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U.S. Department of Energy (FE-34)
Office of Fossil Energy
Office of Natural Gas Regulatory Activities
P.O. Box 44375
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Attention: Natural Gas Reports

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February 28, 2014

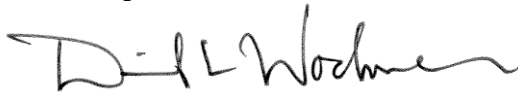
Re: Magnolia LNG, LLC
DOE Semi-Annual Report
DOE/FE Order No. 3245, FE Docket No. 12-183-LNG

To: Office of Natural Gas Regulatory Activities

Pursuant to Ordering Paragraph I of the above-referenced DOE/FE Order, please accept this progress report for Magnolia LNG, LLC ("Magnolia LNG"). This report covers the period from February 26, 2013, the date of the above-referenced DOE/FE Order, through February 28, 2014. Consistent with Ordering Paragraph I, Magnolia LNG will continue to file semi-annual reports with the Department.

Any questions regarding this correspondence may be directed to the undersigned at 202.778.9014 or david.wochner@klgates.com.

Best regards,



David L. Wochner
Counsel for Magnolia LNG, LLC

Magnolia LNG, LLC
FE Docket No. 12-183-LNG
DOE/FE Order No. 3245
Semi-Annual Report
February 28, 2014

Progress of the Proposed Magnolia LNG Terminal

The regulatory permitting process for the Magnolia LNG Terminal is in progress. Magnolia LNG received approval from the Federal Energy Regulatory Commission (“FERC”) on March 20, 2013, to use the pre-filing process for the Magnolia LNG Project. In late November 2013, Magnolia LNG filed draft resource reports 1-13 with FERC and currently is in the process of responding to data requests received from FERC Staff related to those draft resource reports. As part of the regulatory process, Magnolia LNG has conducted substantial outreach at the state and local levels with governmental agencies, elected officials, civic organizations, and citizens groups. Magnolia LNG anticipates filing its formal application with FERC by the end of April 2014, and maintains the goal of commencing construction in 2015, with first production coming in the first half of 2018.

In October 2013, Magnolia LNG signed a binding Equity Commitment Agreement with Stonepeak Partners LP for an estimated US\$660 million to provide 100% of the construction equity for the first phase of the Magnolia LNG Project.

In January 2014, Magnolia LNG signed a binding Precedent Agreement with Kinder Morgan Louisiana Pipeline for firm natural gas transportation service up to 1,400,000 dekatherms per day, sufficient to satisfy the full 8 mtpa capacity of the Magnolia LNG Project.

In January 2014, Magnolia LNG signed 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 contractor for the Magnolia LNG Project.

Status of Long-Term LNG Offtake Agreements

Contract negotiations for long-term tolling agreements continue to progress. To date, Magnolia LNG has executed the commercial arrangements listed below related to the Magnolia LNG Project. In compliance with Paragraphs D and F of DOE/FE Order No. 3245, Magnolia LNG will file a copy of any long-term contracts, including long-term supply contracts, within 30 days of execution.

- In July 2013, Magnolia LNG executed a Tolling Agreement Term Sheet with Brightshore Overseas, Ltd, an affiliate of Gunvor Group, for 1.7 million metric tons per annum (“mtpa”) of firm capacity and 0.3 mtpa of interruptible capacity at the Magnolia LNG Terminal for 20 years, with a 5-year extension right.
- In August 2013, LNG Limited, Magnolia LNG’s parent company, signed a non-binding Tolling Heads of Agreement with Gas Natural Fenosa Group for 1.7 mtpa of firm capacity and additional interruptible capacity at the Magnolia LNG Terminal for a 20-year period.
- In November 2013, Magnolia LNG signed a Tolling Term Sheet with LNG Holdings Corp. for 1.7 mtpa of capacity at the Magnolia LNG Terminal for a 20-year period.