



ASX/MEDIA RELEASE

28 July 2014

LIQUEFIED NATURAL GAS LIMITED TO ACQUIRE BEAR HEAD LNG PROJECT IN CANADA FOR US\$11 MILLION

Highlights

- Substantial investment already made by seller in site previously proposed for 11.3 million tonne per annum (mtpa) LNG import terminal at Bear Head
- The Project's assets include 255 acre (land and water) industrial-zoned site in Richmond County, Nova Scotia, Canada with all project rights, approvals, LNG tank foundations and significant civil works
- LNGL proposes to develop the site for initial 4 mtpa LNG export project with potential for future expansion
- LNGL in discussions with gas transmission companies to transport natural gas to Bear Head
- LNGL will use the development, technical and engineering work already completed for the Magnolia LNG Project and integrate with the Bear Head project's existing civil works and detailed engineering work
- Bear Head will have significantly lower development cost and likely faster approvals schedule than Magnolia due to work already completed
- Bear Head project has excellent LNG export opportunities to European markets
- Experienced executive team to drive project development to Final Investment Decision
- Magnolia LNG Project in USA remains on schedule and budget of US\$2.2 billion and will not be affected by the Bear Head acquisition

Liquefied Natural Gas Limited (ASX: LNG; OTC ADR: LNGLY) (LNGL or the Company) today announced that it has significantly expanded its presence in the North American Liquefied Natural Gas (LNG) sector by signing an agreement to acquire 100% of Bear Head LNG Corporation (BHLC) from a subsidiary of Anadarko Petroleum Corporation (Anadarko) for US\$11.0 million.

The Bear Head LNG Project is located in Richmond County, Nova Scotia, Canada, and the key assets include:

- A 255-acre site comprising industrial-zoned land (180 acres) and deep-water acreage (75 acres) as well as foundations in place for two 180,000 cubic meter LNG tanks. The land has been cleared, a majority of site works completed and roads constructed.

- **The Project Rights** of the previously proposed LNG import terminal, including all assets, rights and obligations associated with the Bear Head project.

This acquisition, which is subject to standard closing conditions and consents, is in line with LNGL's strategy of acquiring sites in North America where the Company can replicate its Magnolia LNG Project and fast-track development by using its existing LNGL development team and its OSMR® technology. The transaction close is expected on or before 31 August 2014.

LNGL plans to transform Bear Head into a 4 mtpa LNG export facility with potential for future expansion.

The Company has already developed a gas supply plan and a transportation plan, and has interest from several parties to enter into Tolling Agreements, adopting the same business model as the Magnolia LNG Project.

LNGL is in discussions with gas transportation companies and owners of gas reserves regarding the supply of natural gas from onshore and offshore Canadian natural gas supply options, and the Marcellus Shale Gas Play in North-Eastern USA, to the Bear Head LNG project site.

As part of this transaction and once it is completed, LNGL will appoint Mr John Godbold as Chief Operating Officer and Project Director of Bear Head LNG Corporation. John will be responsible for the project and reports to LNGL's Managing Director Maurice Brand. He has led energy projects for Pangea LNG, Gulf Coast LNG and El Paso Energy, and is a former NASA engineer.

Mr Ian Salmon will also be appointed Chief Financial Officer and Chief Commercial Officer following the close of the transaction. Ian previously worked for El Paso Energy and Morgan Stanley.

Managing Director's Comments

LNGL's Managing Director Maurice Brand stated: "This is a significant transaction for LNG Limited and is consistent with our strategic plan to selectively secure sites that meet our criteria and develop a strong North American presence. Importantly, Bear Head LNG will further de-risk the Company's asset base.

"We are particularly keen to secure opportunities where we can either replicate Magnolia LNG or substantially use all the Company's technical, engineering, technology and development expertise. Bear Head fits those criteria with the development plan based on the use of the Company's OSMR® LNG Process Technology which will deliver lower capital costs, improved energy efficiency and a shorter development and construction schedule.

"Bear Head has considerable unlocked value and sunk costs that can readily be transformed into an LNG export facility. We are looking forward to working with local governments in developing this project that will have significant local economic benefits.

"We have been undertaking due diligence on Bear Head since October 2013 so we are confident that we can hit the ground running and obtain all permits and approvals by mid-2015, and during 2016, make a Final Investment Decision.

“With the appointment of John and Ian and several other key managers to follow, we are well resourced to progress our second North American LNG export project in a timely manner. Bear Head LNG will share an office in Houston with Magnolia LNG,” Mr Brand said.

Mr Brand confirmed that Magnolia LNG was on schedule and budget and the Board of Directors is very pleased with the high calibre execution team that has been established and is satisfied that the acquisition and development of Bear Head will not detract from the Company achieving Financial Close of Magnolia LNG in mid-2015.

For further information contact:

Mr Maurice Brand
Managing Director & CEO

Mr David Gardner
Company Secretary

Andrew Gould
GM Corporate Development

Liquefied Natural Gas Limited

Ground Floor, 5 Ord Street, West Perth WA 6005

Telephone: (08) 9366 3700 **Facsimile:** (08) 9366 3799

Email: LNG@LNGLimited.com.au

Web site: www.LNGLimited.com.au

Presentation and Webcast

Liquefied Natural Gas Limited Managing Director and CEO, Mr Maurice Brand, will be giving a presentation at 11:00 am on Monday 28th July 2014 (Australian Eastern Standard Time - AEST) which will be webcast via the following link: <http://www.openbriefing.com/OB/1485.aspx>. This presentation has also been released to the ASX in association with this announcement.

About Liquefied Natural Gas Limited

Liquefied Natural Gas Limited is an ASX listed company (Code: **LNG** and OTC ADR: **LNGLY**) whose portfolio consists of 100% ownership of the following assets:

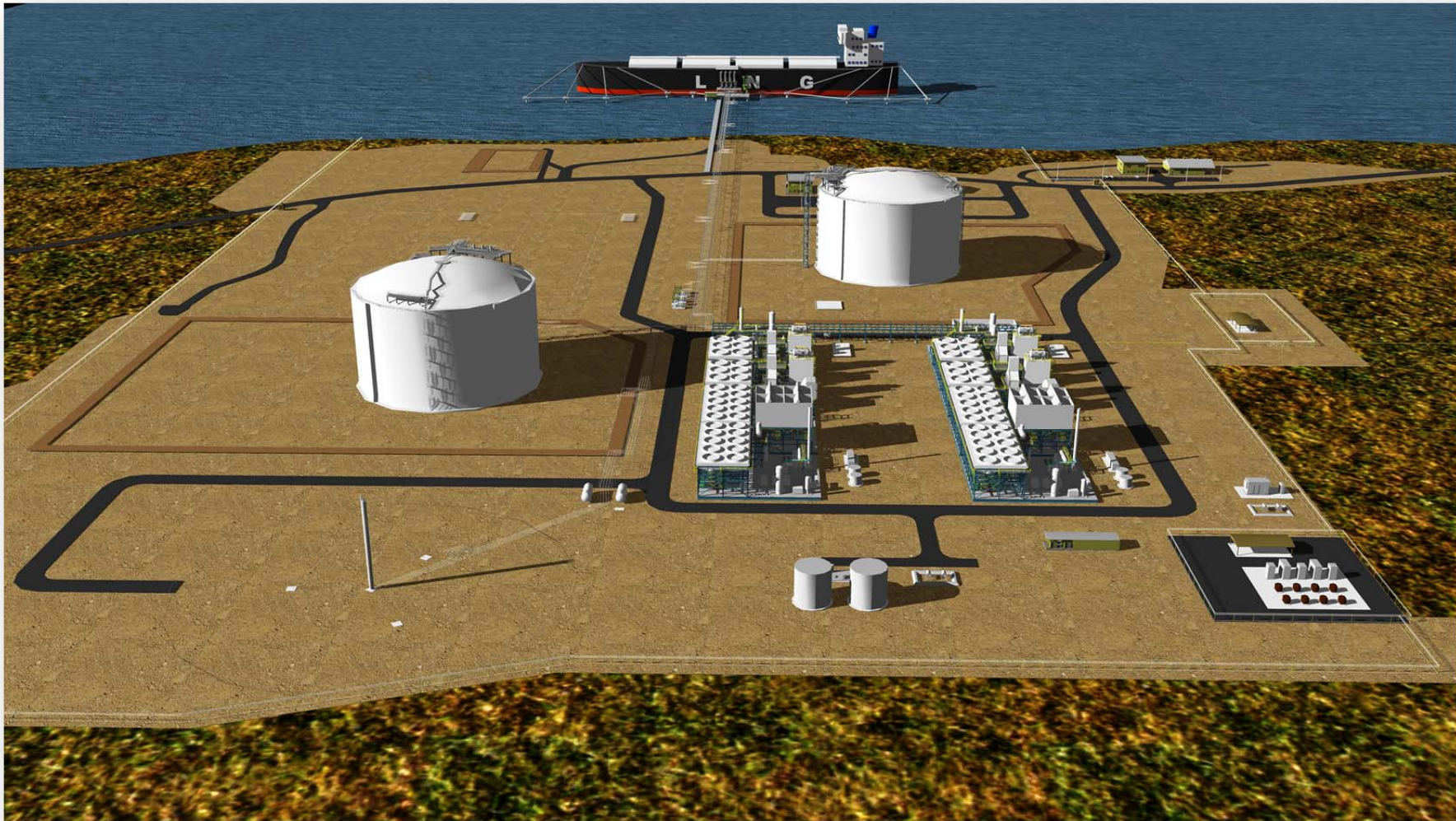
- Magnolia LNG LLC (**Magnolia LNG**), a US-based wholly owned subsidiary of LNGL, which is developing an 8 million tonne per annum (mtpa) LNG export terminal, in the Port of Lake Charles, Louisiana, US;
- Gladstone LNG Pty Ltd, a wholly owned subsidiary, which is progressing the **Fisherman's Landing LNG (FLLNG) Project** at the Port of Gladstone in Queensland, Australia; and
- LNG Technology Pty Ltd, a wholly owned subsidiary, which owns and develops the Company's **OSMR[®] LNG liquefaction process**, a mid-scale LNG business model that plans to deliver: lower capital operating costs; faster construction; and improved efficiency, relative to larger traditional LNG projects.

Figure 1: Aerial View of the Bear Head LNG Project Site, Nova Scotia, Canada



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Figure 2: Schematic Site Layout for the proposed Bear Head LNG Export Project, Nova Scotia, Canada



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Figure 3: Map showing Potential Natural Gas Supply Alternatives for the Bear Head LNG Export Project

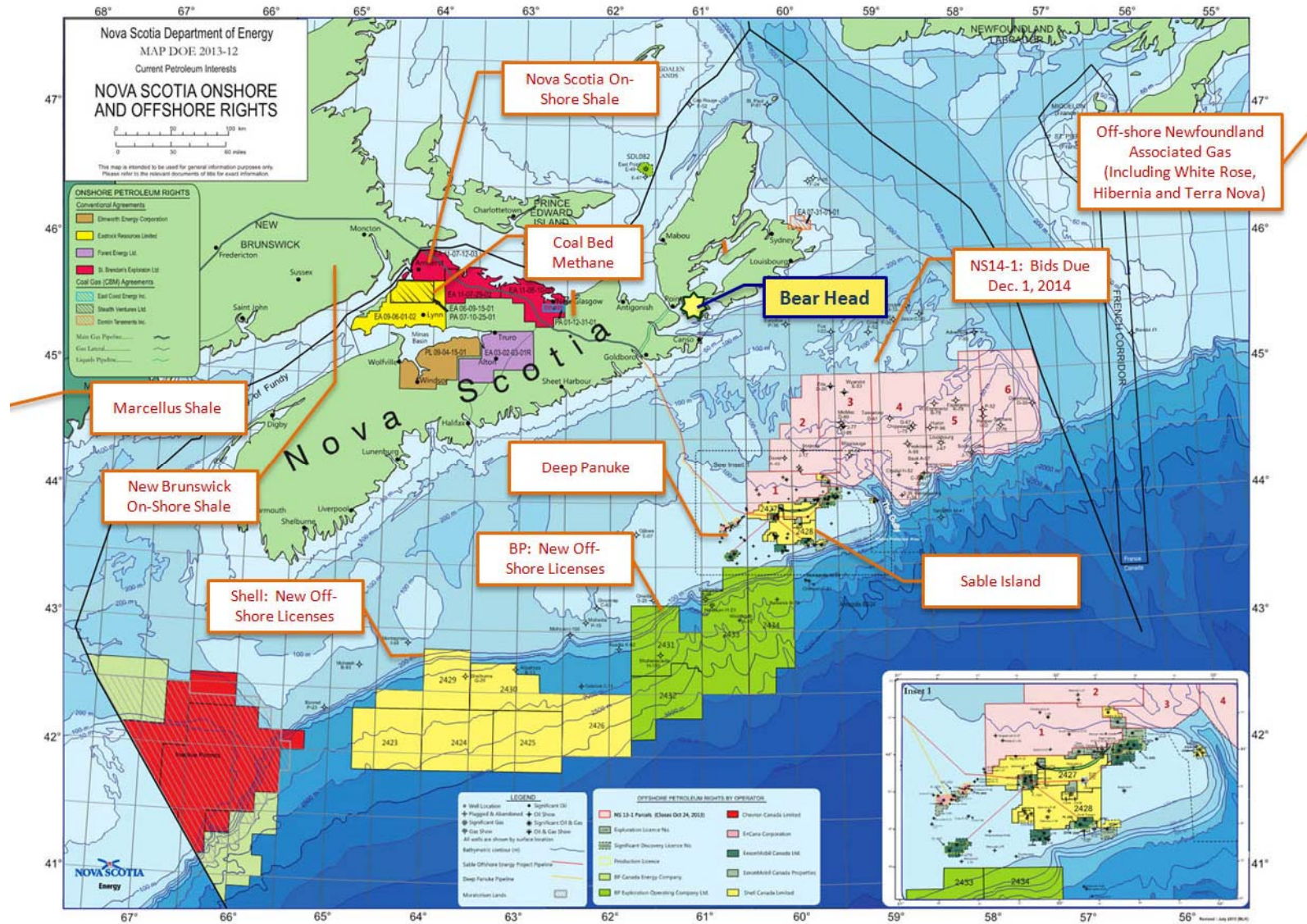


Figure 4: Map showing the Location of the proposed Bear Head LNG Export Project Site in relation to Gas Transmission Infrastructure in Canada and the USA

