

SE Business
HD **LNG hopeful closes in on US terminal**
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Gas Small-cap 'winning over sceptics'

Aspiring LNG project developer Liquefied Natural Gas is close to scoring a coup over its many larger rivals in the crowded US gas export sector, expecting to reach a milestone within weeks in the complex regulatory process for its \$US3.5 **billion** terminal venture in Louisiana.

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Managing director Maurice Brand said the critical filing with the US Federal **Energy** Regulatory Commission for the Magnolia LNG terminal was on track to be made in April, setting the first phase of the project on track for a potential final go-ahead in 2015.

LNG Ltd's progress on its Magnolia project comes as pressure builds on the US government to accelerate the pace of approvals of gas exports, especially in the wake of the crisis in Crimea that could threaten Russian exports to Europe.

If junior meets its targeted date for FERC filing, the Magnolia venture could be just the sixth US LNG export venture to reach that point, of the almost 40 proposed around the country.

Significantly, however, it could also be the first project approved as a "greenfield" venture that has not been converted from an LNG import terminal.

"That's really a big milestone for us," Mr Brand said of the expected FERC filing.

The timing sets up the Australian-listed small-cap to participate as early as 2018 in the shale gas-fuelled wave of US LNG exports set to hit world markets as early as next year when the most advanced project, Cheniere **Energy's** Sabine Pass venture, also in Lake Charles, is due to start **operations**.

LNG Ltd's ambitions in the US, where it will operate as a toll processor of gas rather than a shipper, have been met with scepticism by some investors after the **company's** earlier plans for LNG export ventures in Queensland and elsewhere failed to eventuate.

But the venture has notched up successes in signing up some major customers, including US power giant AES Corporation last week, and is backed by private **equity** player Stonepeak to the tune of \$US660 **million** of **equity**. BNP Paribas is arranging debt financing.

It has also just doubled the volume of gas it is able to export to countries with a free trade agreement with the US.

Mr Brand, who is also joint chief executive alongside Yao Guihua, a representative of LNG Ltd's biggest shareholder, the technology arm of **Chinese oil** giant CNPC, said the **company** was "slowly" winning over the sceptics.

Foster Stockbroking has a "buy" recommendation on the stock, and a 70¢ price target.

AES is the fourth customer for the Magnolia project, following international trader Gunvor, Spain's Gas Natural Fenosa and Canadian private **equity firm** West Face Capital.

The accords cover 7 **million** tonnes a year of the 8 **million** tonnes a year of total capacity planned at the terminal in Lake Charles. Mr Brand said talks were advanced with other potential customers for the remaining 1 **million** tonnes.

LNG Ltd has managed to mostly sidestep the debate raging in the US over LNG exports, as it has focused on customers that are primarily targeting countries that have free trade agreements with the US, for which export approvals are much easier compared with non-FTA exports.

However, the tense situation in Crimea has added momentum to the push for more non-FTA approvals, with Congressional Republicans last week joining ExxonMobil and other majors in urging an acceleration in clearances.

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