



ACN 101 676 779

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney, New South Wales on Thursday 19 November 2015 at 3:00pm (AEDT).

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 08 9366 3700.

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

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 Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney, New South Wales on Thursday 19 November 2015 at 3:00pm (AEDT) (**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 17 November 2015 at 7:00pm (AEDT).

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

AGENDA

1. Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2015, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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 2015 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.

3. Resolution 2 – Re-Election of Richard Jonathan Beresford as Director

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

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

4. Resolution 3 – Election of Douglas Michael Steuert as Director

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

"That Douglas Michael Steuert, who retires in accordance with Rule 9.1(e)(1) of the Constitution and, being eligible, offers himself for election, be elected as a Director."

5. Resolution 4 – Increase in Non-Executive Directors' Fee Pool

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

"That, for the purposes of Listing Rule 10.17 and Rule 9.3(a) of the Constitution of the Company and for all other purposes, the maximum aggregate amount of directors' fees that may be paid to the Company's Non-Executive Directors per annum be increased by \$300,000 to \$1,500,000 per annum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution 4 by any Director or an associate of a Director of the Company.

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.

6. Resolution 5 - Issue of Performance Rights to Fletcher Maurice Brand 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 563,345 Performance Rights to Fletcher Maurice Brand 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.

7. Resolution 6 - 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 27,041 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 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.

8. Resolution 7 - 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 15,774 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 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.

9. Resolution 8 - 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 15,148 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 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.

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 15,148 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.

11. Resolution 10 – Approval of issues of securities under Revised 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 7.2 (Exception 9(b)) and for all other purposes, approval is given for the issue of securities under the revised Liquefied Natural Gas Limited Incentive Rights Plan on the terms and conditions summarised in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution 10 by any Director of the Company and any associates of 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.

12. Resolution 11 – Ratification of Share Placement

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 40,000,000 Shares under the Share Placement on the terms and conditions described in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution 11 by a person who participated in the Share Placement and any associate of that person (or those persons).

However, the Company will not disregard a vote if:

- (a) it is cast by a person as 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.

13. Resolution 12 – Approval of Proportional Takeover Provisions in Company’s Constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

“That, for the purposes of sections 136 and 648G of the Corporations Act and for all other purposes, the Constitution of the Company be amended to reinsert the Proportional Takeover Provisions in the manner set out in the Explanatory Memorandum and Schedule 4 to this Notice.”

BY ORDER OF THE BOARD



David Gardner
Joint Company Secretary
Dated: 15 October 2015

LIQUEFIED NATURAL GAS LIMITED

ACN 101 676 779

EXPLANATORY MEMORANDUM

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 at Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney, New South Wales on Thursday 19 November 2015 at 3:00pm (AEDT).

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 – Re-Election of Richard Jonathan Beresford as a Director
Section 4	Resolution 3 – Election of Douglas Michael Steuert as a Director
Section 5	Resolution 4 – Increase in Non-Executive Directors' Fee Pool
Section 6	Resolutions 5 to 9 – Issues of Rights under the Plans
Section 7	Resolution 5 – Issue of Performance Rights to Fletcher Maurice Brand under Incentive Rights Plan
Section 8	Resolution 6 – Issue of NED Rights to Richard Jonathan Beresford under NED Rights Plan
Section 9	Resolution 7 – Issue of NED Rights to Leeanne Kay Bond under NED Rights Plan
Section 10	Resolution 8 – Issue of NED Rights to Paul Joseph Cavicchi under NED Rights Plan
Section 11	Resolution 9 – Issue of NED Rights to Douglas Michael Steuert under NED Rights Plan

Section 12	Resolution 10 – Approval of issues of securities under Revised Incentive Rights Plan
Section 13	Resolution 11 – Ratification of Share Placement
Section 14	Resolution 12 – Approval of Proportional Takeover Provisions in Company’s Constitution
Schedule 1	Definitions
Schedule 2	Summary of Revised Incentive Rights Plan
Schedule 3	Summary of NED Rights Plan
Schedule 4	Proportional Takeover Provisions

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 3:00pm (AEDT) on Tuesday 17 November 2015, 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 all Resolutions.

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 10 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 10, 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.

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 2015.

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.lnlimited.com.au/annualreports>
- (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.

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. Accordingly, if 25% or more of the votes cast at the meeting on Resolution 1 are against that Resolution and if, at the next annual general meeting in 2016, 25% or more of the votes are again cast against the resolution to adopt the Remuneration Report, then the Company will be required to propose a resolution to hold another general meeting within the following 90 days (a **Spill Meeting**). If more than 50% of Shareholders vote in favour of this resolution, then at the Spill Meeting all Directors (other than a 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.

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.

3. Resolution 2 – Re-Election of Richard Jonathan Beresford 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 2 therefore provides that Richard Jonathan Beresford retires by rotation and seeks re-election.

Richard was appointed to the Board in May 2004. He is a member of the Audit & Risk Committee, Chair of the Nomination Committee and was, until 1 October 2015, Chair of the Remuneration Committee.

The Board considers that Richard qualifies as an independent director.

Richard has over 30 years' experience in the international energy industry spanning research, technology commercialisation, strategic planning, operations, consultancy, business development, acquisitions, marketing and general management.

Richard spent 12 years with British Gas plc, including 3 years in London managing a portfolio of downstream gas and power generation investments in Asia and 4 years in Jakarta as Country Manager, Indonesia. He joined Woodside Petroleum Limited in 1996 when he became General Manager, Business Development, then Managing Director of Metasource, Woodside's green energy subsidiary, until 2001. Richard was Head of Gas Strategy and Development of CLP Power Hong Kong Limited from January 2005 to March 2007 leading negotiations for LNG supply to its power plants.

Richard has been a non-executive director (**NED**) of ASX listed Eden Energy Limited since May 2007.

Richard was a director of ASX listed Green Rock Energy Limited, a Perth based energy explorer and developer, from September 2008 including a period as executive chairman. He resigned in April 2015 following the company's reinstatement on the ASX as Black Rock Mining Limited.

Richard contributes the following skills and experience to the Board:

- | | |
|--|-----------------------------|
| - Technology and Innovation | - Risk Management |
| - International Experience | - Legal and Regulatory |
| - Marketing and Business Development | - Contracts and Negotiation |
| - Project Management | - Business Strategy |
| - Finance | - Mergers and Acquisitions |
| - Government and Community Relations | - Health and Safety |
| - Corporate Governance, Environmental and Sustainability | |

The Board (excluding Richard Jonathan Beresford) recommends that Shareholders vote in favour of Resolution 2.

4. Resolution 3 - Election of Douglas Michael Steuert 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 Douglas Michael (Mike) Steuert 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 3 therefore provides that Douglas Michael Steuert seeks election as a Director.

Mike was appointed to the Board in February 2015 and is currently Chair of the Audit & Risk Committee.

The Board considers that Mike qualifies as an independent director.

Based in Dallas-Fort Worth, U.S., Mike brings valuable international financial management experience.

Mike's most recent executive position was as Chief Financial Officer and Senior Vice President and Controller of Fluor Corporation, where his focus was on risk and project management, Sarbanes Oxley, compliance and ethics, capital structure strength, and development of a world-class finance function.

Previously Mike has been CFO of Litton Industries, CFO of GenCorp Inc, and prior to that, held developmental controllership and treasury positions in the US and Europe with TRW Inc.

Mike also holds Board positions with Weyerhaeuser Corporation and Kurion Inc. He retired from the board of PrologisInc. this year after 14 years of service.

Mike earned both bachelor and masters degrees from the Carnegie Mellon University and has completed postgraduate training at Harvard University and the University of Pennsylvania's Wharton School of Business.

Mike contributes the following skills and experience to the Board:

- Project Management
- International Experience
- Corporate Governance
- Finance
- Audit and Accounting
- Risk Management
- Legal and Regulatory
- Business Strategy
- Mergers and Acquisitions
- Project Engineering, Construction and Execution

The Board (excluding Douglas Michael Steuert) recommends that Shareholders vote in favour of Resolution 3.

5. Resolution 4 – Increase in Non-Executive Directors’ Fee Pool

Rule 9.3(a) of the Constitution of the Company provides that “each director is entitled to such remuneration out of the funds of the company as the directors determine, but the remuneration of non-executive directors may not exceed in aggregate in any financial year the amount fixed by the company in a general meeting for that purpose”.

In accordance with Rule 9.3(a) of the Constitution and Listing Rule 10.17, Shareholder approval is being sought to increase the maximum aggregate amount of directors’ fees per annum that may be paid by the Company to its Non-Executive Directors (**Fee Pool**) to \$1,500,000 per annum from \$1,200,000 per annum (an increase of \$300,000). The Directors are seeking Shareholder approval to increase the Fee Pool for financial years commencing 1 July 2015.

Under the Listing Rules, the term “directors’ fees” includes committee fees, superannuation contributions and fees which a director sacrifices for other benefits, but does not include reimbursement of genuine out-of-pocket expenses, genuine “special exertion” fees or securities issued to non-executive directors with approval of Shareholders in accordance with the Listing Rules.

In the previous three years, the following securities have been issued to Non-Executive Directors under Listing Rules 10.11 or 10.14 with the approval of Shareholders:

Non-Executive Director	Securities Issued	Issue Date
Richard Jonathan Beresford	32,819 NED Rights	24 December 2014
Leeanne Kay Bond	20,102 NED Rights	24 December 2014
Madam Yao Guihua	16,409 NED Rights	24 December 2014
Paul Joseph Cavicchi	7,771 NED Rights	24 December 2014

The above table does not include securities proposed to be issued pursuant to Resolutions 6 to 9.

No securities were issued to Non-Executive Directors in 2012 and 2013.

The Directors do not intend utilising the entire maximum limit of \$1,500,000 immediately. However, the Directors consider that the increase in the Fee Pool to \$1,500,000 is appropriate for the following reasons:

- (a) The current Fee Pool of \$1,200,000 was approved by Shareholders at the 2014 annual general meeting. Given the Company’s growing presence in North America, the Board plans the recruitment of additional North America based directors to bring additional skills and experience as the Company’s projects move into the construction stage and then into production, and also as the Company plans a full US listing.

- (b) The increase will ensure that the Company maintains the ability to pay existing and future Non-Executive Directors remuneration at competitive levels to attract and retain highly experienced and skilled Non-Executive Directors.
- (c) US based Non-Executive Directors are paid in US\$ and the increase will allow for potential adverse changes in exchange rates.

The level of Non-Executive Directors' remuneration is and will continue to be reviewed annually for alignment with market practice.

The Directors are satisfied that the proposed Fee Pool is appropriate in light of the circumstances of the Company and additional information regarding the Company's existing approach to remuneration of Non-Executive Directors is set out in the Remuneration Report.

As the Directors are not eligible to vote on Resolution 4, they make no recommendation as to how shareholders should vote on this Resolution.

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

6.1 Background

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 Non-Executive Directors.

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 annual granting of a long-term incentive (**LTI**) based on the performance of the Company over multiple years.

The remuneration structure for Non-Executive Directors consists of a base fee, certain committee fees and grants of options or rights structured so as not to compromise the independence of non-executive directors.

Accordingly, 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).

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 while the conditions under the NED Rights Plan relate to the passing of time. Upon vesting of a Right, the Shares will initially be held on trust for the participant and are subject to restrictions on dealing (relating to compliance with the Company's securities trading policy and with "insider" trading laws).

The Plans were initially approved by Shareholders (for the purposes of ASX Listing Rule 7.2 Exception 9(b)) at the annual general meeting held on 25 November 2013.

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 and 2014 notices of annual general meeting which were released to ASX on 25 October 2013 and 22 October 2014 respectively.

The Plans were amended following a review of the Company's incentive arrangements by the Remuneration Committee of the Board together with its retained external professional advisers.

In relation to the Incentive Rights Plan, the Remuneration 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 Remuneration Committee seeks to ensure that grants 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 Remuneration Committee and the Board regularly review market positioning and the elements and mix of remuneration for executive Key Management Personnel to ensure remuneration remains reasonable, within the range of market practices, and is appropriate to the circumstances of the Company.

In relation to the NED Rights Plan, the Board understands that some stakeholders see the participation of Non-Executive Directors in securities based incentive plans designed for executives as compromising the independence of Directors in overseeing the operation of the plan. Therefore the Company designed a separate plan in order to provide securities to Non-Executive Directors and grants 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

(a) Approvals of issues of Rights to Directors

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 further Performance Rights to Mr Fletcher Maurice Brand under the Incentive Rights Plan, and before issuing any further NED Rights to any

of the Non-Executive Directors under the terms of the NED Rights Plan. Resolutions 5 to 9 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 9 is set in Sections 7 to 11 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 Performance Rights and NED Rights under Resolutions 5 to 9 will not count towards the Company's Listing Rule 7.1 placement capacity).

The Remuneration 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.

(b) Approval of issues of securities under Revised Incentive Rights Plan

Since the initial approval of the Plans by Shareholders (for the purposes of ASX Listing Rule 7.2 Exception 9(b)) at the annual general meeting held on 25 November 2013, changes to the Plans have been made to bring them into line with revised ASIC class order relief, to remove certain redundant features of the Plans, to add certain features and to better contemplate a potential listing of the Company's securities on a US exchange.

The key changes to the Incentive Rights Plan are summarised in Section 12 below.

Given the changes, the Company considers that it is prudent to seek a further approval of the Incentive Rights Plan for the purposes of ASX Listing Rule 7.2 Exception 9(b) (so that issues made pursuant to the Incentive Rights Plan will not count towards the Company's Listing Rule 7.1 placement capacity). There is no need to seek further approval of the NED Rights Plan for the purposes of ASX Listing Rule 7.2 Exception 9(b) because each grant of NED Rights to NEDs will be approved pursuant to Listing Rule 10.14. If approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

At the Company's annual general meeting held on 18 November 2014, approval was also sought (for the purposes of sections 200B and 200E of the Corporations Act) for any 'termination benefit' that may be provided to a relevant person under the Incentive Rights Plan or the NED Rights Plan, in addition to any payments or amounts that may be provided to that person which are excluded from the operation of section 200B, such as statutory entitlements to accrued annual leave and long service leave, amounts required to be paid by law and amounts falling within the 12 months average base salary limit.

As the minor changes to the Incentive Rights Plan and NED Rights Plan do not relate to the termination benefits that may be payable under the Plans, the approval obtained at the 18 November 2014 annual general meeting remains in force and the Company is not seeking to renew that approval at the Meeting.

7. Resolution 5 – Issue of Performance Rights to Fletcher Maurice Brand under Incentive Rights Plan

Resolution 5 seeks Shareholder approval for the offer and issue of 563,345 Performance Rights to Mr Brand 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 563,345 Performance Rights will be issued to Mr Brand or associated person or entity. These could potentially vest and be exercised into no more than 563,345 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 Performance Rights to Mr Brand or associated person or entity at no cost and no exercise price will be payable upon vesting. The Performance Rights will vest and convert to shares in the Company when the following performance hurdles are met:

(i) Tranche A: A maximum of 375,563 (67%) of the Performance Rights the subject of Resolution 5 will vest if performance conditions are satisfied.

i. The performance condition in relation to 67% of the LTI (**Tranche A**) is Market Adjusted Total Shareholder Return (**MATSR**), which compares the Total Shareholder Return (**TSR**) of the Company to the TSR of the All Ordinaries Accumulation Index (**XAOAI**). Actual vesting is to be determined by the following vesting scale which has been calibrated in consideration of shareholders expectations of the Company:

LNG TSR Relative to XAOAI TSR (MATSR)	Vesting %	Performance Level
Less than 100%	0%	
100%	0%	Threshold
Above 100% and below 150%	Pro rata from 0% to 50%	
150%	50%	Target
Above 150% and below 200%	Pro rata from 50% to 100%	
200% or more	100%	Stretch

MATSR assesses LNG's TSR performance by removing the TSR attributable to the broader market and then setting a premium milestone appropriate to shareholders' expectations. The S&P/ASX All Ordinaries Accumulation Index is applied as the peer

group given that it is regarded to be the most appropriate indicator of broad equity market movements.

When calculating the Company's TSR, its Share price at the beginning and end of the measurement period will be calculated as the volume weighted average price of Shares on ASX over the 30 days immediately preceding the relevant dates.

Tranche A is subject to a further condition that the Company's TSR over the measurement period must be greater than nil.

- (ii) Tranche B: A maximum of 187,782 of the Performance Rights the subject of Resolution 5 (the remaining 33%) will vest if the Board, in its reasonable opinion, assesses that 'financial close' of the Bear Head LNG Project (or a project of at least the same potential value to the Company) has been achieved during the measurement period.

In order for Tranche B performance rights to vest, the Board, in its reasonable opinion, must have assessed that "financial close" of the Magnolia LNG Project (or a project of at least the same potential value to the Company) has been achieved. For the avoidance of doubt, Tranche 2 Performance Rights will only vest when financial close is achieved on a second LNG project for the Company in a new location.

The measurement period for both Tranches A and B commenced on 1 July 2015 and ends on 30 June 2018. For Mr Brand, an additional 2 year retention period has been imposed during which any Shares issued on vesting of the Performance Rights may only be sold to cover tax liabilities resulting from the 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 18 November 2014 annual general meeting, the following persons referred to in Listing Rule 10.14 have received Performance Rights under the Incentive Rights Plan:

Name	Date of issue	Number received	Acquisition Price
Fletcher Maurice Brand	5 December 2014	1,429,488	Nil
Fletcher Maurice Brand	5 December 2014	410,445	Nil

Certain Rights were also issued under the Incentive Rights Plan to staff and consultants during the 2015 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 Brand 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 Performance Rights by Mr Brand or on vesting of Performance 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 Performance Rights will be issued to Mr Brand 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 Brand currently receives a base salary of \$853,308 per annum (inclusive of superannuation).
- (ii) Mr Brand currently holds 4,600,000 Shares and 1,839,933 Performance Rights.
- (iii) Should the Performance Rights to be granted to Mr Brand in accordance with Resolution 5 vest at the maximum level, his interest in the Company's issued capital will increase by 0.112% (assuming no prior exercise of conversion rights of Mr Brand's existing Performance Rights or by any other holder of Rights or Options). In turn, the remaining Shareholders will have their existing interests diluted in proportion to the additional 563,345 Shares that will issue on vesting of these Performance Rights.
- (iv) There will be no amount raised due to the vesting of Mr Brand's Performance Rights.
- (v) Tranche A: A valuation of the Tranche A Performance Rights has been undertaken by HLB Mann Judd, with each Performance Right being valued at \$1.379 per Performance Right, giving this tranche of Performance Rights a maximum total value of \$517,902 as at the date of the valuation (9 October 2015). The key assumptions underpinning the valuation were as follows:
 - (A) The measurement date is the grant date, which normally is the date of shareholder approval. For the purposes of this valuation, a proxy grant date of 9 October 2015 has been used;
 - (B) The share price at grant was assumed to be \$1.792 (being a 30 trading day VWAP on 9 October 2015);
 - (C) Risk-free rate of 1.895%;
 - (D) Volatility of the underlying share of 90.0% (the volatility of the XAOAI.ASX assumed to be 11.5% for the equivalent period);
 - (E) There being a three year vesting period and two year retention period; and
 - (F) The valuation of Tranche A was conducted using Trinomial tree and Monte Carlo simulations.

- (vi) Tranche B: A valuation of the Tranche B Performance Rights has been undertaken by HLB Mann Judd, with each Performance Right being valued at \$1.792 per Performance Right, giving this tranche of Performance Rights a maximum total value of \$336,505 as at the date of the valuation (9 October 2015). The key assumptions underpinning the valuation were as follows:
 - (A) The measurement date is the grant date, which normally is the date of shareholder approval. For the purposes of this valuation, a proxy grant date of 9 October 2015 has been used;
 - (B) The share price at grant was assumed to be \$1.792 (being a 30 trading day VWAP on 9 October 2015);
 - (C) Risk-free rate of 1.895%;
 - (D) Volatility of the underlying share of 99.2%;
 - (E) There being a three year vesting period and two year retention period; and
 - (F) The valuation of Tranche B was conducted using a Trinomial tree simulation.
- (vii) Note: The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.
- (viii) All of the Directors other than Mr Brand agree that the number of Performance Rights to be issued to Mr Brand is appropriate given his service to the Company and the benefit to the Company of retaining his services.
- (ix) Details of any Performance Rights issued under the Incentive Rights Plan will be published in each annual report of the Company relating to a period in which Performance Rights have been issued, and noting that approval for the issue of Performance Rights was obtained under Listing Rule 10.14.

(i) Non-Executive Directors' recommendation

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

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

8. Resolution 6 – Issue of NED Rights to Richard Jonathan Beresford under NED Rights Plan

Resolution 6 seeks Shareholder approval for the offer and issue of up to 27,041 NED Rights to Richard Jonathan Beresford, a Non-Executive Director of the Company, 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 27,041 NED Rights will be issued to Mr Beresford or associated person or entity. These could potentially vest and be exercised into no more than 27,041 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 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 18 November 2014 annual general meeting, 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	24 December 2014	32,819	Nil
Leeanne Kay Bond	24 December 2014	20,102	Nil
Madam Yao Guihua	24 December 2014	16,409	Nil
Paul Joseph Cavicchi	24 December 2014	7,771	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, Madam Yao Guihua, Mr Paul Joseph Cavicchi and Mr Douglas Michael Steuert) 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 Beresford or on vesting of 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 currently receives director's fees of \$270,000 per annum (exclusive of GST).
- (ii) Mr Beresford currently holds 414,692 Shares and 32,819 NED Rights.
- (iii) Should Mr Beresford's NED Rights vest in accordance with Resolution 6, his interest in the Company's issued capital will increase by 0.005% (assuming no prior exercise of conversion rights by any other holder of Rights or Options). In turn, the remaining Shareholders will have their existing interests diluted in proportion to the additional 27,041 Shares that will issue on vesting of these NED Rights.
- (iv) There will be no amount raised due to the vesting of Mr Beresford's NED Rights.
- (v) A valuation of the NED Rights has been undertaken by HLB Mann Judd, with each NED Right being valued at \$1.792 per NED Right, giving these NED Rights a total value of \$48,457 as at the date of the valuation (9 October 2015). The key assumptions underpinning the valuation were as follows:
 - (A) The measurement date is the grant date, which normally is the date of shareholder approval. For the purposes of this valuation, a proxy grant date of 9 October 2015 has been used;
 - (B) The share price at grant was \$1.792 (being 30 trading day VWAP on 9 October 2015);
 - (C) Risk-free rate of 1.880%;
 - (D) Volatility of the underlying share of 94.4%;
 - (E) Vesting occurs following a period of 12 months continuous service; and
 - (F) The valuation was conducted using a Trinomial tree simulation.
- (vi) Note: The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.
- (vii) 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.
- (viii) 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 Brand, being the only Director not eligible to participate in the NED Rights Plan, recommends that Shareholders vote in favour of this Resolution 6.

9. Resolution 7 – Issue of NED Rights to Leeanne Kay Bond under NED Rights Plan

Resolution 7 seeks Shareholder approval for the offer and issue of up to 15,774 NED Rights to Leeanne Kay Bond, a Non-Executive Director of the Company, or an entity or person associated with her, 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 15,774 NED Rights will be issued to Ms Bond or associated person or entity. These could potentially vest and be exercised into no more than 15,774 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 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 18 November 2014 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, Madam Yao Guihua, Mr Paul Joseph Cavicchi and Mr Douglas Michael Steuert) 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 Ms Bond or on vesting of 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 director's fees of \$157,500 per annum (exclusive of GST).
- (ii) Ms Bond currently holds 10,000 Shares and 20,102 NED Rights.
- (iii) Should Ms Bond's NED Rights vest in accordance with Resolution 7, her interest in the Company's issued capital will increase by 0.003% (assuming no prior exercise of conversion rights by any other holder of Rights or Options). In turn, the remaining Shareholders will have their existing interests diluted in proportion to the additional 15,774 Shares that will issue on vesting of these NED Rights.
- (iv) There will be no amount raised due to the vesting of Ms Bond's NED Rights.
- (v) A valuation of the NED Rights has been undertaken by HLB Mann Judd, with each NED Right being valued at \$1.792 per NED Right, giving these NED Rights a total value of \$28,266 as at the date of the valuation (9 October 2015). The key assumptions underpinning the valuation were as follows:
 - (A) The measurement date is the grant date, which normally is the date of shareholder approval. For the purposes of this valuation, a proxy grant date of 9 October 2015 has been used;
 - (B) The share price at grant was \$1.792 (being 30 trading day VWAP on 9 October 2015);
 - (C) Risk-free rate of 1.880%;
 - (D) Volatility of the underlying share of 94.4%;
 - (E) Vesting occurs following a period of 12 months continuous service; and
 - (F) The valuation was conducted using a Trinomial tree simulation.
- (vi) Note: The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.
- (vii) 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.
- (viii) 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 Brand, being the only Director not eligible to participate in the NED Rights Plan, recommends that Shareholders vote in favour of this Resolution 7.

10. **Resolution 8 – Issue of NED Rights to Paul Joseph Cavicchi under NED Rights Plan**

Resolution 8 seeks Shareholder approval for the offer and issue of up to 15,148 NED Rights to Paul Joseph Cavicchi, a Non-Executive Director of the Company, 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 15,148 NED Rights will be issued to Mr Cavicchi or associated person or entity. These could potentially vest and be exercised into no more than 15,148 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 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 18 November 2014 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, Madam Yao Guihua, Mr Paul Joseph Cavicchi and Douglas Michael Steuert) 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 Cavicchi or on vesting of 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) Mr Cavicchi currently receives director's fees of US\$151,250 per annum (exclusive of GST) equivalent to A\$210,040 based on an exchange rate of 0.7201 as at 9 October 2015.
- (ii) Mr Cavicchi currently holds 60,000 Shares via American Depository Receipts and 7,771 NED Rights.
- (iii) Should Mr Cavicchi's NED Rights vest in accordance with Resolution 8, his interest in the Company's issued capital will increase by 0.003% (assuming no prior exercise of conversion rights by any other holder of Rights or Options). In turn, the remaining Shareholders will have their existing interests diluted in proportion to the additional 15,148 Shares that will issue on vesting of these NED Rights.
- (iv) There will be no amount raised due to the vesting of Mr Cavicchi's NED Rights.
- (v) A valuation of the NED Rights has been undertaken by HLB Mann Judd, with each NED Right being valued at \$1.792 per NED Right, giving these NED Rights a total value of \$27,145 as at the date of the valuation (9 October 2015). The key assumptions underpinning the valuation were as follows:
 - (A) The measurement date is the grant date, which normally is the date of shareholder approval. For the purposes of this valuation, a proxy grant date of 9 October 2015 has been used;
 - (B) The share price at grant was \$1.792 (being 30 trading day VWAP on 9 October 2015);
 - (C) Risk-free rate of 1.880%;
 - (D) Volatility of the underlying share of 94.4%;
 - (E) Vesting occurs following a period of 12 months continuous service; and
 - (F) The valuation was conducted using a Trinomial tree simulation.
- (vi) Note: The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.
- (vii) 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.
- (viii) 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 Brand, being the only Director not eligible to participate in the NED Rights Plan, recommends that Shareholders vote in favour of this Resolution 8.

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

Resolution 9 seeks Shareholder approval for the offer and issue of up to 15,148 NED Rights to Douglas Michael Steuert, a Non-Executive Director of the Company, 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 15,148 NED Rights will be issued to Mr Steuert or associated person or entity. These could potentially vest and be exercised into no more than 15,148 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 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 18 November 2014 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, Madam Yao Guihua, Mr Paul Joseph Cavicchi and Douglas Michael Steuert) 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 9 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 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 director's fees of US\$151,250 per annum (exclusive of GST) equivalent to A\$210,040 based on an exchange rate of 0.7201 as at 9 October 2015.
- (ii) Mr Steuert currently holds no Shares or NED Rights.
- (iii) Should Mr Steuert's NED Rights vest in accordance with Resolution 9, his interest in the Company's issued capital will increase by 0.003% (assuming no prior exercise of conversion rights by any other holder of Rights or Options). In turn, the remaining Shareholders will have their existing interests diluted in proportion to the additional 15,148 Shares that will issue on vesting of these NED Rights.
- (iv) There will be no amount raised due to the vesting of Mr Steuert's NED Rights.
- (v) A valuation of the NED Rights has been undertaken by HLB Mann Judd, with each NED Right being valued at \$1.792 per NED Right, giving these NED Rights a total value of \$27,145 as at the date of the valuation (9 October 2015). The key assumptions underpinning the valuation were as follows:
 - (A) The measurement date is the grant date, which normally is the date of shareholder approval. For the purposes of this valuation, a proxy grant date of 9 October 2015 has been used;
 - (B) The share price at grant was \$1.792 (being 30 trading day VWAP on 9 October 2015);
 - (C) Risk-free rate of 1.880%;
 - (D) Volatility of the underlying share of 94.4%;
 - (E) Vesting occurs following a period of 12 months continuous service; and
 - (F) The valuation was conducted using a Trinomial Tree simulation.
- (vi) Note: The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.
- (vii) 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.
- (viii) 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 Brand, being the only Director not eligible to participate in the NED Rights Plan, recommends that Shareholders vote in favour of this Resolution 9.

12. Resolution 10 – Approval of issues of securities under Revised Incentive Rights Plan

As set out in Section 6.2(b) above, since the initial approval of the Plans by Shareholders (for the purposes of ASX Listing Rule 7.2 Exception 9(b)) at the annual general meeting held on 25 November 2013, changes to the Plans have been made. Given the changes, the Company considers that it is prudent to seek a further approval of the Incentive Rights Plan for the purposes of ASX Listing Rule 7.2 Exception 9(b) (so that issues made pursuant to the Incentive Rights Plan will not count towards the Company's Listing Rule 7.1 placement capacity). There is no need to seek further approval of the NED Rights Plan for the purposes of ASX Listing Rule 7.2 Exception 9(b) because each grant of NED Rights to NEDs will be approved pursuant to Listing Rule 10.14. If approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

The key changes to the Incentive Rights Plan since the 2013 approval are as follows:

- (a) **(Additional eligible persons)** The Incentive Rights Plan has been extended to apply to casual employees in certain circumstances.
- (b) **(Retention period)** The Board may impose an additional retention period at its discretion during which a Participant may not sell, transfer or otherwise dealt with the Shares issued to it pursuant to the Incentive Rights Plan.
- (c) **(Clawback right)** Performance Rights granted under the Incentive Rights Plan are subject to the clawback policy adopted and maintained by the Board from time to time. Where the clawback policy is triggered, the Board may deem all or any of the Performance Rights or resultant Shares already held by that Participant (or by the trustee of the Liquefied Natural Gas Limited Employee Share Trust for the benefit of the Participant) to be forfeited. If any such Shares have been sold, the Participant may be required to repay the Company all or part of the net profit realised on the relevant sale.
- (d) **(Change of control event)** All unvested Performance Rights will vest immediately on a change of control except in certain circumstances. A change to the Company's share structure or reorganisation in the context of a listing in the United States will not constitute a change of control event for the purposes of the Incentive Rights Plan.
- (e) **(Termination payments)** To the extent any termination benefit is to be provided to a Participant, the Incentive Rights Plan has been amended to ensure such benefits comply with, and will be subject to requisite shareholder approvals in accordance with, the Corporations Act (including as obtained at the Company's 2014 annual general meeting).
- (f) **(Removal of \$1,000 cash payment)** The Incentive Rights Plan no longer contemplates a \$1,000 cash payment being made to the Participant upon conversion of the Performance Rights.
- (g) **(Amendments to vesting levels)** The Board may vary the level or timing of vesting of Performance Rights if it considers something different is more appropriate in the circumstances, subject to certain restrictions under the Incentive Rights Plan.

- (h) **(No listing of Performance Rights)** Provisions have been inserted to clarify that Performance Rights will not be listed on the ASX or any other securities exchange.
- (i) **(No dividend or voting rights)** Provisions have been inserted to clarify that Performance Rights will not entitle a Participant to dividends or to a right to vote. These will only vest in the underlying Shares upon issue.
- (j) **(Data protection)** The Incentive Rights Plan contains a consent from the Participant to the Company holding and processing their personal information.
- (k) **(Potential US listing)** Minor amendments have been made to accommodate a potential US listing of the Company.
- (l) **(Additional flexibility)** The Incentive Rights Plan has been amended to allow additional flexibility in the styles of incentive rights that may be offered under the Incentive Rights Plan, particularly for US employees. While the Plan may now contemplate issues of share options, share appreciation rights, restricted shares and restricted share units, the approval sought under Resolution 10 relates only to grants of Performance Rights.
- (m) **(US regulatory requirements)** Changes have been made to address certain US regulatory requirements.
- (n) **(Term)** The Incentive Rights Plan has been given a maximum fixed term of ten (10) years, ending on 18 November 2025.
- (o) **(Limits)** The 5% limit on securities issued under the Incentive Rights Plan has been amended including so as to align with ASIC Class Order [CO 14/1000].

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

- (a) **A summary of the terms of the Incentive Rights Plan**
A summary of the terms of the Incentive Rights Plan is set out in Schedule 2.
- (b) **The number of securities issued under the Incentive Rights Plan since the date of the last approval**
A total of 13,166,655 Performance Rights has been issued under the Incentive Rights Plan since the annual general meeting held on 25 November 2013. Of these, 1,839,933 were issued to Fletcher Maurice Brand; 7,804,943 were issued to staff and executives; 2,520,152 were issued to US employees; and 924,525 were issued to consultants. These figures exclude the 563,345 Performance Rights proposed to be issued to Fletcher Maurice Brand pursuant to Resolution 5.
- (c) **A voting exclusion statement**
A voting exclusion statement for Resolution 10 is included in the Notice.

As the Directors are not eligible to vote on Resolution 10, they make no recommendation as to how shareholders should vote on this Resolution.

13. Resolution 11 – Ratification of Share Placement

On 28 May 2015, the Company issued 40,000,000 ordinary shares of the Company at an issue price of \$4.35 per share to institutional and sophisticated investors (**Share Placement**), raising gross proceeds of \$174,000,000. The Company issued the shares without shareholder approval under Listing Rule 7.1.

In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1. The effect of passing Resolution 11 will be to allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

In accordance with Listing Rule 7.4, the following information is provided in relation to the Share Placement:

- (a) 40,000,000 Shares were issued to institutional and sophisticated investors on 28 August 2015 without shareholder approval under Listing Rule 7.1.
- (b) The Shares were issued at an issue price of \$4.35 each.
- (c) The Shares were fully paid ordinary shares in the capital of the Company and rank equally to and in all respect with the Company's existing Shares.
- (d) The proceeds from the issue have, and will continue, to be used to fund:
 - (i) an early works expenditure program at the Magnolia LNG Project with a view to ensuring that first LNG is delivered to customers in late 2018;
 - (ii) Bear Head LNG's pipeline infrastructure development work and front-end engineering design targeting a 2016 final investment decision;
 - (iii) potentially, the acquisition and development of a third LNG project in North America; and
 - (iv) otherwise for general corporate purposes.
- (e) A voting exclusion statement is included in the Notice.

The Board recommends that Shareholders vote in favour of Resolution 11.

14. Resolution 12 – Approval of Proportional Takeover Provisions in Company’s Constitution

The Corporations Act permits a company to include in its constitution provisions prohibiting the registration of a transfer of securities resulting from a proportional takeover bid unless the relevant holders in a general meeting approve the bid.

It is a requirement of the Corporations Act that such provisions in a company’s constitution apply for a maximum period of three years, unless renewed earlier. In the case of the Company, the Constitution contained such provisions when it was adopted in 2004. By operation of section 648G(1)(a) of the Corporations Act, these provisions expired three years from the date the Constitution came into effect and were deemed to be omitted from the Constitution from the date of expiry. The provisions have not been renewed since.

A company may renew its proportional takeover provisions by altering its constitution to insert the relevant provisions. Accordingly, a special resolution is being put to Shareholders under sections 136 and 648G of the Corporations Act to re-insert Rule 6 into the Constitution.

If Resolution 12 is approved by Shareholders at the Meeting, Rule 6 of the Constitution will operate for three years from the date of the Meeting (i.e. until 19 November 2018), unless renewed earlier.

The Corporations Act requires the Company to provide Shareholders with an explanation of the proposed proportional takeover bid provisions so that Shareholders can make an informed decision on whether or not to vote in favour of the Resolution. Accordingly, the Company provides the information as set out below.

14.1 Information required by section 648G of the Corporations Act

(a) What is a proportional takeover bid

A proportional takeover bid is an off-market takeover offer sent by the bidder to all shareholders, but only in respect of a specified portion of each shareholder’s shares. Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified proportion of their shares in the Company and retain the balance of the shares.

Under the proposed Proportional Takeover Provisions, a transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover bid must not be registered unless and until an approving resolution to approve the proportional takeover bid has been passed by relevant security holders.

(b) Effect of proportional takeover provisions

If Proportional Takeover Provisions are included in the Company’s Constitution, and a proportional takeover bid is made, the Directors must ensure that a resolution of relevant security holders to approve the takeover bid is voted on. The resolution must be voted on before the 14th

day before the last day of the bid period (that is, no later than 15 days before the last day of the bid period).

The vote is decided on a simple majority of those entitled to vote. The bidder and its associates are not able to vote on the resolution. If the resolution is not passed, binding acceptances under the takeover bid must be rescinded and offers failing to result in binding contracts will be taken to have been withdrawn. If the resolution is not voted on before the required deadline, the bid will be taken to have been approved.

If the bid is approved (or taken to have been approved), transfers under the takeover bid can be registered (provided they otherwise comply with other provisions of the Corporations Act and the Constitution).

The proportional takeover approval provisions do not apply to full takeover bids and will only apply until 3 years after the date of renewal. The provisions may be renewed for a further term, but only by a special resolution of Shareholders.

(c) Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a proportional bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of not being able to exit their investment in the Company by selling their entire shareholding and consequently being left as a minority in the Company. The bidder may be able to acquire control of the Company without payment of an adequate control premium.

The Directors believe that the renewal of the proportional takeover provisions is desirable to give Shareholders protection from these risks inherent in proportional takeover bids. This is the protection that the Corporations Act provisions are intended to provide.

These provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and may assist in ensuring that any proportional takeover bid is appropriately priced.

To assess the merits of the renewal of the proportional takeover provisions, Shareholders should make a judgment as to what events are likely to occur in relation to the Company during the 3 year life of the renewed provisions.

(d) Knowledge of any acquisition proposals

As at the date of the Notice, no Director is aware of any proposal by any person to acquire or to increase a substantial interest in the Company by way of a proportional takeover bid or otherwise.

(e) Review of proportional takeover provisions

While the previous proportional takeover provisions were in effect, and since they have ceased to be in effect, there have been no full or proportional takeover bids for the Company. Therefore there has been no example against which to review the advantages or disadvantages of the previous proportional takeover provisions for the Directors and

Shareholders respectively. The Directors are not aware of any potential takeover bid that was discouraged by these provisions.

(f) Potential advantages and disadvantages

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for Directors and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The proportional advantages for Shareholders of the proportional takeover provisions include:

- (i) Shareholders have the opportunity to consider, discuss in a meeting called for the purpose, and vote on whether a proportional takeover bid should be approved and proceed;
- (ii) the provisions may help Shareholders to have a say in the future ownership and control of the Company and avoid being locked in as a minority;
- (iii) the provisions increase Shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is attractive to at least a majority of the relevant Shareholders;
- (iv) the provisions may discourage the making of a proportional takeover bid that might be considered opportunistic; and
- (v) each individual Shareholder may better assess the likely outcome of a proportional takeover bid by knowing the view of the majority of Shareholders and assist in deciding whether to accept or reject an offer under a proportional takeover bid.

The potential disadvantages for Shareholders include:

- (i) the provisions place a hurdle that may discourage proportional takeover bids being made for Shares in the Company, which may reduce any takeover speculation element in the price of the Company's securities;
- (ii) the Shareholders may be denied an opportunity to sell a proportion of their shares at an attractive price where the majority rejects the offer from persons seeking control of the Company;
- (iii) individual Shareholders may consider that the proportional takeover provisions could restrict their ability to deal with their Shares as they see fit; and
- (iv) the likelihood of a proportional takeover succeeding may be reduced.

The Directors do not believe the potential disadvantages outweigh the potential advantages of reinserting the proportional takeover provisions for three years.

14.2 Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 12.

Schedule 1 - Definitions

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

\$ means Australian Dollars unless otherwise specified.

AEDT means Australian Eastern Daylight Time, being the time in Sydney, New South Wales.

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2015.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

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

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.

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.

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.

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

NED means a Non-Executive Director.

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.

Non-Executive Directors means those Directors who are not Executive Directors.

Options mean options granted by the Company to acquire Shares.

Performance Right means a performance right or retention 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.

Proportional Takeover Provisions means the provisions as set out in rule 6 of the Constitution, which are deemed to have been omitted by the Corporations Act.

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.

Right means a Performance 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.

Share Placement means the placement of Shares by the Company detailed in Section 13.

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.

VWAP means volume weighted average price.

Schedule 2 – Summary of Revised Incentive Rights Plan

Aspect	Details
Instrument	The Incentive Rights Plan authorises the granting of Performance 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 Plan and the number of Performance Rights offered to each individual participant will be determined by the Board. Non-Executive Directors (NEDs) 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 Performance Rights, including the Vesting Conditions. All Performance Rights offered will be subject to Vesting Conditions (for performance rights) or retention periods (for retention rights). In the case of performance rights the conditions are intended to be challenging and linked to growth in shareholder value and achievement of major project milestones.
Number of Performance Rights	The Board has discretion as to the number of Performance Rights to be offered to a participant, however generally this will be determined by multiplying their base package by the long term incentive percentage, and dividing that dollar value by the value of the type of Performance 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 Performance Right	No amount will be payable by Participants for Performance Rights as they are part of the intended total remuneration package in each financial year.
Vesting of Rights	Upon the satisfaction of the Vesting Conditions or retention periods, the number of Performance Rights 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 the Performance Rights into Shares.
Measurement Period	The measurement period is generally intended to be three full financial years under normal circumstances with no vesting prior to performance being tested at the end of the three years. The measurement period will generally only be shorter in the

Aspect	Details
	<p>circumstances of a transition or a new appointment. In these circumstances it may be appropriate to provide for some vesting after a minimum of two years in order to recognise that under normal circumstances where grants are made annually and vesting periods overlap, some vesting may occur annually (subject to the satisfaction of Vesting Conditions).</p>
<p>Vesting Conditions</p>	<p>In order for Performance Rights to vest, a Participant must remain employed by the Company during the measurement period (except in the case of death, disablement etc. - 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 a discretion to adjust Vesting Conditions in circumstances where it reasonably considers it is appropriate to do so, subject to restrictions under the Incentive Rights Plan. Retention rights will be subject to conditions relating to the period of employment or engagement.</p>
<p>Exercise Price</p>	<p>This aspect is at the discretion of the Board. Generally, it is intended that no amount will be payable by a participant to exercise a Performance Right that has vested.</p>
<p>Cessation of Employment</p>	<p>If a Plan Participant ceases employment by reason of termination for poor performance or termination for cause, all unvested Performance Rights held by the Participant will lapse. Lapsing of Performance Rights in other cases will depend on the circumstances in which the Participant ceases employment.</p>
<p>Change of Control of the Company</p>	<p>In the event of a change of control unvested Rights would vest immediately except in certain circumstances. In relation to Shares that have resulted from the vesting of Performance Rights, dealing restrictions, if any, specified in the Invitation may also be lifted in the Board's discretion. A restructure or capital raising for the purposes of a US listing would not constitute a change of control.</p>
<p>Voting and Dividend Rights</p>	<p>Performance Rights do not carry voting or dividend rights. Shares issued when Performance Rights vest carry the rights and entitlements of Shares, including voting and dividend rights.</p>
<p>Lapse and Forfeiture of Performance Rights</p>	<p>Performance Rights will lapse if the prescribed Vesting Conditions are not satisfied within the prescribed measurement period.</p>
<p>No Transfer of</p>	<p>Without the approval of the Board, Performance Rights may not be</p>

Aspect	Details
Performance Rights	sold, transferred, mortgaged, charged or otherwise dealt with or encumbered.
Quotation	Performance 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 ASX Listing Rules.
Variation of Terms and Conditions	To the extent permitted by the Listing Rules and the Plan, the Board retains the discretion to vary the terms and conditions of the Plan. This includes varying the number of Performance 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 Performance Rights vest under the Plan may be issued by the Company or acquired on market by the Company or by its nominee. The nominee may be the trustee of a trust (such as the Liquefied Natural Gas Limited Employee Share Trust), the purpose of which is to facilitate the operation of incentive plans on behalf of the Company.
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.
Other Terms of the Plan	The 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 (NEDs) of the Company.
Eligibility	Eligibility to participate in the Plan and the number of Rights offered to each individual participant (Participant) 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 by some stakeholder groups as compromising their independence.
Terms & Conditions	The Board has the discretion to set the terms and conditions on which it will offer Rights under the 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 fully paid ordinary shares in the issued capital of Liquefied Natural Gas Limited (Shares) based on the Vesting Share Price.
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

Aspect	Details
	<p>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.</p>
Vesting Conditions	<p>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.</p>
Exercise Price	<p>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.</p>
Change of Control of the Company	<p>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.</p>
Voting and Dividend Rights	<p>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.</p>
Lapse and Forfeiture of Rights	<p>Rights will lapse if the prescribed Vesting Conditions are not satisfied within the prescribed measurement period.</p>
No Transfer of Rights	<p>Rights granted under the NED Plan may only be transferred in limited circumstances.</p>
Quotation	<p>Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the Plan, in accordance with the ASX Listing Rules.</p>

Aspect	Details
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 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 Plan may be issued by the Company or acquired on or off 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 Plan. However, it may require Participating Employers to share the cost on such a basis as the Board 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	The Company prohibits the hedging of Rights by Participants of the NED Rights Plan.

Schedule 4 – Proportional Takeover Provisions

6 Approval of proportional takeover bids

6.1 Definitions

In this rule 6:

- (a) **approving resolution**, in relation to a proportional takeover bid, means a resolution or ballot to approve the proportional takeover bid passed in accordance with rule 6.3;
- (b) **proportional takeover bid** means a takeover bid that is made or purports to be made under section 618(1)(b) of the Corporations Act in respect of securities included in a class of securities in the company;
- (c) **relevant class**, in relation to a proportional takeover bid, means the class of securities in the company in respect of which offers are made under the proportional takeover bid; and
- (d) **approving resolution deadline**, in relation to a proportional takeover bid, means the day that is 14 days before the last day of the bid period.

6.2 Transfers not to be registered

Despite rules 5.1(e) and 5.2, a transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover bid must not be registered unless and until an approving resolution to approve the proportional takeover bid has been passed or is taken to have been passed in accordance with rule 6.3.

6.3 Resolution

- (a) Where offers have been made under a proportional takeover bid, the directors must:
 - (1) either:
 - (A) convene a meeting of the persons entitled to vote on the approving resolution for the purpose of considering and, if thought fit, passing a resolution to approve the proportional takeover bid; or
 - (B) conduct a postal ballot of the persons entitled to vote on the approving resolution for the purpose of considering approval of the proportional takeover bid; and
 - (2) ensure that such a resolution is voted on, or postal ballot is conducted, in accordance with this rule 6.3, before the approving resolution deadline.
- (b) The provisions of this constitution relating to general meetings apply, so far as they can and with such changes as are necessary, to a meeting that is convened pursuant to rule 6.3(a).
- (c) The bidder under a proportional takeover bid and any associates of the bidder are not entitled to vote on the approving resolution and if they do vote, their votes must not be counted.
- (d) If the directors determine that the approving resolution may be voted on by means of a postal ballot:

- (1) the directors must dispatch to eligible Members a notice proposing the approving resolution (that must specify a date (being not less than 18 days before the end of the period during which offers under the bid remain open) for return of the ballot paper), a ballot paper for the purpose of voting on the approving resolution, a statement setting out the details of the bid and a memorandum explaining the voting procedure;
- (2) a vote recorded on a ballot paper will not be counted for the purposes of determining whether or not the approving resolution is passed, unless the ballot paper is:
 - (A) correctly signed by the eligible Member; and
 - (B) received by the date specified for the return of the ballot paper in the relevant notice; and
- (3) no later than the business day following the date specified for return of ballot papers the directors must:
 - (A) cause the ballot papers to be counted in accordance with rule 6.3(d)(2);
 - (B) determine whether the approving resolution has been passed or rejected; and
 - (C) on completion of counting, disclose the results of the ballot paper,

and the approving resolution shall be deemed to have been voted on on the date of the declaration.
- (e) Subject to rule 6.3(c), a person who, as at the end of the day on which the first offer under the proportional takeover bid was made, held securities of the relevant class is entitled to vote on the approving resolution relating to the proportional takeover bid and, for the purposes of so voting, is entitled to 1 vote for each such security held at that time.
- (f) An approving resolution is to be taken as passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than one half, and otherwise is to be taken to have been rejected.
- (g) If an approving resolution has not been voted on in accordance with this rule 6.3 before the approving resolution deadline, an approving resolution will be taken to have been passed in accordance with this rule 6.3 on the approving resolution deadline.
- (h) If an approving resolution is voted on in accordance with this rule before the approving resolution deadline, and is rejected:
 - (1) despite section 652A of the Corporations Act:
 - (A) all offers under the bid that have not been accepted; and
 - (B) all offers under the bid that have been accepted, and from whose acceptance binding contracts have not resulted,

as at the approving resolution deadline, are taken to be withdrawn at the approving resolution deadline;
 - (2) as soon as practicable after the approving resolution deadline, the bidder must return to each person who has accepted an offer referred to in rule

6.3(h)(1)(B) any documents that person sent the bidder with the acceptance of the offer;

(3) the bidder:

(A) is entitled to rescind; and

(B) must rescind as soon as practicable after the approving resolution deadline,

each binding takeover contract for the bid; and

(4) a person who has accepted an offer made under the bid is entitled to rescind the takeover contract between such person and the bidder.

6.4 Sunset

Rules 6.1, 6.2 and 6.3, cease to have effect at the end of 3 years following the date of adoption or last renewal of this rule 6.



Liquefied Natural Gas Limited
ABN 19 101 676 779


LODGE YOUR VOTE

 **ONLINE**
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**
Telephone: +61 1300 554 474

LODGE MENT OF 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 **3:00pm (AEDT) on Tuesday, 17 November 2015**, 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

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 front of the 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 Resolution is 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.

**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:

STEP 1

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 **3:00pm (AEDT) on Thursday, 19 November 2015 at Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney, New South Wales** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1 and 4 to 10: 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 to 10, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

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 Re-Election of Richard Jonathan Beresford as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval of issues of securities under Revised Incentive Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Douglas Michael Steuert as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Ratification of Share Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Increase in Non-Executive Directors' Fee Pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Approval of Proportional Takeover Provisions in Company's Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Performance Rights to Fletcher Maurice Brand under Incentive Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Issue of NED Rights to Richard Jonathan Beresford under NED Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Issue of NED Rights to Leeanne Kay Bond under NED Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Issue of NED Rights to Paul Joseph Cavicchi under NED Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* 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.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

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).

