



## ASX/MEDIA RELEASE

2 June 2014

### MAGNOLIA LNG PROJECT UPDATE

#### Highlights

- The United States Department of Energy recently announced proposed changes to its procedures for processing applications to export LNG to non-FTA countries
- Magnolia LNG will file comments with DOE remarking on the proposed changes

#### Recent DOE Announcement

Liquefied Natural Gas Limited (**ASX: LNG, OTC ADR: LNGLY**) (**Company**) advises that on 29 May 2014 the United States Department of Energy (**DOE**) announced proposed changes to the procedures it will use to process applications to export LNG to non-free trade agreement (**non-FTA**) countries. The DOE announcement included three main features:

**(1) Process Changes.** DOE's proposed changes would: (a) eliminate the current practice of issuing conditional orders; (b) result in DOE no longer processing applications based on the DOE queue (date received) established in December 2012; and (c) base the sequence in which DOE issues final decisions solely on a project's completion of its environmental review process required under the National Environmental Policy Act (**NEPA**), which for Magnolia LNG is undertaken by the Federal Energy Regulatory Commission (**FERC**). These proposed changes are now subject to public comment, which are required by 21 July 2014. Magnolia LNG will file comments in response to the proposed process changes.

**(2) Economic Studies.** DOE also announced that it plans to: (a) undertake a new macroeconomic study "to gain a better understanding of how potential U.S. LNG exports between 12 and 20 billion cubic feet per day (Bcf/d) could affect the US public interest"; and (b) have the Energy Information Administration (**EIA**) update its previously prepared 2012 LNG Export Study. Once completed both of these studies will be made available for public comment.

**(3) Environmental Reports.** In addition, DOE announced and made available for public comment two new reports on environmental issues (namely, lifecycle Greenhouse Gas (**GHG**) emissions analysis associated with exported LNG and impacts of upstream hydraulic fracturing). DOE confirms that these issues go beyond what is required for its review under NEPA but wanted to address some of the concerns expressed by the public. Public comments on the proposed two additional environmental reports are also due by 21 July 2014. Magnolia LNG will also be making a submission in relation to the two environmental reports.

On the 29 May 2014 the Company released a presentation that referenced the potential for Magnolia LNG to receive non-FTA approval in 2015. Refer to Table 1 for a summary of the DOE and FERC approvals

for the development of the Magnolia LNG Project. Table 2 shows the Status of LNG Projects in the United States and that Magnolia LNG, subject to receipt of all approvals, is on target to produce first LNG in 2018 and therefore may be in the first five LNG US export projects to begin LNG production.

#### **Managing Director and CEO Comments**

In response to the DOE issuance, Mr Maurice Brand, Company Managing Director and CEO said “While Magnolia LNG continues to review and assess the US Department of Energy’s 29 May proposal, Magnolia LNG generally supports regulatory changes that have the effect of expediting the approval for non-FTA LNG exports for those projects like Magnolia LNG that advance through the FERC environmental and safety regulatory process. Magnolia LNG looks forward to filing comments with DOE expressing its views on the agency’s proposal while it continues to press ahead diligently with its pending FERC application.”

#### **For further information contact:**

**Mr Maurice Brand**  
**Managing Director & Chief Executive Officer**

**Mr David Gardner**  
**Company Secretary**

**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](mailto:LNG@LNGLimited.com.au)  
Web site: [www.LNGLimited.com.au](http://www.LNGLimited.com.au)

## About Liquefied Natural Gas Limited

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

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

## About the Magnolia LNG Project

The Magnolia LNG Project is 100% owned by Magnolia LNG LLC, which is a wholly owned subsidiary of the Company. The project comprises the proposed development of an 8 mtpa LNG project on a 116 acre site, in an established LNG shipping channel in the Lake Charles District, State of Louisiana, US.

The development is based on the development of 4 x 2 mtpa LNG production trains using the Company's wholly owned OSMR<sup>®</sup> LNG process technology and the completed LNG plant front end engineering and design of the Company's Gladstone Fisherman's Landing LNG Project in Queensland, Australia.

The business model being adopted for the Magnolia LNG Project is to provide liquefaction services to LNG buyers who pay a monthly fixed capacity fee, plus all project operating and maintenance costs. In addition, each LNG Tolling Party is responsible for supplying and transporting gas to the Magnolia LNG Project at its own expense.

For further information on the Magnolia LNG project, please see our website: [www.magnoliaLNG.com](http://www.magnoliaLNG.com).

**Table 1 – Summary of US DOE and FERC Approvals for the development of the Magnolia LNG Project**

There are two main Federal Agencies that regulate LNG Projects in the United States

US Department of Energy (DOE)	Federal Energy Regulatory Commission (FERC)
<ul style="list-style-type: none"> <li>• In February 2013, DOE authorises exports of up to 4 mtpa to Free Trade Agreement (FTA) countries. Term is 25 years from first LNG supply that must be within 10 years from Authorisation Date.</li> <li>• In March 2014, the DOE authorised a further 4 mtpa of LNG export to FTA countries from Magnolia LNG with same terms as first 4 mtpa.</li> <li>• Application for LNG exports to non-FTA countries lodged for up to 8 mtpa. However, Magnolia LNG achieving Financial Close is NOT dependent on this authorisation.</li> <li>• Potential for DOE non-FTA approval 90 days after FERC issues the Final Environmental Impact Statement (FEIS).</li> </ul>	<ul style="list-style-type: none"> <li>• FERC provides Authorisation for the construction and operation of a LNG facility, and includes a comprehensive analysis of the environmental, operational and safety implications of the Project. FERC filing process expected to take 12-15 months from formal application to Notice to Proceed (NTP).</li> <li>• FERC granted Magnolia LNG’s pre-filing request on 20 March 2013.</li> <li>• On 27 November 2013, Magnolia LNG submitted 13 draft resource reports to FERC that covered a wide range of environmental and engineering aspects.</li> <li>• On 30 April 2014, Magnolia LNG filed a formal application with FERC seeking authorisation for the siting, construction, ownership and operation of the proposed Magnolia LNG Project. FERC accepted Magnolia LNG’s application on May 14, 2014 and assigned Docket No. CP14-347-000.</li> <li>• Following Kinder Morgan FERC filing by June 30, 2014, FERC prepares a Draft EIS (DEIS) to satisfy the National Environmental Policy Act. DEIS is open for review and comment by public and other permitting agencies. Target Date for DEIS is November 2014. The Final Environmental Impact Statement (FEIS) likely to be issued approximately 4 months after DEIS; ie March 2015.</li> <li>• Normally, FERC issues a conditional order authorising the project approximately 30-45 days after the FEIS. After satisfaction of several conditions in the order, FERC staff issues an NTP that authorizes actual commencement of construction. This is required before MLNG can achieve Financial Close and commence construction. <b>Financial Close is planned for mid 2015.</b></li> </ul>

**Table 2: Status of LNG Projects in the United States**

Project (Company)	Location	Sponsor	Capacity mtpa	Offtake mtpa	FTA Approval	Non-FTA Approval	Non-FTA Approval mtpa	First LNG Proposed	FERC Status	FERC 'filing' Date
Sabine Pass	Louisiana	Cheniere Energy	27	19.8	Y	Y	16.9	2015	Approved, Apr-12	Dec-11
Freeport LNG	Texas	Freeport	13.2	13.2	Y	Y	13.2	2018	Filing	Aug-12
Cameron LNG, LLC	Louisiana	Sempra Energy	13.5	12.3	Y	Y	13	2018	Filing	Dec-12
Corpus Christi	Texas	Cheniere Energy	13.5	3	Y	N	-	2018	Filing	Jun-13
<b>Magnolia LNG</b>	<b>Louisiana</b>	<b>Liquefied Natural Gas Ltd</b>	<b>8</b>	<b>-</b>	<b>Y</b>	<b>N</b>	<b>-</b>	<b>2018</b>	<b>Filing</b>	<b>Apr-14</b>
Lake Charles	Louisiana	Southern Union (BG)	15	15	Y	Y	15.3	2019	Filing	Mar-14
Cove Point	Maryland	Dominion Resources	5.3	4.6	Y	Y	5.9	2018/19	Filing	Apr-13
Jordan Cove	Oregon	Veresen	6	-	Y	Y	4	2019	Filing	May-13
Oregon LNG	Oregon	LNG Development Co	9	-	Y	N	-	2019	Filing	Jun-13
Lavaca Bay FLNG	Texas	Excelerate Energy	4.4	-	Y	N	-	2019	Filing	Feb-14
Elba Island LNG	Georgia	Southern LNG/Kinder Morgan	2.5	2.5	Y	N	-	tbc	Filing	Mar-14
Gulf LNG	Mississippi	GE Energy & Kinder Morgan	11.5	-	N	N	-	tbc	Pre-filing	Dec-12
Golden Pass	Texas	Exxon Mobil / Qatar Petroleum	15.6	-	Y	N	-	tbc	Pre-filing	May-13
CE FLNG	Louisiana	CE FLNG	8.2	-	Y	N	-	tbc	Pre-filing	Apr-13
Gulf Coast LNG	Texas	M S Smith	13.2	-	Y	N	-	tbc	n/a	-
Carib Energy	TBC	Crowley Maritime	0.3	-	Y	N	-	tbc	n/a	-
Main Pass Energy Hub	Louisiana	Freeport-McMoran Energy	24	-	Y	N	-	tbc	n/a	-
Pangea LNG	Texas	Pangea LNG Holdings	8.4	-	Y	N	-	tbc	n/a	-
Waller LNG	Louisiana	Waller LNG Services	1.2	-	Y	N	-	tbc	n/a	-
Gasfin LNG	Louisiana	Gasfin Development	1.5	-	Y	N	-	tbc	n/a	-
Venture Global LNG	Texas	Venture Global	5.1	-	Y	N	-	tbc	n/a	-
Eos & Barca LNG	Texas	Eos & Barca	24.5	-	Y	N	-	tbc	n/a	-
<b>Total</b>			<b>230.9</b>	<b>70.4</b>			<b>68.3</b>			

Source: US Dept of Energy; Company Presentations; Foster Stockbroking Research

**Magnolia LNG in the first 10 FERC LNG Progressed Projects**