

1 August 2014



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Ms Deanna Carpenter
Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40 Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Deanna

**LIQUEFIED NATURAL GAS LIMITED (THE “COMPANY”)
– ASX AWARE QUERY**

We refer to your letter dated 29 July 2014 in relation to the Company’s increase in the volume of trading in the securities over the week ended 25 July 2014 and the Company’s announcement “Liquefied Natural Gas Limited to acquire Bear Head LNG Project in Canada for \$US11 million” lodged with ASX Market Platform on 28 July 2014.

We respond to the questions detailed in the referenced letter, as follows:

1. *Does the Entity consider the acquisition of the Bear Head Project to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

Yes

2. *If the answer to question 1 is “no”, please advise the basis for that view.*

Not applicable

3. *If the answer to question 1 is “yes”, please advise the following:*

- a) *When did the Entity first become committed to proceed with the acquisition of the Bear Head Project? Please include details of the relevant time and circumstances of the Entity becoming aware of its commitment to proceed with the acquisition and a statement as to the status of negotiations regarding the Agreement at the time of the Price Query.*

The Company first became committed to proceed with the acquisition of the Bear Head LNG Project on Sunday 27 July 2014 at 6pm (Halifax, Nova Scotia, Canada time being Monday 28 July 2014 at 5 am Perth time (WST)). At that time, management and the Company’s legal representatives completed the negotiation of certain key terms of transaction documents which were essential pre-requisites to the acquisition. The Company would not have executed the Stock Purchase Agreement (SPA) to purchase Bear Head LNG Corporation (the entity that holds the Bear Head LNG Project assets) if these pre-requisites had not been satisfied.

At the time of the Price Query on Tuesday 22 July 2014, the key transaction issues referred to above had not been resolved. Unless these issues were resolved the Company would not have entered into the transaction.

On Tuesday 22 July 2014, there was a low probability that the negotiations would prove to be successful and that the SPA would have been executed and as such the proposed acquisition was not considered price sensitive.

- b) *If the Entity first became aware of the commitment to proceed with the acquisition of the Bear Head Project prior to the Announcement, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the was released promptly and without delay.*

The Company did not become aware of the commitment to proceed with the acquisition prior to the Announcement and therefore did not make any prior announcement disclosing information.

The Company first became committed to proceed with the acquisition of the Bear Head LNG Project on Sunday 27 July 2014 in Halifax, Canada. Following confirmation that the acquisition was going ahead, suitable ASX announcements were finalised and reviewed by the Company's Directors. The SPA was executed on Sunday 27 July 2014 in Canada, and announcements were released to the ASX Market Announcements Platform promptly and without delay at 6:37am prior to market open on Monday 28 July 2014.

4. *Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

We confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours sincerely



David Gardner
Company Secretary



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29 July 2014

Mr David Gardner
Company Secretary
Liquefied Natural Gas Limited
Ground Floor
5 Ord Street
WEST PERTH WA 6005

By email

Dear Mr Gardner

Liquefied Natural Gas Limited (the "Entity"): ASX aware query

ASX Limited ("ASX") refers to the following:

1. The recent change in the price of the Entity's securities from a closing price of \$2.50 on Monday, 21 July 2014, to a closing price of \$3.25 on Friday, 25 July 2014. There was also an increase in the volume traded over this period.
2. The price query letter from ASX dated Tuesday, 22 July 2014, in which ASX queried the recent increased price and volume movement in the Entity's securities ("Price Query").
3. The Entity's response to the Price Query dated Tuesday, 22 July 2014, in which the Entity stated, amongst other things, that it was not aware of any information not already released to the market that could be an explanation for the recent trading in the securities of the Entity.
4. The Entity's announcement entitled "Liquefied Natural Gas Limited to acquire Bear Head LNG Project in Canada for \$US11 million" lodged with ASX Market Announcements Platform and released at 6:37am (WST) on Monday, 28 July 2014 (the "Announcement"), disclosing that the Entity had signed an agreement to acquire 100% of Bear Head LNG Corporation, which owns the Bear Head liquefied natural gas project in Richmond County, Nova Scotia, Canada ("Bear Head Project").
5. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
6. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* ("Guidance Note 8") "*When does an entity become aware of information*".

7. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;
- The information concerns an incomplete proposal or negotiation;
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- The information is generated for the internal management purposes of the entity; or
- The information is a trade secret; and

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

5. ASX's policy position on the concept of “confidentiality” which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* “Listing Rule 3.1A.2 – the requirement for information to be confidential”. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the acquisition of the Bear Head Project to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, please advise the following:
 - a. When did the Entity first become committed to proceed with the acquisition of the Bear Head Project? Please include details of the relevant time and circumstances of the Entity becoming aware of its commitment to proceed with the acquisition and a statement as to the status of negotiations regarding the Agreement at the time of the Price Query.
 - b. If the Entity first became aware of the commitment to proceed with the acquisition of the Bear Head Project prior to the Announcement, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.

Please consider Guidance Note 8 (in particular, section 5.4 and Example A of Annexure A) when preparing your response to these questions.

4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 5:00pm (WST) tomorrow, being Wednesday, 30 July 2014. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Deanna.Carpenter@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Deanna Carpenter

Adviser, Listings Compliance (Perth)