



## ASX/MEDIA RELEASE

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# MAGNOLIA LNG SIGNS TECHNICAL SERVICES AGREEMENT WITH KBR, INITIALS EPC CONTRACT WITH SK E&C

### Highlights:

- **Technical Services Agreement (TSA) signed with global LNG EPC contractor, KBR, Inc. (KBR)**
- **Updated Engineering, Procurement & Construction (EPC) contract initialled with SK E&C Group (SKEC)**
- **KBR and SKEC to form EPC Joint Venture (JV) to deliver the 8 mtpa four train Magnolia LNG Project**
- **Magnolia LNG on schedule for Financial Close in mid-2015 and first LNG in fourth quarter 2018**

Liquefied Natural Gas Limited (**ASX: LNG; OTC ADR: LNGLY**) (the **Company**) is pleased to advise that its wholly owned subsidiary, Magnolia LNG LLC (**MLNG**), has executed a Technical Services Agreement (**TSA**) with Kellogg Brown & Root LLC, a wholly owned subsidiary of KBR, Inc. (**KBR**) to undertake cost verification and provide other services supporting MLNG project delivery. KBR ([www.kbr.com](http://www.kbr.com)) is a global leader in the LNG EPC business, having been involved in the delivery of about one third of the world's current LNG production capacity. It is proposed that KBR and SKEC will form an integrated EPC Joint Venture which will execute a bankable EPC Contract following the formation of their EPC JV. In addition both parties will work collaboratively going forward to complete the scopes of services provided under their respective TSA Agreements.

Furthermore, Magnolia LNG and SKEC have initialled the updated EPC contract as originally planned, which incorporates all requirements stipulated by BNP Paribas, Magnolia's project finance adviser, Merlin Advisors LLC, the lenders' technical consultant, legal advisors White and Case and Stonepeak Partners LLC, the proposed Magnolia LNG Project Equity partner. KBR will further review and advise on this updated contract consistent with their joining the project as a contractor joint venture partner. SKEC's participation as a member of the integrated EPC contractor joint venture will be finalized through establishment of the EPC Contractor memorandum of understanding (**MOU**) to be executed in January among the parties MLNG, SKEC and KBR.

As advised on 1 December 2014, during the period through to 31 March 2015, SKEC and now with KBR, will be working with MLNG on costs and timing for Magnolia LNG to expand through to its full production capacity of 8 mtpa in the 4-train facility.

LNGL Managing Director and Chief Executive Officer, Maurice Brand, said that “the EPC JV structure is common in the LNG industry with each participant able to provide their experience and expertise. KBR is a well credentialed LNG EPC contractor and will provide the Project Director and access to the full global resources of the KBR group. This will be particularly relevant as Magnolia LNG moves to commit to the full 8 mtpa,” said Mr Brand.

MLNG’s Chief Operating Officer, John Baguley added, “Our MLNG team recognizes the excellence delivered by the SKEC organization to date. With the project now further advancing towards EPC, we are pleased to have KBR’s additional experience and resources available as we finalize the EPC Contract and project related activities towards our planned financial close in mid-2015. The period from now through to 31 March 2015, during which we will merge the Provisional Sum elements into the combined lump sum, fixed price contract, will position Magnolia LNG to rapidly enter into the construction phase as necessary approvals and licenses are received. This period will also enable us to incorporate any comments received from FERC during their preparation of the Draft Environmental Impact Statement, and to undertake the necessary rigorous planning and scheduling required to support achieving first LNG in 2018. The original SKEC project schedule and budget covering the period through to 30 June 2015 remain on target.”

#### **About KBR Inc. (NYSE: KBR)**

KBR is a global technology, engineering, procurement and construction company with around 27,000 people worldwide, customers in over 70 countries and operations in 40 countries across three distinct global businesses:

- Technology & Consulting, including proprietary technology in refining, ethylene, ammonia and fertilizers, and gasification; and niche consulting and know-how through Granherne/Energo and GVA
- Engineering & Construction, including Upstream Oil & Gas; LNG/GTL; Downstream Petrochemicals and Chemicals; and differentiated EPC
- Government Services, including program management and long term annuity contracts

KBR is proud to work with its customers across the globe to provide technology, value-added consulting and integrated EPC skills to ensure a consistent project delivery with predictable results. At KBR, we deliver.

Visit [www.kbr.com](http://www.kbr.com).

#### **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 companies:

- Magnolia LNG LLC (**Magnolia LNG**), a US-based wholly owned subsidiary of LNGL, which is developing an 8 million tonne per annum (**mtpa**) LNG export terminal, in the Port of Lake Charles, Louisiana, USA;
- Bear Head LNG Corporation (**Bear Head**), a Canadian based wholly owned subsidiary of LNGL, which is developing an 8 mtpa LNG export terminal in Richmond County, Nova Scotia, Canada with potential for further expansion;

- Gladstone LNG Pty Ltd, a wholly owned subsidiary, which is progressing the 3.8 mtpa **Fisherman's Landing LNG (FLLNG) Project** at the Port of Gladstone in Queensland, Australia; and
- LNG Technology Pty Ltd, a wholly owned subsidiary, which owns and develops the Company's **OSMR® LNG liquefaction process**, a mid-scale LNG business model that plans to deliver lower capital operating costs, faster construction and improved efficiency, relative to larger traditional LNG projects.

### **About the Magnolia LNG Project**

The Magnolia LNG Project is 100% owned by Magnolia LNG LLC, which is a wholly owned subsidiary of Liquefied Natural Gas Limited. The project comprises the proposed development of an 8 mtpa LNG project on a 115 acre site, on an established LNG shipping channel in the Lake Charles District, State of Louisiana, United States of America.

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

Magnolia LNG Project's business model is to provide liquefaction services to LNG buyers who pay a monthly fixed capacity fee, plus all LNG plant 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 visit [www.magnoliaLNG.com](http://www.magnoliaLNG.com).

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

**Mr Maurice Brand**  
**Managing Director/Chief Executive Officer**  
**Liquefied Natural Gas Limited**  
Level 1, 10 Ord Street  
West Perth WA 6005  
Telephone: +61 8 9366 3700  
e: [lng@LNGlimited.com.au](mailto:lng@LNGlimited.com.au)  
[www.LNGlimited.com.au](http://www.LNGlimited.com.au)

**Mr John Baguley**  
**MLNG Chief Operating Officer**  
**Magnolia LNG LLC**  
1001 McKinney Street, Suite 400  
Houston, Texas, USA  
Telephone + 1 713 815 6940  
e: [info@magnoliaLNG.com](mailto:info@magnoliaLNG.com)  
[www.magnoliaLNG.com](http://www.magnoliaLNG.com)

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