



26 May 2020

ASX Release

Liquefied Natural Gas Limited
(Administrators Appointed) (the Company)
ACN 101 676 779

Termination of sale transaction and completion of alternative transaction

We refer to the previous announcement dated 12 May 2020 in which Liquefied Natural Gas Limited (ASX:LNG) disclosed that it had entered into a binding sale transaction with Global Energy Megatrend Limited (**GEM**) in respect of its interest in subsidiary entities that own the proposed liquefied natural gas terminal development in Lake Charles, Louisiana, USA (**Magnolia LNG Project**), including Pecan Inc. (and its subsidiaries), LNG Management Services, LLC and LNG Technology, LLC (together, the **US Entities**) (the **GEM Transaction**).

On 25 May 2020 (Sydney time), the Company terminated the GEM Transaction pursuant to the terms of the underlying agreement, due to GEM's failure to close the transaction within the required timeframe. Shortly thereafter, the Company entered into a new transaction under which it has sold its interests in the US Entities to another party, Magnolia LNG Holdings, LLC (**Magnolia**), for a cash price of US\$2.0 million (the **Magnolia Transaction**). The Magnolia Transaction was signed and closed on 26 May 2020.

In addition to the cash purchase price, the Company will receive an unsecured, non-interest bearing promissory note (**Note**) issued by Magnolia. The quantum of the Note is subject to adjustment for certain liabilities that Magnolia has assumed, but is expected to be approximately AU\$2.0m. The Note is payable if the Magnolia LNG Project reaches financial close and a notice to proceed has been issued for the initiation of construction.

As part of the Magnolia Transaction, the Company and Magnolia have also agreed to work together (on a non-exclusive basis) on a potential recapitalisation proposal for the Company (**Recapitalisation Proposal**). If Magnolia and the Administrators, on behalf of the Company, enter into a Deed of Company Arrangement in respect of the Recapitalisation Proposal, but the transactions contemplated by that proposal are not consummated by 30 November 2020, Magnolia has agreed to pay the Company a break fee of US\$0.3 million. If the Recapitalisation Proposal proceeds, Magnolia has the ability to pay out the Note by issuing existing shareholders in the Company with additional shares in the recapitalised Company to the value of the Note.

The Magnolia Transaction does not include the Company's interest in the business and assets of the Bear Head LNG project, situated in Nova Scotia, Canada, which remain owned by entities controlled by the Company. While the Company's patented optimised single mixed refrigerant (OSMR®) liquefaction process technology will be sold as part of the Magnolia Transaction, the Bear Head LNG

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project will retain a perpetual licence to use that technology.

For any media enquiries, please contact Fergus Ross (fergus.ross@6-degrees.com.au) at Six Degrees Media. For any shareholder enquiries, please contact Courtney McLean at courtney.mclean@pwc.com.

Authorised by:

A handwritten signature in blue ink, appearing to read 'B. Theobald', is written over a light blue circular watermark.

Craig Crosbie, Simon Theobald and Daniel Walley
Voluntary Administrators