



ASX/MEDIA RELEASE

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MAGNOLIA LNG SIGNS EPC MOU WITH SKEC GROUP PROJECT ON BUDGET AND SCHEDULE TO COMMENCE IN 2015

Liquefied Natural Gas Limited (the **Company**) is pleased to advise that Magnolia LNG LCC (**MLNG**), its 100% owned subsidiary, has executed a Memorandum of Understanding (**MOU**) with SK Engineering and Construction Co. Ltd and its subsidiary SK E&C USA, Inc. (**SKEC Group**). The MOU relates to the preferred engagement of the SKEC Group as the engineering, procurement and construction (**EPC**) contractor for Company's planned 8 million tonne per annum (**mtpa**) Magnolia LNG Project, in Lake Charles, Louisiana, United States (the **MLNG Project**).

Under the MOU the parties agree to negotiate in good faith a Technical Services Agreement pursuant to which SKEC Group and MLNG will undertake the necessary activities to conclude a bankable Fixed Price EPC Contract. The key scope of activities under the Technical Services Agreement will include:

- Review all the Resource Reports submitted to the Federal Energy Regulatory Commission (**FERC**) and assist MLNG to complete the FERC filing process through to FERC Notice to Proceed with construction;
- Complete sufficient Front End Engineering Design (**FEED**) and open book cost estimating activities, in conjunction with MLNG, to enable the Fixed Price EPC Contract to be agreed and signed; and
- Negotiate all commercial terms, including compensation to MLNG by way of liquidated damages for late completion and LNG plant performance non-compliance, satisfactory to MLNG's equity partner and debt providers.

The SKEC Group has already satisfactorily completed a detailed review of the Company's OSMR® process technology, which will be employed in the MLNG Project and as a result, subject to final FEED verification, each LNG train will have a design capacity of a minimum of 2 mtpa and a SKEC guaranteed capacity of 1.7 mtpa.

The SKEC Group has also provided the Company with an initial estimate of the capital costs of US\$1.57 billion, which was consistent with the Company's budget estimate, including appropriate contingencies. This estimate is for the EPC contract portion of the MLNG Project for the initial phase of 2 LNG Trains (4 mtpa), including gas treatment facilities, 2 x 160,000 m³ storage tanks, jetty/ship loading facilities and related infrastructure for the full 8 mtpa LNG Project.

The Company's Chief Technical Officer, Mr Paul Bridgwood said "the Company and SKEC Group have a long history of working together, including progressing to a binding EPC proposal and draft Fixed Price EPC Contract in relation to the Company's Gladstone LNG Project in Queensland, Australia. SKEC Group has a sound understanding of the Company's project development philosophy and the benefits of the Company's OSMR® process technology".

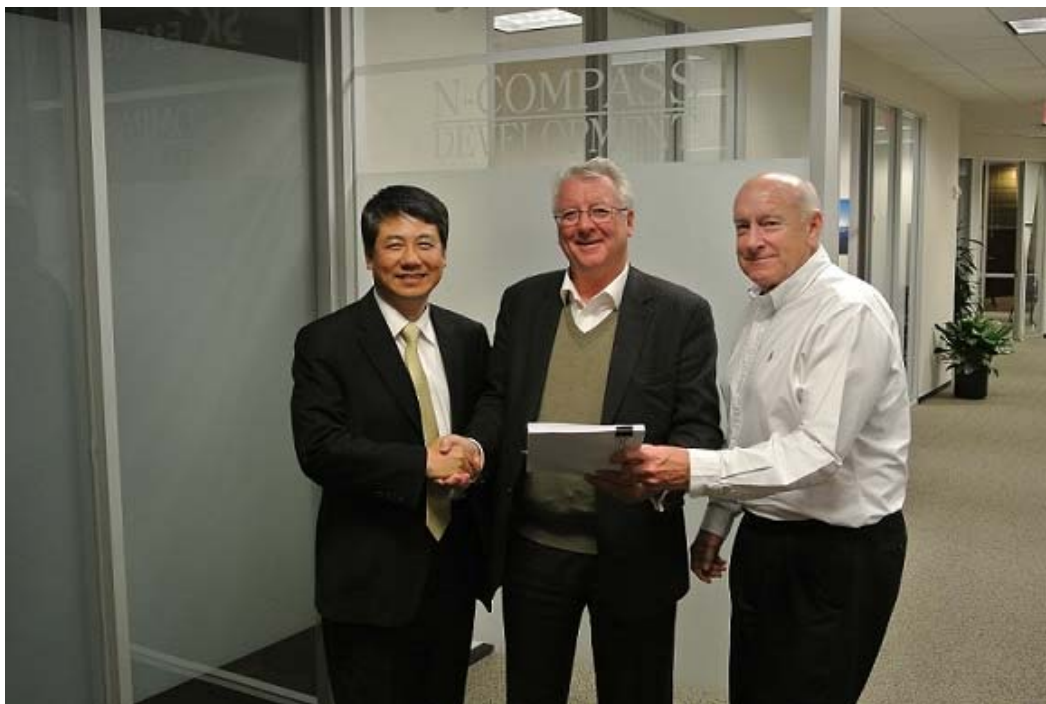
"SKEC Group has already commenced work on the Fixed Price EPC Contract activities and submitted a first draft of the Technical Services Agreement, based on a similar agreement negotiated and executed for the Gladstone LNG Project", he further said.

Keith Clauss, CEO of SK E&C USA, Inc., stated, " SK E&C USA has established a team of LNG project execution leaders and is fully committed to assisting MLNG in achieving its goal of commencing construction in 2015. We look forward to collaborating with our Seoul headquarters to leverage Gladstone LNG OSMR experience and to deliver LNG Limited's highly cost effective design for MLNG in Lake Charles, Louisiana".

Company Managing Director and President of Magnolia LNG, Maurice Brand, said that he was very impressed with the LNG team established in Houston by the SKEC Group and with the attendance at the signing of the MOU by Mr Casey Choi, President and CEO of SKEC, together with other Senior Executives from SKEC Seoul headquarters.

“Magnolia LNG remains very much on schedule and budget. With the current team that has been assembled in our Houston office and soon to be announced new Chief Operating Officer and new Senior Vice President, Engineering and Construction, Magnolia LNG will continue to gather momentum during 2014,” he said.

SIGNING OF MOU BETWEEN SKEC GROUP AND MAGNOLIA LNG IN HOUSTON



Shown above from left to right; Mr Casey Choi; Mr Maurice Brand and Mr Keith Clauss

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MAGNOLIA LNG PROJECT LAYOUT – SUBJECT TO FINAL APPROVAL
(Existing Kinder Morgan Louisiana Gas Pipeline shown directly traversing the Project Site)

