used;

- (B) The Share price on the grant date was assumed to be \$0.5801 (being a 30 day VWAP as at 26 September 2016) for the Performance Rights and \$0.595 (closing price) for the Retention Rights;
  - (C) Risk-free rate of 1.59%;
  - (D) Volatility of the underlying Share of 89.6% (the volatility of the XAOAI assumed to be 13.7% for the equivalent period);
  - (E) There being a three year vesting period and two year retention period; and
  - (F) The valuation of the Performance Rights was conducted using Monte Carlo and Trinomial Tree Methods and the valuation of the Retention Rights was conducted using a Trinomial Tree Method.
- (vi) Note: The valuation noted above is not necessarily the market price that the Incentive Rights could be traded at and is not automatically the market price for taxation purposes.
  - (vii) All of the Directors, other than Mr Vesey, agree that the number of Incentive Rights to be issued to Mr Vesey is appropriate given the benefit to the Company of retaining his services.
  - (viii) Details of any Incentive Rights issued under the Incentive Rights Plan will be published in each annual report of the Company relating to a period in which Incentive Rights have been issued, and noting that approval for the issue of Incentive Rights was obtained under Listing Rule 10.14.

**(i) Non-Executive Directors' recommendation**

The Non-Executive Directors consider that the issue of Incentive Rights to Mr Vesey under the Incentive Rights Plan is in the Company's interests as it further aligns the interests of Mr Vesey as an Executive Director with the interests of the Company's Shareholders in order to maximise Shareholder value. Further, the issue of the Incentive Rights provides cost effective consideration to Mr Vesey in his role as Managing Director and Chief Executive Officer of the Company.

Accordingly, the Non-Executive Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

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## **8. Resolution 6 – Issue of NED Rights to Paul Joseph Cavicchi under the NED Rights Plan**

Resolution 6 seeks Shareholder approval for the offer and issue of up to 248,400 NED Rights to Paul Joseph Cavicchi, or an entity or person associated with him. The NED Rights represent a value of up to \$124,200, which amount represents 57.5% of the base Chairman fee of \$216,000 for the current financial year (although note that Mr Cavicchi, a US-based Director, will be paid his base fee as Chairman of the Board in US dollars (ie, US\$216,000) and not in Australian dollars).

The actual number of NED Rights to be issued to Mr Cavicchi will be determined by dividing \$124,200 by the relevant closing price of Shares on ASX as at the date of issue of the NED Rights. The maximum number of NED Rights that may be issued under Resolution 6 is capped at 248,400 (which was calculated by dividing \$124,200 by an assumed "floor" Share price of \$0.50 for the purposes of calculating the maximum number of NED Rights).

The following information is provided for the purposes of Listing Rule 10.15:

**(a) The maximum number of securities that may be acquired by all persons for whom approval is required**

A maximum of 248,400 NED Rights will be issued to Mr Cavicchi or an associated person or entity. These could potentially vest and be exercised into no more than 248,400 Shares.

**(b) The price (including a statement whether the price will be, or be based on, the market price), or the formula for calculating the price, for each security to be acquired under the scheme**

The Company will issue the NED Rights to Mr Cavicchi or an associated person or entity at no cost. The NED Rights will vest 12 months after Shareholder approval. No exercise price will be payable upon vesting.

**(c) The names of all persons referred to in Listing Rule 10.14 who received securities under the scheme since the last approval, the number of securities received, and acquisition price for each security**

Since the approval obtained at the annual general meeting held on 19 November 2015, the following persons referred to in Listing Rule 10.14 have received NED Rights under the NED Rights Plan:

Name	Date of issue	Number received	Acquisition Price
Richard Jonathan Beresford	December 2015	27,041	Nil
Leeanne Kay Bond	December 2015	15,774	Nil
Paul Joseph Cavicchi	December 2015	15,148	Nil
D Michael Steuert	December 2015	15,148	Nil

**(d) The names of all persons referred to in Listing Rule 10.14 entitled to participate in the scheme**

The NED Rights Plan is open to Non-Executive Directors of the Company, at the discretion of the Board. Each of the Non-Executive Directors (Mr Richard Jonathan Beresford, Ms Leeanne Kay Bond, Mr Paul Joseph Cavicchi, Mr Douglas Michael Steuert and Mr Philip D. Moeller) is eligible to participate (directly or through associated persons or entities) in the NED Rights Plan.

Any future Non-Executive Directors will not participate in the NED Rights Plan unless and until approval is obtained under Listing Rule 10.14.

**(e) A voting exclusion statement**

A voting exclusion statement for Resolution 6 is included in the Notice.

**(f) The terms of any loan in relation to the acquisition**

The Company will not loan any monies in relation to the acquisition of NED Rights by Mr Cavicchi or on vesting of the NED Rights.

**(g) The date by which the entity will issue the securities, which must be no later than 12 months after the meeting**

Subject to Shareholder approval, the NED Rights will be issued to Mr Cavicchi on a date not later than 12 months after the Meeting.

**(h) Other information that may be relevant to the decision of Shareholders**

- (i) Upon re-election as a Director pursuant to Resolution 3, Mr Cavicchi will be Chairman of the Board and will receive director's fees of US\$216,000 per annum (exclusive of GST).
- (ii) Mr Cavicchi received director's fees of US\$156,468 in the 2016 financial year (exclusive of GST), equivalent to \$215,609 based on an average exchange rate of 0.7257 over the financial year.
- (iii) Mr Cavicchi currently holds 7,097 Shares and 15,148 NED Rights.
- (iv) Should the maximum number of NED Rights to be granted to Mr Cavicchi in accordance with Resolution 6 vest, his interest in the Company's issued capital will increase by approximately 0.05% (assuming no prior exercise of the NED Rights currently held by Mr Cavicchi and no prior exercise of Rights or Options by any other holder). In turn, the remaining Shareholders will have their existing interests diluted in proportion to the additional 248,400 Shares that will issue on vesting of these NED Rights.
- (v) There will be no amount raised due to the vesting of Mr Cavicchi's NED Rights.
- (vi) A valuation of the NED Rights has been undertaken by an independent accounting firm, HLB Mann Judd, with each NED Right being valued at \$0.595, giving these NED Rights a total value of \$147,798 as at the date of the valuation (being 26 September 2016). The key assumptions underpinning the valuation were as follows:
  - (A) The measurement date is the grant date, which is generally the date of Shareholder approval. For the purposes of this valuation, a proxy grant date of 26 September 2016 has been used;
  - (B) The Share price at grant was \$0.595;
  - (C) Risk-free rate of 1.64%;
  - (D) Volatility of the underlying Share of 94.8%;
  - (E) Vesting occurs following a period of 12-months continuous service; and
  - (F) The valuation was conducted using the Trinomial Tree Method.
- (vii) Note: The valuation noted above is not necessarily the market price that the NED Rights could be traded at and is not automatically the market price for taxation purposes.
- (viii) All of the Directors other than Mr Cavicchi agree that the number of NED Rights to be issued to Mr Cavicchi is appropriate given his



service to the Company and the benefit to the Company of retaining his services.

- (ix) Details of any NED Rights issued under the NED Rights Plan will be published in each annual report of the Company relating to a period in which NED Rights have been issued, and noting that approval for the issue of NED Rights was obtained under Listing Rule 10.14.

**(i) Directors' recommendation**

Mr Vesey, being the only Director not eligible to participate in the NED Rights Plan, recommends that Shareholders vote in favour of this Resolution 6.

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## **9. Resolution 7 – Issue of NED Rights to Richard Jonathan Beresford under the NED Rights Plan**

Resolution 7 seeks Shareholder approval for the offer and issue of up to 153,600 NED Rights to Richard Jonathan Beresford, or an entity or person associated with him. The NED Rights represent a value of up to \$76,800, which amount represents 80% of the base NED fee of \$96,000 for the current financial year.

The actual number of NED Rights to be issued to Mr Beresford will be determined by dividing \$76,800 by the relevant closing price of Shares on ASX as at the date of issue of the NED Rights. The maximum number of NED Rights that may be issued under Resolution 7 is capped at 153,600 (which was calculated by dividing \$76,800 by an assumed "floor" Share price of \$0.50 for the purposes of calculating the maximum number of NED Rights).

The following information is provided for the purposes of Listing Rule 10.15:

**(a) The maximum number of securities that may be acquired by all persons for whom approval is required**

A maximum of 153,600 NED Rights will be issued to Mr Beresford or an associated person or entity. These could potentially vest and be exercised into no more than 153,600 Shares.

**(b) The price (including a statement whether the price will be, or be based on, the market price), or the formula for calculating the price, for each security to be acquired under the scheme**

The Company will issue the NED Rights to Mr Beresford or an associated person or entity at no cost. The NED Rights will vest 12 months after Shareholder approval. No exercise price will be payable upon vesting.

**(c) The names of all persons referred to in Listing Rule 10.14 who received securities under the scheme since the last approval, the number of securities received, and acquisition price for each security**

See table in Section 8(c) above for a list of persons referred to in Listing Rule 10.14 who have received NED Rights under the NED Rights Plan since the approval obtained at the 2015 annual general meeting.

**(d) The names of all persons referred to in Listing Rule 10.14 entitled to participate in the scheme**

The NED Rights Plan is open to Non-Executive Directors of the Company, at the discretion of the Board. Each of the Non-Executive Directors (Mr Richard Jonathan Beresford, Ms Leeanne Kay Bond, Mr Paul Joseph Cavicchi, Mr Douglas Michael Steuert and Mr Philip D. Moeller) is eligible to participate (directly or through associated persons or entities) in the NED Rights Plan.

Any future Non-Executive Directors will not participate in the NED Rights Plan unless and until approval is obtained under Listing Rule 10.14.

**(e) A voting exclusion statement**

A voting exclusion statement for Resolution 7 is included in the Notice.

**(f) The terms of any loan in relation to the acquisition**

The Company will not loan any monies in relation to the acquisition of NED Rights by Mr Beresford or on vesting of the NED Rights.

**(g) The date by which the entity will issue the securities, which must be no later than 12 months after the meeting**

Subject to Shareholder approval, the NED Rights will be issued to Mr Beresford on a date not later than 12 months after the Meeting.

**(h) Other information that may be relevant to the decision of Shareholders**

- (i) Mr Beresford is currently Chairman of the Board but will step down as Chairman (but remain on the Board as a NED) from the close of the Meeting. Consequently, he will earn base NED fees of \$96,000 (exclusive of GST) and his aggregate director's fees (base fees and committee fees) will total \$116,000 per annum (exclusive of GST).
- (ii) Mr Beresford received director's fees of \$270,000 in financial year 2016 (exclusive of GST).
- (iii) Mr Beresford currently holds 446,837 Shares and 27,041 NED Rights.
- (iv) Should the maximum number of NED Rights to be granted to Mr Beresford in accordance with Resolution 7 vest, his interest in the Company's issued capital will increase by approximately 0.03% (assuming no prior exercise of the NED Rights currently held by Mr Beresford and no prior exercise of Rights or Options by any other holder). In turn, the remaining Shareholders will have their existing interests diluted in proportion to the additional 153,600 Shares that will issue on vesting of these NED Rights.
- (v) There will be no amount raised due to the vesting of Mr Beresford's NED Rights.
- (vi) A valuation of the NED Rights has been undertaken by an independent account accounting firm, HLB Mann Judd, with each NED Right being valued at \$0.595, giving these NED Rights a total value of \$91,392 as at the date of the valuation (being 26 September 2016). The key assumptions underpinning the valuation were as follows:
  - (A) The measurement date is the grant date, which is generally the date of Shareholder approval. For the purposes of this

valuation, a proxy grant date of 26 September 2016 has been used;

- (B) The Share price at grant was assumed to be \$0.595;
  - (C) Risk-free rate of 1.64%;
  - (D) Volatility of the underlying Share of 94.8%;
  - (E) Vesting occurs following a period of 12-months continuous service; and
  - (F) The valuation was conducted using a Trinomial Tree Method.
- (vii) Note: The valuation noted above is not necessarily the market price that the NED Rights could be traded at and is not automatically the market price for taxation purposes.
- (viii) All of the Directors other than Mr Beresford agree that the number of NED Rights to be issued to Mr Beresford is appropriate given his service to the Company and the benefit to the Company of retaining his services.
- (ix) Details of any NED Rights issued under the NED Rights Plan will be published in each annual report of the Company relating to a period in which NED Rights have been issued, and noting that approval for the issue of NED Rights was obtained under Listing Rule 10.14.

**(i) Directors' recommendation**

Mr Vesey, being the only Director not eligible to participate in the NED Rights Plan, recommends that Shareholders vote in favour of this Resolution 7.

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## **10. Resolution 8 – Issue of NED Rights to Leeanne Kay Bond under the NED Rights Plan**

Resolution 8 seeks Shareholder approval for the offer and issue of up to 153,600 NED Rights to Leeanne Kay Bond, or an entity or person associated with her. The NED Rights represent a value of up to \$76,800, which amount represents 80% of the base NED fee of \$96,000 for the current financial year.

The actual number of NED Rights to be issued to Ms Bond will be determined by dividing \$76,800 by the relevant closing price of Shares on ASX as at the date of issue of the NED Rights. The maximum number of NED Rights that may be issued under Resolution 8 is capped at 153,600 (which was calculated by dividing \$76,800 by an assumed "floor" Share price of \$0.50 for the purposes of calculating the maximum number of NED Rights).

The following information is provided for the purposes of Listing Rule 10.15:

**(a) The maximum number of securities that may be acquired by all persons for whom approval is required**

A maximum of 153,600 NED Rights will be issued to Ms Bond or an associated person or entity. These could potentially vest and be exercised into no more than 153,600 Shares.

- (b) The price (including a statement whether the price will be, or be based on, the market price), or the formula for calculating the price, for each security to be acquired under the scheme**

The Company will issue the NED Rights to Ms Bond or an associated person or entity at no cost. The NED Rights will vest 12 months after Shareholder approval. No exercise price will be payable upon vesting.

- (c) The names of all persons referred to in Listing Rule 10.14 who received securities under the scheme since the last approval, the number of securities received, and acquisition price for each security**

See table in Section 8(c) above for a list of persons referred to in Listing Rule 10.14 who have received NED Rights under the NED Rights Plan since the approval obtained at the 2015 annual general meeting.

- (d) The names of all persons referred to in Listing Rule 10.14 entitled to participate in the scheme**

The NED Rights Plan is open to Non-Executive Directors of the Company, at the discretion of the Board. Each of the Non-Executive Directors (Mr Richard Jonathan Beresford, Ms Leeanne Kay Bond, Mr Paul Joseph Cavicchi, Mr Douglas Michael Steuert and Mr Philip D. Moeller) is eligible to participate (directly or through associated persons or entities) in the NED Rights Plan.

Any future Non-Executive Directors will not participate in the NED Rights Plan unless and until approval is obtained under Listing Rule 10.14.

- (e) A voting exclusion statement**

A voting exclusion statement for Resolution 8 is included in the Notice.

- (f) The terms of any loan in relation to the acquisition**

The Company will not loan any monies in relation to the acquisition of NED Rights by Ms Bond or on vesting of the NED Rights.

- (g) The date by which the entity will issue the securities, which must be no later than 12 months after the meeting**

Subject to Shareholder approval, the NED Rights will be issued to Ms Bond on a date not later than 12 months after the Meeting.

- (h) Other information that may be relevant to the decision of Shareholders**

(i) Ms Bond currently receives base NED fees of \$96,000 (exclusive of GST) and her aggregate director's fees (base fees and committee fees) will total \$136,000 per annum (exclusive of GST).

(ii) Ms Bond received director's fees of \$162,710 in the 2016 financial year (exclusive of GST).

(iii) Ms Bond currently holds 29,428 Shares and 15,774 NED Rights.

(iv) Should the maximum number of NED Rights to be granted to Ms Bond in accordance with Resolution 7 vest, her interest in the Company's issued capital will increase by approximately 0.03% (assuming no prior exercise of the NED Rights currently held by Ms Bond and no prior

exercise of Rights or Options by any other holder). In turn, the remaining Shareholders will have their existing interests diluted in proportion to the additional 153,600 Shares that will issue on vesting of these NED Rights.

- (v) There will be no amount raised due to the vesting of Ms Bond's NED Rights.
- (vi) A valuation of the NED Rights has been undertaken by an independent accounting firm, HLB Mann Judd, with each NED Right being valued at \$0.595, giving these NED Rights a total value of \$91,392 as at the date of the valuation (being 26 September 2016). The key assumptions underpinning the valuation were as follows:
  - (A) The measurement date is the grant date, which is generally the date of Shareholder approval. For the purposes of this valuation, a proxy grant date of 26 September 2016 has been used;
  - (B) The Share price at grant was \$0.595;
  - (C) Risk-free rate of 1.64%;
  - (D) Volatility of the underlying Share of 94.8%;
  - (E) Vesting occurs following a period of 12-months continuous service; and
  - (F) The valuation was conducted using a Trinomial Tree Method.
- (vii) Note: The valuation noted above is not necessarily the market price that the NED Rights could be traded at and is not automatically the market price for taxation purposes.
- (viii) All of the Directors other than Ms Bond agree that the number of NED Rights to be issued to Ms Bond is appropriate given her service to the Company and the benefit to the Company of retaining her services.
- (ix) Details of any NED Rights issued under the NED Rights Plan will be published in each annual report of the Company relating to a period in which NED Rights have been issued, and noting that approval for the issue of NED Rights was obtained under Listing Rule 10.14.

**(i) Directors' recommendation**

Mr Vesey, being the only Director not eligible to participate in the NED Rights Plan, recommends that Shareholders vote in favour of this Resolution 8.

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## **11. Resolution 9 – Issue of NED Rights to Douglas Michael Steuert under the NED Rights Plan**

Resolution 9 seeks Shareholder approval for the offer and issue of up to 153,600 NED Rights to Mr Douglas Michael Steuert, or an entity or person associated with him. The NED Rights represent a value of up to \$76,800, which amount represents 80% of the base NED fee of \$96,000 for the current financial year.

The actual number of NED Rights to be issued to Mr Steuert will be determined by dividing \$76,800 by the relevant closing price of Shares on ASX as at the date of issue of the NED Rights. The maximum number of NED Rights that may be issued

under Resolution 9 is capped at 153,600 (which was calculated by dividing \$76,800 by an assumed "floor" Share price of \$0.50 for the purposes of calculating the maximum number of NED Rights).

The following information is provided for the purposes of Listing Rule 10.15:

**(a) The maximum number of securities that may be acquired by all persons for whom approval is required**

A maximum of 153,600 NED Rights will be issued to Mr Steuert or an associated person or entity. These could potentially vest and be exercised into no more than 153,600 Shares.

**(b) The price (including a statement whether the price will be, or be based on, the market price), or the formula for calculating the price, for each security to be acquired under the scheme**

The Company will issue the NED Rights to Mr Steuert or an associated person or entity at no cost. The NED Rights will vest 12 months after Shareholder approval. No exercise price will be payable upon vesting.

**(c) The names of all persons referred to in Listing Rule 10.14 who received securities under the scheme since the last approval, the number of securities received, and acquisition price for each security**

See table in Section 8(c) above for a list of persons referred to in Listing Rule 10.14 who have received NED Rights under the NED Rights Plan since the approval obtained at the 2015 annual general meeting.

**(d) The names of all persons referred to in Listing Rule 10.14 entitled to participate in the scheme**

The NED Rights Plan is open to Non-Executive Directors of the Company, at the discretion of the Board. Each of the Non-Executive Directors (Mr Richard Jonathan Beresford, Ms Leeanne Kay Bond, Mr Paul Joseph Cavicchi, Mr Douglas Michael Steuert and Mr Philip D. Moeller) is eligible to participate (directly or through associated persons or entities) in the NED Rights Plan.

Any future Non-Executive Directors will not participate in the NED Rights Plan unless and until approval is obtained under Listing Rule 10.14.

**(e) A voting exclusion statement**

A voting exclusion statement for Resolution 8 is included in the Notice.

**(f) The terms of any loan in relation to the acquisition**

The Company will not loan any monies in relation to the acquisition of NED Rights by Mr Steuert or on vesting of the NED Rights.

**(g) The date by which the entity will issue the securities, which must be no later than 12 months after the meeting**

Subject to Shareholder approval, the NED Rights will be issued to Mr Steuert on a date not later than 12 months after the Meeting.

**(h) Other information that may be relevant to the decision of Shareholders**

- (i) Mr Steuert currently receives base NED fees of US\$96,000 (exclusive of GST) and his aggregate director's fees (base fees and committee fees) total US\$126,000 per annum (exclusive of GST).
- (ii) Mr Steuert received director's fees of US\$151,245 in the 2016 financial year (exclusive of GST), equivalent to approximately \$208,499 based on an average exchange rate of 0.7254 over the financial year.
- (iii) Mr Steuert currently holds no Shares and 15,148 NED Rights.
- (iv) Should the maximum number of NED Rights to be granted to Mr Steuert in accordance with Resolution 9 vest, his interest in the Company's issued capital will increase by approximately 0.03% (assuming no prior exercise of the NED Rights currently held by Mr Steuert and no prior exercise of Rights or Options by any other holder). In turn, the remaining Shareholders will have their existing interests diluted in proportion to the additional 153,600 Shares that will issue on vesting of these NED Rights.
- (v) There will be no amount raised due to the vesting of Mr Steuert's NED Rights.
- (vi) A valuation of the NED Rights has been undertaken by an independent accounting firm, HLB Mann Judd, with each NED Right being valued at \$0.595, giving these NED Rights a total value of \$91,392 as at the date of the valuation (being 26 September 2016). The key assumptions underpinning the valuation were as follows:
  - (A) The measurement date is the grant date, which is generally the date of Shareholder approval. For the purposes of this valuation, a proxy grant date of 26 September 2016 has been used;
  - (B) The Share price at grant was \$0.595;
  - (C) Risk-free rate of 1.64%;
  - (D) Volatility of the underlying Share of 94.8%;
  - (E) Vesting occurs following a period of 12-months continuous service; and
  - (F) The valuation was conducted using a Trinomial Tree Method.
- (vii) Note: The valuation noted above is not necessarily the market price that the NED Rights could be traded at and is not automatically the market price for taxation purposes.
- (viii) All of the Directors other than Mr Steuert agree that the number of NED Rights to be issued to Mr Steuert is appropriate given his service to the Company and the benefit to the Company of retaining his services.
- (ix) Details of any NED Rights issued under the NED Rights Plan will be published in each annual report of the Company relating to a period in

which NED Rights have been issued, and noting that approval for the issue of NED Rights was obtained under Listing Rule 10.14.

**(i) Directors' recommendation**

Mr Vesey, being the only Director not eligible to participate in the NED Rights Plan, recommends that Shareholders vote in favour of this Resolution 9.

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## **12. Resolution 10 – Issue of NED Rights to Philip D. Moeller under the NED Rights Plan**

Resolution 10 seeks Shareholder approval for the offer and issue of up to 153,600 NED Rights to Mr Philip D. Moeller, or an entity or person associated with him. The NED Rights represent a value of up to \$76,800, which amount represents 80% of the base NED fee of US\$96,000 for the current financial year.

The actual number of NED Rights to be issued to Mr Moeller will be determined by dividing \$76,800 by the relevant closing price of Shares on ASX as at the date of issue of the NED Rights. The maximum number of NED Rights that may be issued under Resolution 10 is capped at 153,600 (which was calculated by dividing \$76,800 by an assumed "floor" Share price of \$0.50 for the purposes of calculating the maximum number of NED Rights).

The following information is provided for the purposes of Listing Rule 10.15:

**(a) The maximum number of securities that may be acquired by all persons for whom approval is required**

A maximum of 153,600 NED Rights will be issued to Mr Moeller or an associated person or entity. These could potentially vest and be exercised into no more than 153,600 Shares.

**(b) The price (including a statement whether the price will be, or be based on, the market price), or the formula for calculating the price, for each security to be acquired under the scheme**

The Company will issue the NED Rights to Mr Moeller or an associated person or entity at no cost. The NED Rights will vest 12 months after Shareholder approval. No exercise price will be payable upon vesting.

**(c) The names of all persons referred to in Listing Rule 10.14 who received securities under the scheme since the last approval, the number of securities received, and acquisition price for each security**

See table in Section 8(c) above for a list of persons referred to in Listing Rule 10.14 who have received NED Rights under the NED Rights Plan since the approval obtained at the 2015 annual general meeting.

**(d) The names of all persons referred to in Listing Rule 10.14 entitled to participate in the scheme**

The NED Rights Plan is open to Non-Executive Directors of the Company, at the discretion of the Board. Each of the Non-Executive Directors (Mr Richard Jonathan Beresford, Ms Leeanne Kay Bond, Mr Paul Joseph Cavicchi, Mr



Douglas Michael Steuert and Mr Philip D. Moeller) is eligible to participate (directly or through associated persons or entities) in the NED Rights Plan.

Any future Non-Executive Directors will not participate in the NED Rights Plan unless and until approval is obtained under Listing Rule 10.14.

(e) **A voting exclusion statement**

A voting exclusion statement for Resolution 10 is included in the Notice.

(f) **The terms of any loan in relation to the acquisition**

The Company will not loan any monies in relation to the acquisition of NED Rights by Mr Moeller or on vesting of the NED Rights.

(g) **The date by which the entity will issue the securities, which must be no later than 12 months after the meeting**

Subject to Shareholder approval, the NED Rights will be issued to Mr Moeller on a date not later than 12 months after the Meeting.

(h) **Other information that may be relevant to the decision of Shareholders**

- (i) Mr Moeller currently receives base NED fees of US\$96,000 and his aggregate director's fees (base fees and committee fees) total US\$126,000 per annum (exclusive of GST).
- (ii) Mr Moeller received director's fees of US\$83,625 in the 2016 financial year (exclusive of GST) equivalent to approximately \$113,812 based on an exchange rate of 0.7348 during Mr Moeller's tenure with the Board.
- (iii) Mr Moeller currently holds 46,000 Shares via American Depository Receipts and no NED Rights.
- (iv) Should the maximum number of NED Rights to be granted to Mr Moeller in accordance with Resolution 10 vest, his interest in the Company's issued capital will increase by approximately 0.03% (assuming no prior exercise of Rights or Options by any other holder). In turn, the remaining Shareholders will have their existing interests diluted in proportion to the additional 153,600 Shares that will issue on vesting of these NED Rights.
- (v) There will be no amount raised due to the vesting of Mr Moeller's NED Rights.
- (vi) A valuation of the NED Rights has been undertaken by an independent accounting firm, HLB Mann Judd, with each NED Right being valued at \$0.595, giving these NED Rights a total value of \$91,392 as at the date of the valuation (being 26 September 2016). The key assumptions underpinning the valuation were as follows:
  - (A) The measurement date is the grant date, which is generally the date of Shareholder approval. For the purposes of this valuation, a proxy grant date of 26 September 2016 has been used;
  - (B) The Share price at grant was \$0.595;

- (C) Risk-free rate of 1.64%;
- (D) Volatility of the underlying Share of 94.8%;
- (E) Vesting occurs following a period of 12 months continuous service; and
- (F) The valuation was conducted using a Trinomial Tree Method.

(vii) Note: The valuation noted above is not necessarily the market price that the NED Rights could be traded at and is not automatically the market price for taxation purposes.

(viii) All of the Directors other than Mr Moeller agree that the number of NED Rights to be issued to Mr Moeller is appropriate given his service to the Company and the benefit to the Company of retaining his services.

(ix) Details of any NED Rights issued under the NED Rights Plan will be published in each annual report of the Company relating to a period in which NED Rights have been issued, and noting that approval for the issue of NED Rights was obtained under Listing Rule 10.14.

(i) **Directors' recommendation**

Mr Vesey, being the only Director not eligible to participate in the NED Rights Plan, recommends that Shareholders vote in favour of this Resolution 10.

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## 13. **Resolution 11 – Board Spill Meeting (Contingent Resolution)**

Resolution 11 (the **Spill Resolution**) is a contingent Resolution and will only be put to the Meeting and voted on if 25% or more of the votes cast on Resolution 1 are cast against the adoption of the Remuneration Report, which means the Company receives a “second strike”. If less than 25% of votes cast are against the Remuneration Report at this Meeting, then there will be no “second strike” and Resolution 11 will not be put to the Meeting.

If put, the Spill Resolution will be considered as an ordinary resolution. If this Spill Resolution is passed and becomes effective, then it will be necessary for the Board to convene a further general meeting of Shareholders (the **Spill Meeting**), within 90 days of this Meeting in order to consider the composition of the Board.

### **Mechanics of the potential Spill Meeting**

Shareholders should note the following if the Spill Resolution is approved and a Spill Meeting is required to be held by the Company.

- (a) All of the Directors who remain in office as Directors at the time of the Spill Meeting and who were in office when the Board resolution to approve the Directors' Report was passed (but excluding the Managing Director), being each of:
  - (i) Mr Richard Beresford;
  - (ii) Mr Michael Steuert;

- (iii) Ms LEEANNE BOND;
- (iv) Mr Paul CAVICCHI; and
- (v) Mr Philip MOELLER,

(the **Relevant Directors**) will automatically vacate their office immediately before the end of the Spill Meeting unless they are willing to stand for re-election and are re-elected at the Spill Meeting. For the avoidance of doubt, this includes Mr Philip Moeller and Mr Paul Cavicchi, despite those Directors already being subject to election at this Meeting.

- (b) No voting exclusions will apply to any resolutions appointing Directors at a Spill Meeting. Accordingly, there is no barrier for any Shareholder exercising their voting rights to support the re-appointment of the existing Directors at the subsequent Spill Meeting. If the Spill Resolution is passed, each of the Relevant Directors intends to stand for re-election at the Spill Meeting and if such Spill Meeting is held, may vote their own shares in support of their re-appointment.
- (c) Shareholders will be able to put forward their own nominees for consideration and potential election at the Spill Meeting.

The Corporations Act requires the Company to have a minimum of three Directors (including at least two Directors who ordinarily reside in Australia). If, following the Spill Meeting, the Company has fewer than three Directors (including the Managing Director), then the persons with the highest percentage of votes in favour of their election at Spill Meeting are taken to be appointed, even if less than half the votes cast on the Resolution were in favour of their appointment. If two or more persons have the same percentage of votes in favour of their appointment, the other Directors will choose one of those persons as the appointed Director.

The 3<sup>rd</sup> edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations recommend that a listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively. The board also should be large enough to comprise a variety of perspectives and skills, and to represent the best interests of the Company as a whole. The skills and experience matrix of the current members of the Board may not be reflected in the Board elected as a result of the Spill Meeting.

### **Consequences of voting "for" for Spill Resolution**

The impact of the Spill Resolution on the composition of the Board should be considered carefully by Shareholders.

If the Spill Resolution is put to the Meeting and passes:

- (a) the Company will need to incur expenses (including legal, printing, mail out and registry costs);
- (b) the Spill Meeting is likely to disrupt the Board and the Company's focus away from core business operations due to the necessary diversion of resources and time toward organising the Spill Meeting; and

- (c) there will be uncertainty as to the composition and continuity of the Board until the Spill Meeting is held. Such uncertainty may create instability within the Company and may have a negative effect on the Company's share price, and potentially on its operations.

#### **Board Comment and Recommendation**

If Resolution 11 is put to Shareholders and you support your current Directors and wish them to continue as Directors, you should vote against the Spill Resolution (Resolution 11).

If it is required to be put to the Meeting, the Board unanimously recommends that Shareholders vote against Resolution 11.

## Schedule 1 – Definitions

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In the Notice, words importing the singular include the plural and vice versa.

**\$** or **AUD** means Australian dollars unless otherwise specified.

**Annual Report** means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2016.

**ASX** means ASX Limited ABN 98 008 624 691 and where the context permits the securities exchange operated by ASX Limited.

**Auditor's Report** means the auditor's report on the Financial Report.

**AWST** means Australian Western Standard Time, being the time in Perth, Western Australia.

**Board** means the board of Directors of the Company.

**Chairman** means the person appointed to chair the Meeting.

**Closely Related Party** has the meaning given in section 9 of the Corporations Act.

**Company** means Liquefied Natural Gas Limited ACN 101 676 779.

**Company Secretary** means the company secretary of the Company.

**Constitution** means the constitution of the Company as at the date of the Meeting.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

**Executive Director** includes the Managing Director and any executive directors within the meaning given in Rule 10.3 of the Constitution.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**GST** has the meaning given in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Incentive Rights** means Rights to be issued pursuant to the Incentive Rights Plan and includes both Performance Rights and Retention Rights.

**Incentive Rights Plan** means the Liquefied Natural Gas Limited Incentive Rights Plan for employees and Executive Directors as summarised in Schedule 2.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

**LTI** means the Long Term Incentive component of the Company's remuneration structure for executives and staff, based on performance over multiple years.

**Managing Director** means the managing Director of the Company.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**NED or Non-Executive Director** means a non-executive director of the Company.

**NED Right** means a right issued or to be issued by the Company pursuant to the NED Rights Plan.

**NED Rights Plan** means the Liquefied Natural Gas Limited Non-Executive Directors Rights Plan as summarised in Schedule 3.

**Notice** means this notice of annual general meeting.

**Options** mean options granted by the Company to acquire Shares.

**Performance Right** means a performance based Incentive Right issued or to be issued by the Company pursuant to the Incentive Rights Plan.

**Plans** means the Incentive Rights Plan and the NED Rights Plan.

**Proxy Form** means the proxy form attached to or accompanying the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution referred to in the Notice.

**Retention Right** means a retention based Incentive Right issued or to be issued by the Company pursuant to the Incentive Rights Plan.

**Right** means an Incentive Right issued or to be issued by the Company pursuant to the Incentive Rights Plan, or a NED Right issued or to be issued by the Company pursuant to the NED Rights Plan (as applicable).

**Schedule** means a schedule to the Notice.

**Section** means a section of the Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**STI** means the Short Term Incentive component of the Company's remuneration structure for executives and staff, based on performance over one year.

**US** means the United States.

**US\$, USD or US dollars** means United States dollars.

**VWAP** means volume weighted average price.

## Schedule 2 – Summary of Incentive Rights Plan

Aspect	Details
Instrument	The Incentive Rights Plan authorises the granting of Incentive Rights to executives and staff of the Company, which may be in the form of Performance Rights or Retention Rights.
Eligibility	Eligibility to participate in the Incentive Rights Plan and the number of Incentive Rights offered to each individual participant ( <b>Participant</b> ) will be determined by the Board. Non-Executive Directors ( <b>NEDs</b> ) are not eligible to participate, but are eligible to participate in the NED Rights Plan.
Terms & Conditions	Within the bounds of the terms of the Incentive Rights Plan, the Board has the discretion to set the terms and conditions on which it will offer Incentive Rights under the Incentive Rights Plan, including the Vesting Conditions. All Incentive Rights offered will be subject to vesting conditions (for Performance Rights) and retention periods (for Retention Rights). Terms and conditions including vesting conditions will be set out in an Invitation. In the case of Performance Rights the conditions are intended to be challenging and linked to growth in shareholder value.
Number of Incentive Rights	The Board has the discretion to determine the number of Incentive Rights to be granted to each Participant. However, generally, it will be determined by multiplying the Participant's base package by the long term incentive percentage and dividing that dollar value by the value of the type of Incentive Right being offered (as valued for remuneration purposes). There are overall caps on the number of Shares that may be issued pursuant to the Incentive Rights Plan (restricting Shares issued under the Incentive Rights Plan to 5% of the Shares on issue)
Amount payable for Incentive Rights	No amount will be payable by Participants for the Incentive Rights as they are part of the annual remuneration package in each financial year.
Vesting of Incentive Rights	Upon the satisfaction of the Vesting Conditions or retention periods, the number of Incentive Rights granted under the Incentive Rights Plan will be multiplied by the vesting percentage (where applicable) to determine the number of Shares to be issued. No exercise price is required to convert Incentive Rights into Shares.

Aspect	Details
Measurement Period	The Measurement Period is generally three full financial years with no vesting prior to performance being tested at the end of the three years.
Vesting Conditions	In order for Incentive Rights to vest a Participant must remain employed by the Company during the measurement period (except in the case of death, permanent disability or retirement – see cessation of employment below) In addition, performance related conditions will be specified as part of the invitation for performance rights. These conditions may be related to both market and non-market measures of company performance. The Board has discretion to adjust vesting conditions in circumstances where it reasonably considers it is appropriate to do so. Retention rights will be subject to conditions relating to the period of continuous employment or engagement.
Exercise Price	This aspect is at the discretion of the Board. It is intended that no amount will be payable by a Participant to exercise an Incentive Right that has vested.
Cessation of Employment	If a Participant ceases employment by reason of voluntary resignation or termination for cause, all unvested Incentive Rights shall lapse. Lapsing in other cases will depend on the circumstances in which the Participant ceases employment.
Change of Control of the Company	In the event of a change of control unvested Incentive Rights may vest in whole or in part at the Board's discretion. In relation to Shares that have resulted from the vesting of Incentive Rights, dealing restrictions specified in the Invitation may also be lifted. A restructure or capital raising for the purposes of a US listing would not constitute a change of control.
Voting and Dividend Rights	Incentive Rights do not carry voting or dividend rights. Shares issued when Incentive Rights vest carry the same rights and entitlements as other Shares, including voting and dividend rights.
Lapse and Forfeiture of Rights	Incentive Rights will lapse if the prescribed Vesting Conditions are not satisfied within the prescribed measurement period.
No Transfer of Rights	Without approval of the Board, Incentive Rights granted under the Incentive Rights Plan may not be transferred, mortgaged, charged or otherwise dealt with or encumbered.



Aspect	Details
Quotation	Incentive Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the Incentive Rights Plan, in accordance with the Listing Rules.
Variation of Terms and Conditions	To the extent permitted by the Listing Rules, the Board retains the discretion to vary the terms and conditions of the Incentive Rights Plan. This includes varying the number of Incentive Rights to which a Participant is entitled upon a reorganisation of the capital of the Company.
Issue or Acquisition of Shares	Shares allocated to a Participant when Incentive Rights vest under the Incentive Rights Plan may be issued by the Company or acquired on market by the Company or its nominee. The nominee may be the trustee of a trust, the purpose of which trust is to facilitate the operation of the Incentive Rights Plan.
Cost and Administration	The Company will pay all costs of issuing Shares, brokerage on acquisitions of Shares and all costs of administering the Incentive Rights Plan. However, it may require Participants to share the cost on such a basis as the Company considers fair.
Other Terms of the Incentive Rights Plan	The Incentive Rights Plan also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the Incentive Rights Plan, and terms to deal with Australian and US regulatory issues and legal requirements.
Hedging	Participants are prohibited from entering into transactions in financial products issued over the Company's securities by third parties which operate to limit the economic risk relating to their unvested entitlements under the Incentive Rights Plan.

### Schedule 3 – Summary of NED Rights Plan

Aspect	Details
Instrument	The NED Rights Plan authorises the granting of Rights to Non-Executive Directors ( <b>NEDs</b> ) of the Company.
Eligibility	Eligibility to participate in the NED Rights Plan and the number of Rights offered to each individual participant ( <b>Participant</b> ) will be determined by the Board. Executive Directors and other employees of the Company are not eligible to participate. This is intended to ensure that NEDs do not participate in the same securities based remuneration programs as executives, which may be seen as compromising their independence by some stakeholder groups.
Terms & Conditions	The Board has the discretion to set the terms and conditions on which it will offer Rights under the NED Rights Plan, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensuring the plan operates as intended. All Rights offered will be subject to vesting conditions. Terms and conditions including vesting conditions will be set out in an Invitation.
Number of Rights	The Board has the discretion to determine the number of Rights to be granted to each Participant, however generally it will be determined by multiplying their Board Fees by the securities percentage determined by the Board and then divided by the Share price.
Amount payable for Rights	No amount will be payable by Participants for the Rights as they are part of the annual remuneration package.
Vesting of Rights	Upon the satisfaction of the Vesting Conditions, the value of Rights granted under the plan and that vest from each tranche (if applicable) will be evaluated. If the value that vests from a tranche is greater than nil, vesting will give rise to a \$1,000 cash payment with the remainder of the value to be converted into Shares based on the Vesting Share Price.

Aspect	Details
Measurement Period	The Measurement Period is connected with the vesting period and will be defined as part of the Invitation. While the Board has a discretion to set the Measurement Period, it is intended to be one year with no vesting prior to Vesting Conditions being tested at the end of 12 months between the date of grant and the date that is 12 months later. This period is designed to be sufficiently long to ensure that a real risk of forfeiture exists, yet sufficiently short to ensure that there is no “golden handcuff” effect from the granting of Rights. It is understood that a number of stakeholder groups object to securities where it may motivate a NED to stay on as a Director of the Company when it is not in the best interests of the Company. This plan has been designed to address this concern. After Rights have vested and Shares have been issued, the Shares will be subject to dealing restrictions. The Board has discretion to modify the dealing restriction period.
Vesting Conditions	The Board has a discretion to attach Vesting Conditions to the Rights, which will be specified as part of the Invitation. It is intended that in order for Rights to vest a Participant must remain in the position of Non-executive Director for the measurement period (12 months), except in the case of Retirement or Prescribed Events (being death, disablement, etc) as defined under the plan.
Exercise Price	This aspect is at the discretion of the Board. It is intended that no amount will be payable by a Participant to exercise a Right that has vested.
Change of Control of the Company	In the event of a change of control unvested Rights may vest in the same proportion as the Share Price has increased since the beginning of the measurement period. Remaining Rights would either lapse or some or all may vest at the Board’s discretion. In relation to Shares that have resulted from the vesting of Rights, dealing restrictions specified in the Invitation may also be lifted.
Voting and Dividend Rights	Rights do not carry voting or dividend rights. Shares issued when Rights vest carry the same rights and entitlements as other Shares, including voting and dividend rights.
Lapse and Forfeiture of Rights	Rights will lapse if the prescribed Vesting Conditions are not satisfied within the prescribed measurement period.
No Transfer of Rights	Rights granted under the NED Rights Plan may only be transferred in limited circumstances.

Aspect	Details
Quotation	Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the NED Rights Plan, in accordance with the Listing Rules.
Variation of Terms and Conditions	To the extent permitted by the Listing Rules, the Board retains the discretion to vary the terms and conditions of the NED Rights Plan. This includes varying the number of Rights to which a Participant is entitled upon a reorganisation of the capital of the Company.
Issue or Acquisition of Shares	Shares allocated to a Participant when Rights vest under the NED Rights Plan may be issued by the Company or acquired on market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.
Cost and Administration	The Company will pay all costs of issuing Shares, brokerage on acquisitions of Shares and all costs of administering the NED Rights Plan. However, it may require Participating Employers to share the cost on such a basis as the Committee considers fair.
Other Terms of the NED Rights Plan	The NED Rights Plan also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the NED Rights Plan.
Hedging	Participants are prohibited from entering into transactions in financial products issued over the Company's securities by third parties which operate to limit the economic risk relating to their unvested entitlements under the NED Rights Plan.



**Liquefied Natural Gas Limited**  
ABN 19 101 676 779

## LODGE YOUR VOTE



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



### BY MAIL

Liquefied Natural Gas Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138



### ALL ENQUIRIES TO LINK MARKET SERVICES LIMITED

Telephone: +61 1300 554 474

## LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **2:30pm (AWST) on Tuesday, 15 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

# PROXY FORM

I/We being a member(s) of Liquefied Natural Gas Limited and entitled to attend and vote hereby appoint:

## APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **2:30pm (AWST) on Thursday, 17 November 2016 at Fraser's Kings Park, Fraser Ave, Kings Park, West Perth, Western Australia, 6005** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1 and 4 - 11:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 4 - 11, even though Resolutions 1 and 4 - 11 are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP) which includes the Chairman of the Meeting.

The Chairman of the Meeting intends to vote eligible undirected proxies in favour of each item of business except Resolution 11 where undirected proxies will be voted against the resolution (if it is put to the meeting). In exceptional circumstances the Chairman of the Meeting may change voting intentions on any Resolution, in which case an ASX announcement will be made.

## VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Issue of NED Rights to Douglas Michael Steuert under NED Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Philip D. Moeller as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Issue of NED Rights to Philip D. Moeller under NED Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-Election of Paul Joseph Cavicchi as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Board Spill Meeting (Contingent Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Issue of Securities under NED Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Issue of Incentive Rights to Gregory Matthew Vesey under Incentive Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Issue of NED Rights to Paul Joseph Cavicchi under NED Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Issue of NED Rights to Richard Jonathan Beresford under NED Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Issue of NED Rights to Leeanne Kay Bond under NED Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

**Note:** Resolution 11 will only be considered at the Meeting if 25% or more of the votes cast on Resolution 1 are "against" that Resolution. If you mark the "for" box to vote for Resolution 11, you are directing your proxy to vote for the holding of a special meeting of members to consider the spill of the whole of the Company's Board, other than the Managing Director.



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

## SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).