



COMPANY ANNOUNCEMENT

For Immediate Release

21 February, 2011

Transcript of Broadcast

The transcript of the Boardroom Radio audio broadcast entitled “**L&M Energy Intersect Thick Coal Seam During Pilot CSG Programme**” is now available.

The presentation details are as follows:

- **L&M Energy Intersect Thick Coal Seam During Pilot CSG Programme with Kent Anson – Managing Director**
- **Monday, 21 February, 2011 @ 2 pm AEST**

To listen, simply see the website:

<http://www.brr.com.au/event/75628>

Transcript of interview with Kent Anson, Managing Director of L&M Energy Limited, conducted by James Marlay of Boardroom Radio.

Hello and welcome to Boardroom Radio. I’m joined by Kent Anson, the Managing Director of L&M Energy. Kent, thanks for your time and welcome back to Boardroom Radio.

Good morning, James.

Kent, you’ve been providing some updates on the work you’ve been doing on your Ohai Coal Seam Gas Pilot Programme. You’ve been able to announce some particularly thick intersections in the coal seam last week, can you tell me about the intersection and what impact it does have on the project for you?

Certainly. Well, first of all it’s always pleasing to see the fundamentals of the project improve through additional work we’ve conducted in the area. While we’ve always expected the thick Morley seam to be present, our modelling and previous drilling suggested a thickness of likely 10-15m to be present, so to encounter double that was a pleasant surprise.

The immediate flow-on impact of this is obviously potential increase in the reserves and increased life of the well?

Yes, essentially the increase has a two-prong effect – the thicker seam, as you mentioned, will hopefully equate to an increase in coal tonnage within the immediate area. Also it will allow us to re-evaluate our reserves standing which is currently at 274 PJ of 3P.

In terms of the current work programme you’re undertaking at the site, you have two horizontal wells that you’re looking to put in – what’s the timing of that work programme looking like?

As it currently stands the rig is relocating from the vertical production well and will be located on the first of the laterals by tomorrow. Then we're looking at a 10-11 day turnaround for the first lateral, then we will move the rig across to complete the second lateral.

Looking beyond those laterals – assuming the work programme is successful – when does the actual production process start and are there any key steps to happen between now and when you're able to start that?

As you mentioned during our last interview all the consents are taken care of. What we have to do is install the downhole and surface production equipment which is all essentially located on the well site. That will be within the production well. That should only take a few days and then we'll start producing.

Excellent. Kent, it certainly sounds like progress is coming along nicely, we look forward to following the results of the horizontal wells and beyond that looking forward to some production testing.

Thanks, James.

ENDS

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About L&M Energy Limited

Established in the 1930's, New Zealand based L&M Energy is now dual listed on the ASX and NZX stock exchanges. LME is focused on discovering major oil, gas and coal seam gas resources in New Zealand.
<http://www.lmenergy.co.nz/>