



ASX/MEDIA RELEASE

7 March 2013

EXCLUSIVE SITE LEASE OPTION AGREEMENT SIGNED MAGNOLIA LNG PROJECT

The Directors of Liquefied Natural Gas Limited (ASX: LNG, *LNG LTD*) are pleased to announce the signing of an exclusive Site Lease Option Agreement (*Lease Option Agreement*) with the Lake Charles Harbour and Terminal District Authority (*Port Authority*), in relation to the project site for LNG Ltd's proposed Magnolia LNG Project (*MLNG* - as described below).

The legally binding Lease Option Agreement gives LNG Ltd exclusive rights to the project site and time to obtain all necessary approvals, prior to committing to the full terms of the Site Ground Lease (*Site Lease*). Key terms of the two agreements include:

Lease Option Agreement:

- *Project Site:* ~100 acres vacant site, located on Port Authority land known as PLC Tract-475s at Henry Pugh Boulevard and Big Lake Road, Lake Charles, Louisiana, USA.
- *Purpose:* Exclusive access to the project site during the Option Term to undertake all necessary site investigation activities and pursue all required approvals, for the proposed development of a liquefied natural gas (*LNG*) export project.
- *Option Term:* 4 years, subject to the payment of nominal annual option fees.
- *Termination:* MLNG may terminate the agreement at any time for convenience, and only forfeits annual option fees already paid.
- *Option Exercise:* MLNG may exercise the option, and enter into the Site Lease, at any time subject to having obtained necessary project development approvals.
- *Lease:* The Lease Option Agreement includes, as an annexure, the fully termed and agreed form of Site Lease to be executed on exercise of the option.

Site Lease:

- *Lease Term:* 30 years, plus 4 x 10 year term extensions exercisable at MLNG's sole discretion.
- *Purpose:* Development of an 8 million tonnes per annum (*mtpa*) LNG export project, subject to compliance with all applicable laws.
- *Site Payments:* Annual Rental - payable annually in advance from the date of signing the Site Lease.
Minimum LNG Throughput Fee - based on 4 mtpa and payable annually in advance, from the earlier of commercial operations date or 1 December 2017.
Throughput Fee - based on LNG loaded onto LNG ships in excess of 4 mtpa, payable annually in arrears.

LNG Ltd's Managing Director, Maurice Brand, said "The securing of the project site is a key fundamental to the future successful development of the MLNG project. The project site has many valuable features, including being located on an established LNG shipping channel and close to substantial gas resources and major existing pipeline networks" (refer to the attached diagrams).

Mr Brand further said, "We again extend our thanks to the Port Authority which continues to be very supportive of the MLNG Project and was commercially pragmatic in the structuring of these two key agreements".

Magnolia LNG Project:

The project comprises the proposed development of an 8 mtpa LNG project on a 100 acres site, in an established LNG shipping channel in the Lake Charles District, State of Louisiana, United States of America. The development is based on the staged development of 4 x 2 mtpa LNG production trains using LNG Ltd's wholly owned OSMR® LNG process technology and the completed LNG plant front end engineering and design of LNG Ltd's Gladstone Fisherman's Landing LNG Project in Queensland, Australia.

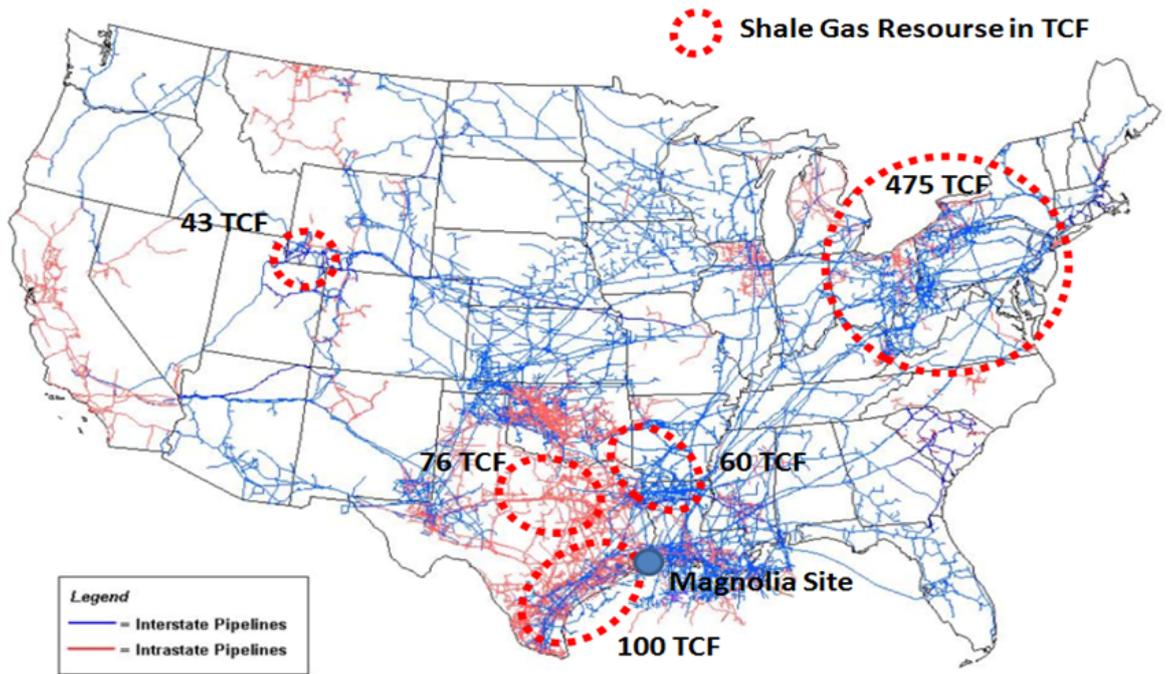
For further information contact:

Mr Maurice Brand
Managing Director & Joint Chief Executive Officer
Telephone: + 61 8 9366 3700

Mr David Gardner
Company Secretary
Telephone: + 61 8 9366 3700

Liquefied Natural Gas Limited
Ground Floor, 5 Ord Street, West Perth WA 6005
Telephone: (08) 9366 3700 **Facsimile:** (08) 9366 3799
Email: LNG@LNGLimited.com.au
Web site: www.LNGLimited.com.au





Source: Energy Information Administration, Office of Oil & Gas, Natural Gas Division, Gas Transportation Information System