ASX/MEDIA RELEASE

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TOLLING AGREEMENT TERM SHEET SIGNED WITH THE AES GROUP ANOTHER STEP FOR MAGNOLIA LNG PROJECT

Liquefied Natural Gas Limited (the ***Company***) is pleased to advise that Magnolia LNG LLC (***MLNG***), its 100% owned subsidiary, has executed a non-binding Tolling Agreement Term Sheet (***Agreement***), with AES Latin American Development, Ltd (***AES***) which is a wholly owned subsidiary of The AES Corporation Group (NYSE: AES).

The Agreement is for LNG production capacity rights of between 800,000 tonnes per annum (***tpa***) and 1 million tpa from MLNG's proposed Magnolia LNG Project (described below), in Lake Charles, Louisiana, United States of America (***MLNG Project***).

AES is a Fortune 200 global power company with extensive investment in power generation throughout the Caribbean and Latin America (www.aes.com), including countries such as the Dominican Republic, Chile, El Salvador, and Colombia, all of which have Free Trade Agreements with the United States of America.

The Agreement details the key terms to be included in a legally binding tolling agreement (***Tolling Agreement***). The parties have agreed to work together with the intention to finalise the Tolling Agreement by 30 September 2014.

The Agreement with AES is structured and contains similar terms to the Tolling Agreement Term Sheets already signed with Brightshore Overseas Limited (subsidiary of the Gunvor Group), Gas Natural SDG, S.A (subsidiary of the Gas Natural Fenosa Group), and LNG Holdings Corp., (owned by a fund managed by West Face Capital Inc).

The Company's Managing Director, Maurice Brand, said "this is another significant step for the MLNG Project and demonstrates a high level of confidence that the project will achieve its goal to commence construction next year. The proposed key commercial terms in the AES Agreement support the economics of proceeding with a fourth LNG train, with the Company confident that it will be able to enter into a Tolling Agreement for the remaining capacity of the fourth LNG train to bring the MLNG Project to its total targeted nameplate capacity of 8 mtpa".

"Significant progress has been made on the negotiation of the existing three legally binding Tolling Agreements and there is also likely to be an Inter-Shipper Coordination Agreement, which will govern the long term relationship between the potential five LNG Tolling Parties. These are complex agreements which span a period of over 20 years and cover fixed payment obligations to MLNG of around US$4 billion per LNG train."

"AES will now participate in the negotiation and coordination of these agreements with the Company targeting to sign legally binding Tolling Agreement for the MLNG Project's initial 2 LNG trains (totaling 4 mtpa nameplate capacity) in the first half of 2014", said Mr. Brand.

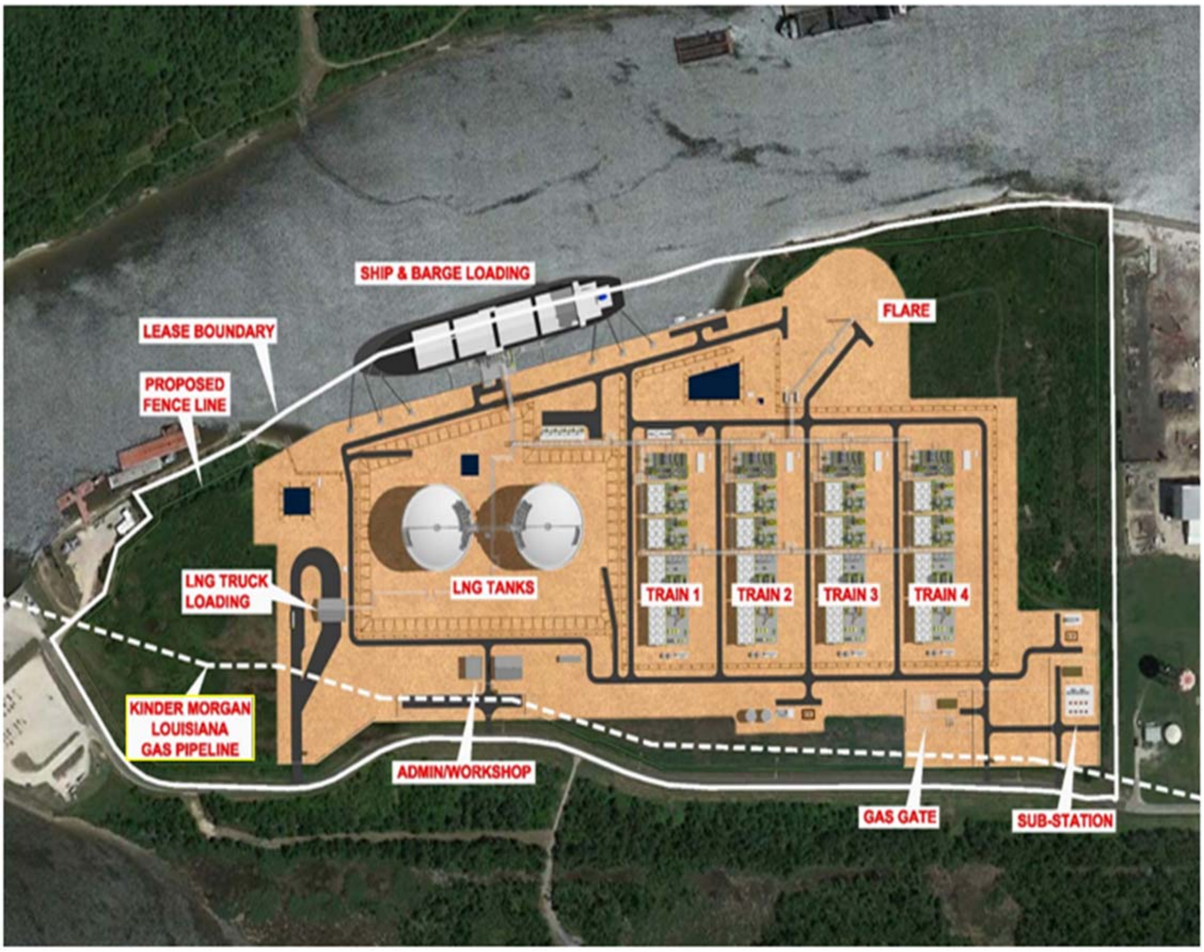
Magnolia LNG Project – www.magnolialng.com (refer to diagram below):

The project comprises the proposed development of an 8 mtpa LNG project on a 116 acres site, in 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 4 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 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 LNG plant operating and maintenance costs. In addition, each LNG Tolling Party is responsible to supply and transport gas to the Magnolia LNG Project at its own expense.

MAGNOLIA LNG PROJECT LAYOUT – SUBJECT TO FINAL APPROVAL



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