

## Magnolia LNG – Lake Charles, Louisiana A wholly owned subsidiary of LNG Limited “2016 – The Year in Review”

The past year brought changes that further solidify the importance of US natural gas in the global LNG market. The United States elected a very pro-business and pro-energy president; new material domestic natural gas reserve finds supplement an already global leading resource base; Brent futures rose by approximately 20%; spot prices for LNG strongly improved over the year; and the LNG industry acknowledged new liquefaction projects must be sanctioned soon to meet expected early 2020's demand.

Throughout 2016, Magnolia LNG (MLNG) celebrated a large number of significant milestone successes, continuing to advance its development as the most shovel ready US Gulf Coast liquefaction project.

- March 21, 2016 Louisiana Department of Environmental Quality issued MLNG's air permit
- April 15, 2016 MLNG received its FERC Section 3 Order
- April 28, 2016 Magnolia filed its Implementation Plan with FERC
- November 23, 2016 FERC denied Sierra Club's request for rehearing, making the FERC Section 3 Order final
- November 30, 2016 US DoE issued MLNG's Non-FTA permit for export
- December 23, 2016 MLNG agreed an interim extension of the price validity period of the lump sum turnkey (LSTK) agreement with KSJV, targeting completion of a longer term extension by January 31, 2017

MLNG successfully achieved milestones that create confidence and give assurance that it will be the next US Gulf Coast liquefaction project to begin construction, meaning first gas from MLNG can be at the front-end of the next wave of global LNG demand.

MLNG has all required FERC and DoE permits and approvals, will extend the validity of its industry competitive LSTK EPC contract price with KSJV in early 2017, has certainty of gas supply, certainty of equity via a commitment from Stonepeak Infrastructure Partners, and a debt financing process led by BNP Paribas. As LNG developments are considered, Magnolia LNG is the most viable greenfield project on the US Gulf Coast.



Magnolia LNG is entering 2017 shovel ready and first in-line to satisfy the next wave of LNG demand. We will be moving to finalize firm offtake agreements in the New Year.

Best wishes for 2017,



Greg Vesey, Managing Director and Chief Executive Officer of Liquefied Natural Gas Limited