



# 2011 Good Oil Conference September 2011

ASX/NZX: LME

[www.LMEnergy.co.nz](http://www.LMEnergy.co.nz)

# Disclaimer

**This presentation has been provided for the sole purpose of providing preliminary background financial and other information to enable investors to review the business activities of the Company.**

**This presentation contains interpretations and forward looking statements that are subject to risk factors associated with the oil and gas industry.**

**It is believed that the expectations reflected in the presentation are reasonable but may be affected by a variety of variables and changes in underlying assumptions which could cause actual results to differ substantially from the statements made. This includes but is not limited to: production fluctuations, commodity price fluctuations, variations to drilling, well testing and production results, reserve estimates, loss of market, industry competition, environmental risk, physical risks, legislation, loss of mineral lease tenure, fiscal and regulatory developments, economic and financial market conditions, project delay or advancement, approvals and cost estimates.**

**Investors should undertake their own analysis and obtain independent advice before investing in L&M Energy shares.**

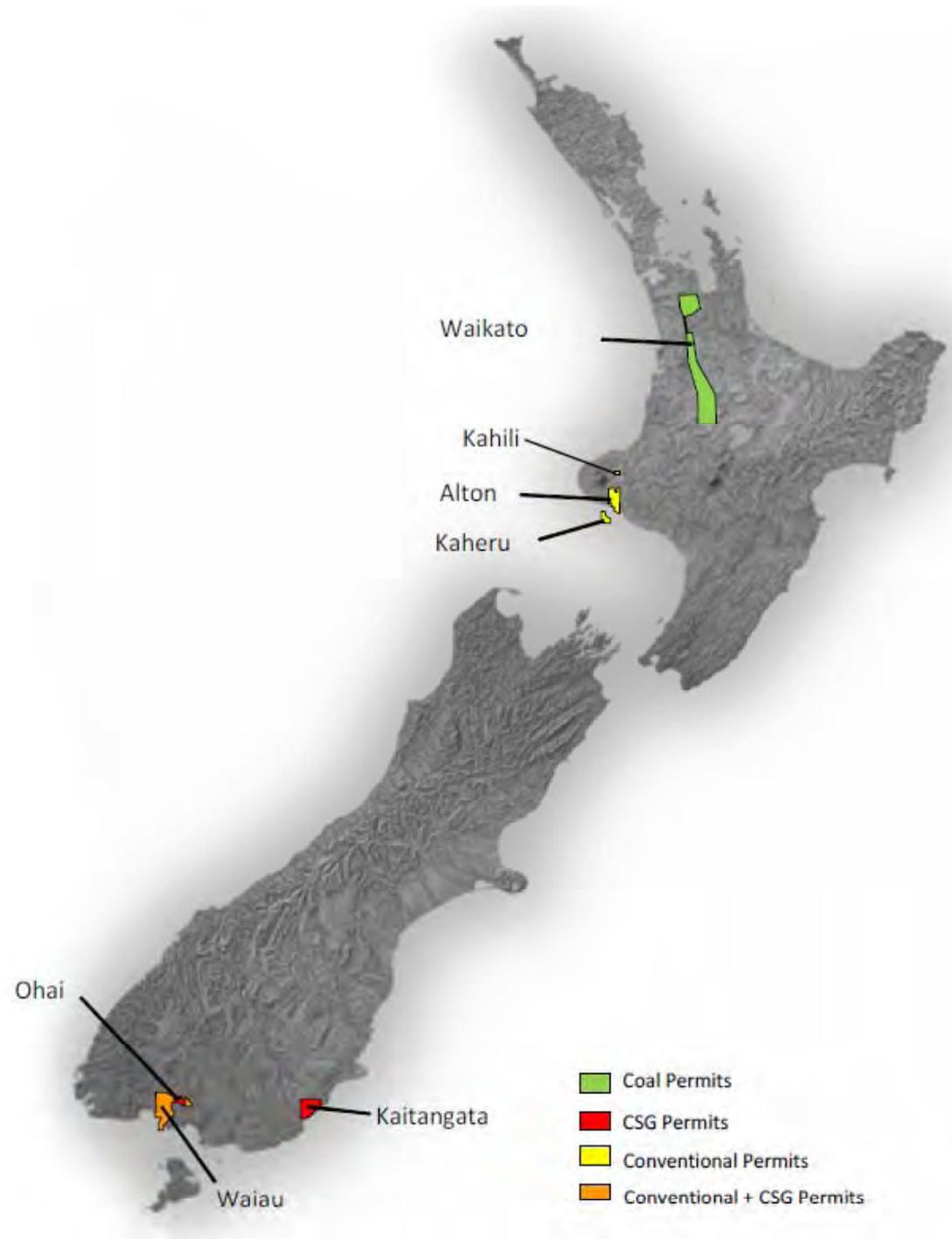
**All references to dollars (\$) are in New Zealand dollars unless otherwise stated.**

**The Company and its Directors, agents, officers or employees do not make any representation or warranty, express or implied, as to endorsement of the accuracy or completeness of any information, statement representations or forecasts contained in this presentation and they do not accept any liability for any statement made in, or omitted from, this presentation.**



# Corporate snapshot

ASX/NZX ticker:	LME
Head Office:	Wellington, NZ
Shares on Issue:	754.4m
Options (unlisted)	~81m*
Shareholders:	1982
Share Price	NZD\$0.12
Market Capitalisation:	NZD\$90.5m

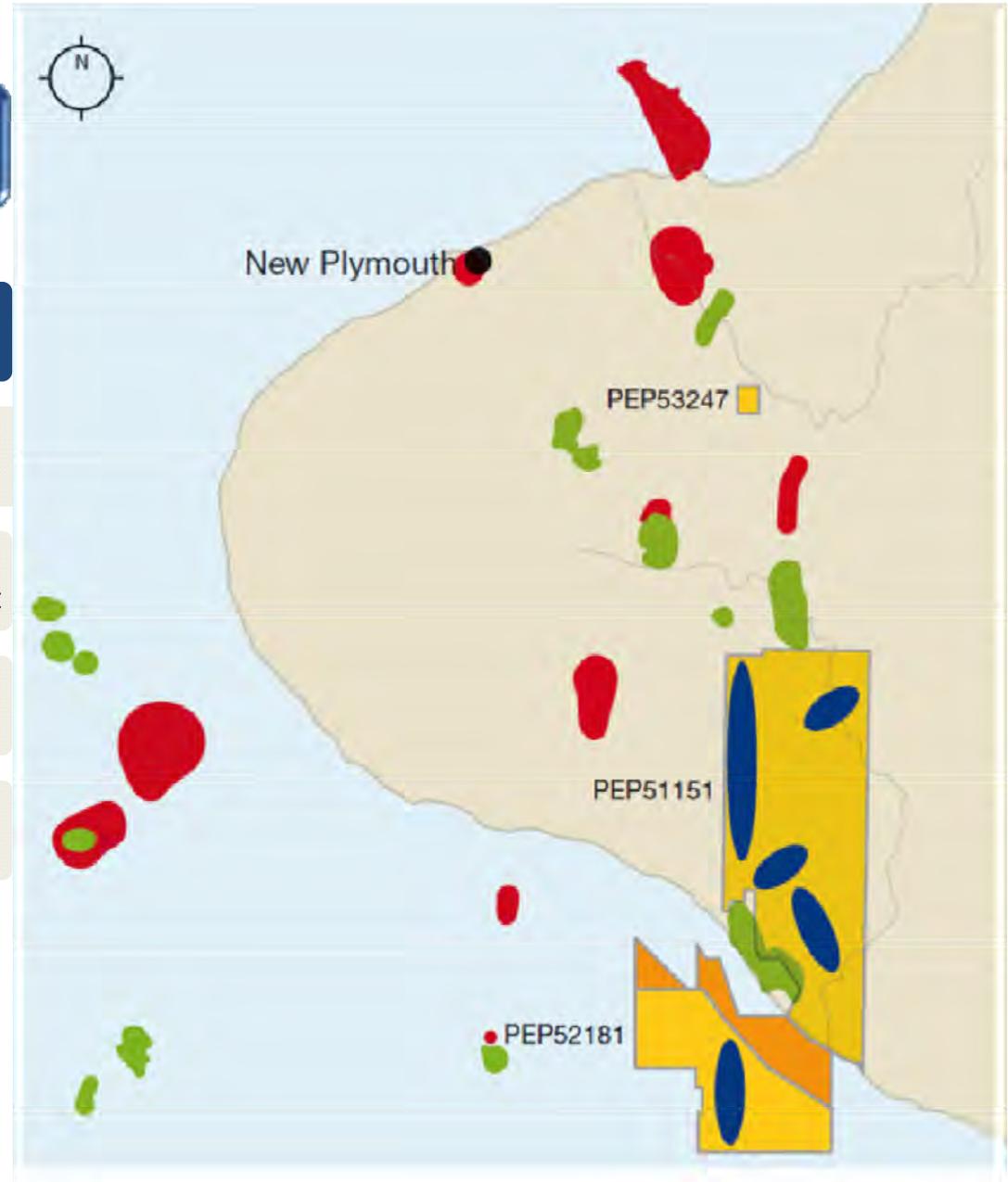


# Conventional oil and gas opportunities

# Conventional opportunities

## Large presence in Taranaki basin

51151 (50%)	53247 (25%)	52181 (15%)	38226 (100%)
Onshore Taranaki	Onshore target	Onshore Taranaki	300bcf target
Shallow oil targets	Early cash possible	~45MMbbl target	Future drill target
Close to facilities	Existing facilities	Close to Kupe field	Support Ohai CSG
1 <sup>st</sup> Well completed	Drill in 2012?	Drill in 2013?	Oil potential



# Conventional opportunities: PEP51151

Play concepts and key elements of exploration opportunity

Multiple targets at multiple depths in proven plays

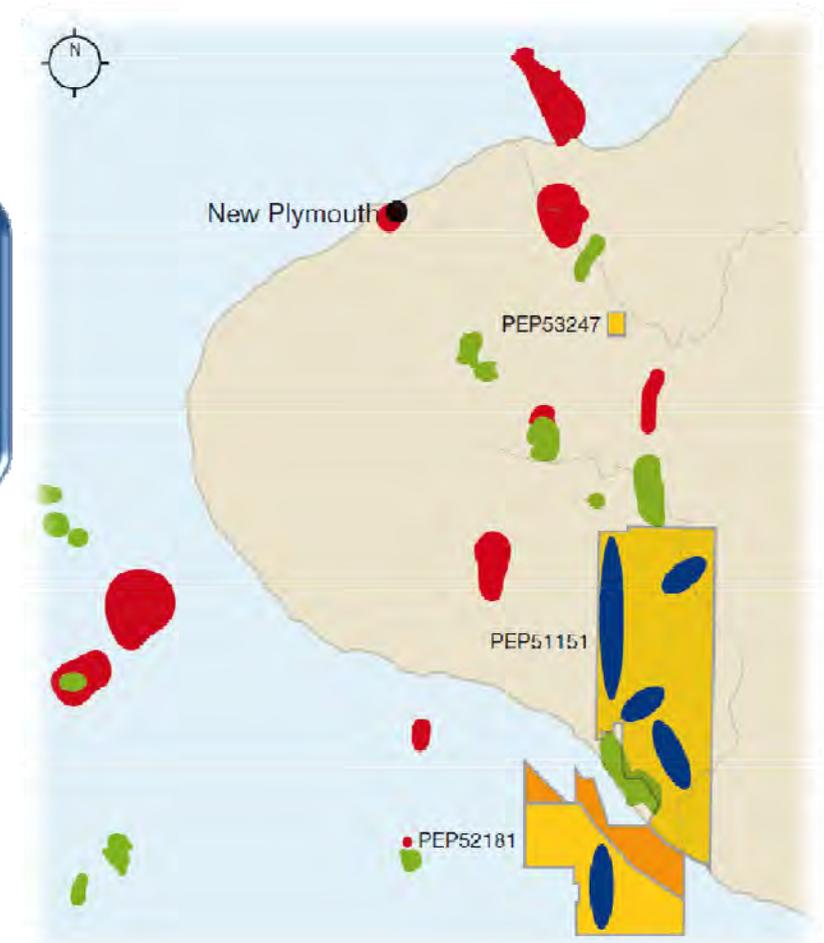
Permit surrounding Rimu, Kauri & Manutahi fields

On trend with multiple producing fields

100% free carried through first well (now drilled)

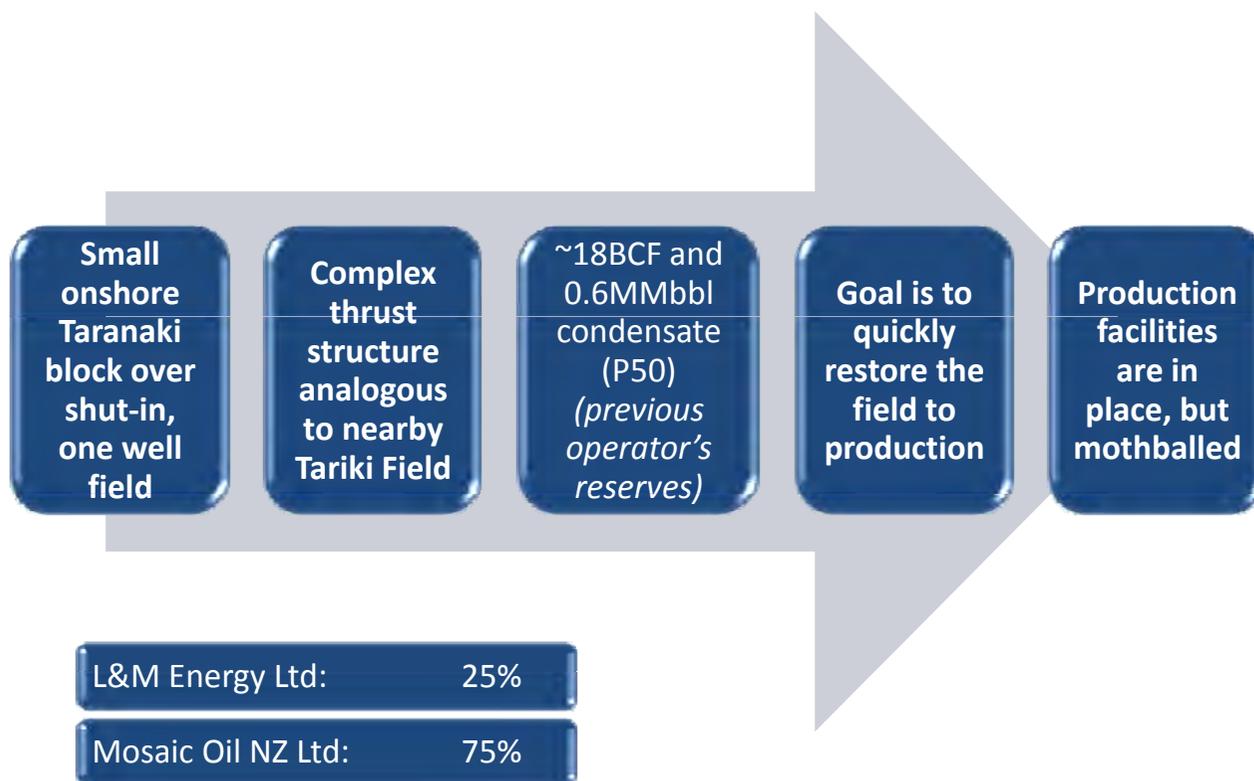
L&M Energy Ltd: 50%

AGL Upstream Gas : 50%



# Conventional opportunities: PEP53247

## Play concepts and key elements of exploration opportunity



# Conventional opportunities: PEP52181

Sub-thrust anticline recognised in '90's

South of extensive onshore oil bearing trend

Miocene coincident with four-way dip closure

Mean recoverable reserves of 200 bcf and 7.5 MMbbl if gas condensate

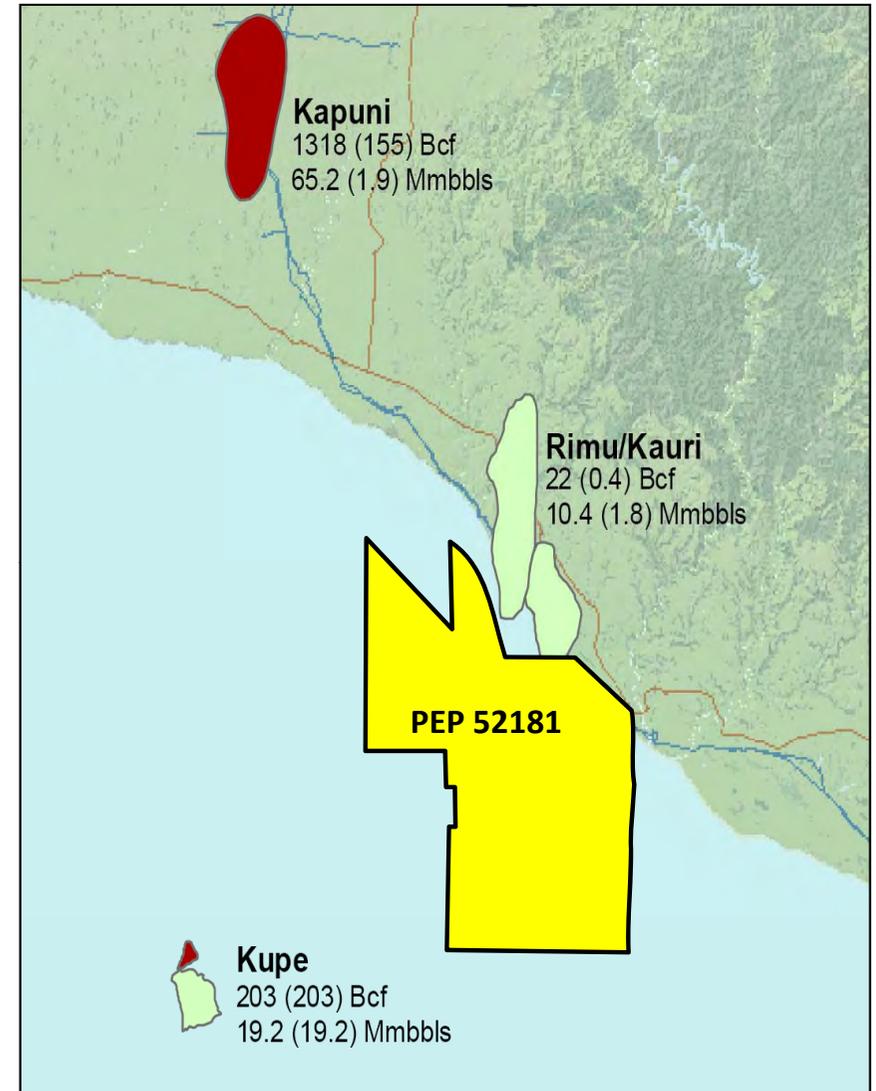
Mean recoverable reserves of 45 MMbbl if oil

Roc Oil (New Zealand) Limited (Operator) 50%

Tag Oil (Offshore) Limited 20%

AGL Upstream Gas (MOS) Pty Limited 15%

L&M Energy Limited 15%



A close-up photograph of a person's hand holding a metal sieve filled with dark, granular coal seam gas residue. The sieve is held over a gravel surface. In the background, a red and white container is partially visible. The text "Unconventional Gas Exploration" and "Coal Seam Gas in South Island" is overlaid on the image.

# Unconventional Gas Exploration

## Coal Seam Gas in South Island

# Coal Seam Gas

38219 (100%)

Appraisal extension

38226 (100%)

Significant 3P upside potential

Coals extend from adjoining Ohai

Larger resource base increases development options

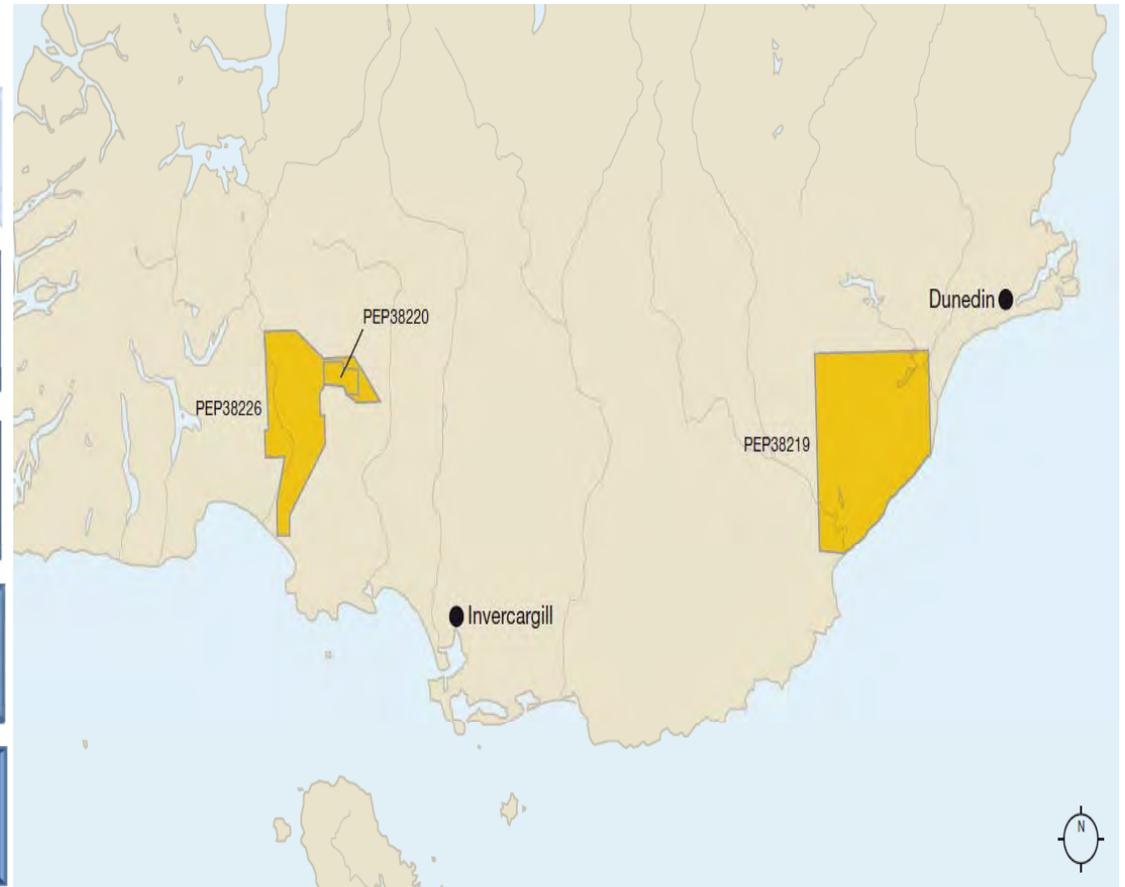
38220 (100%)

274PJ 3P Certified

Pilot project underway

Initial off-take agreement in place

First mover advantage



# Southland (Ohai) CSG Play

Currently 274 PJ (3P) of certified CSG reserves – New Zealand's first

Upside potential in combined permits

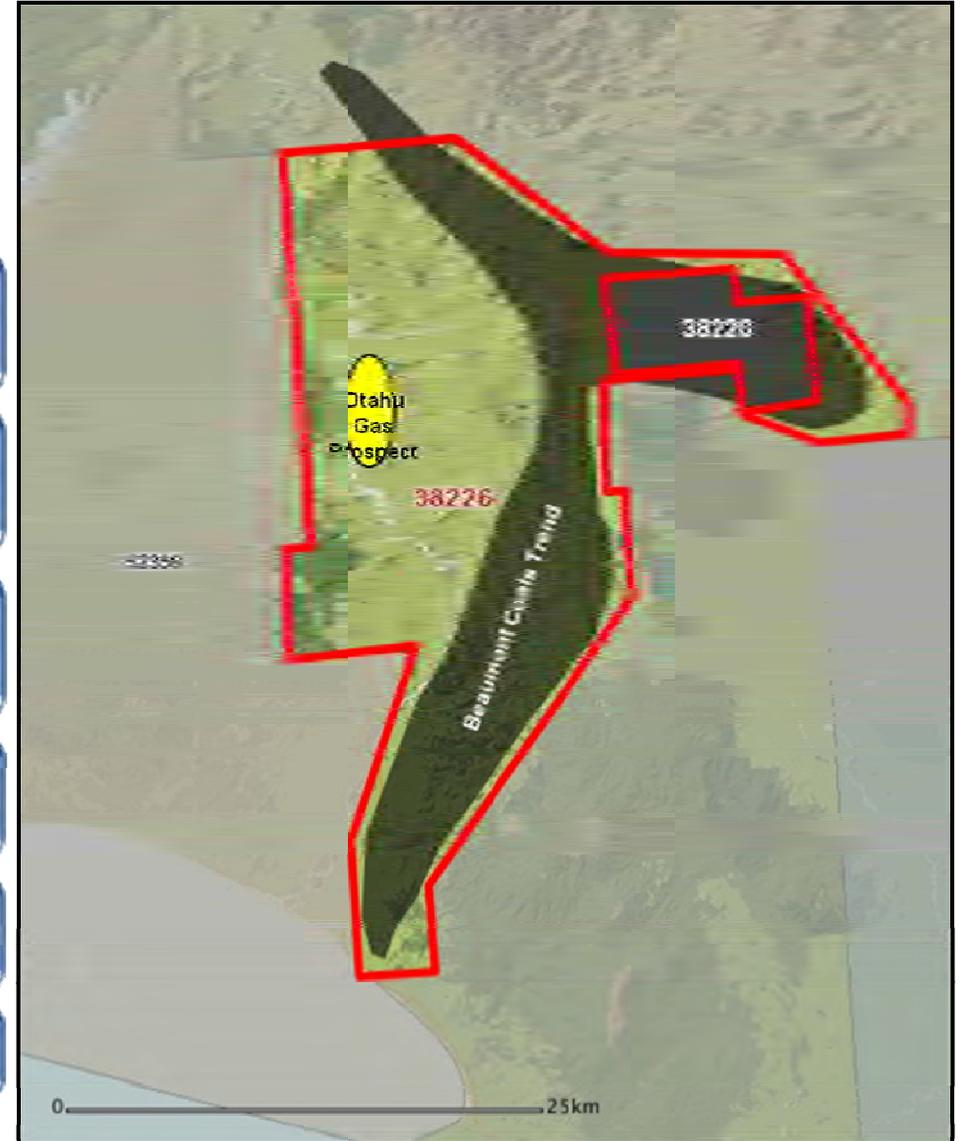
Large range of development options

3P reserves from deep coals in 38220

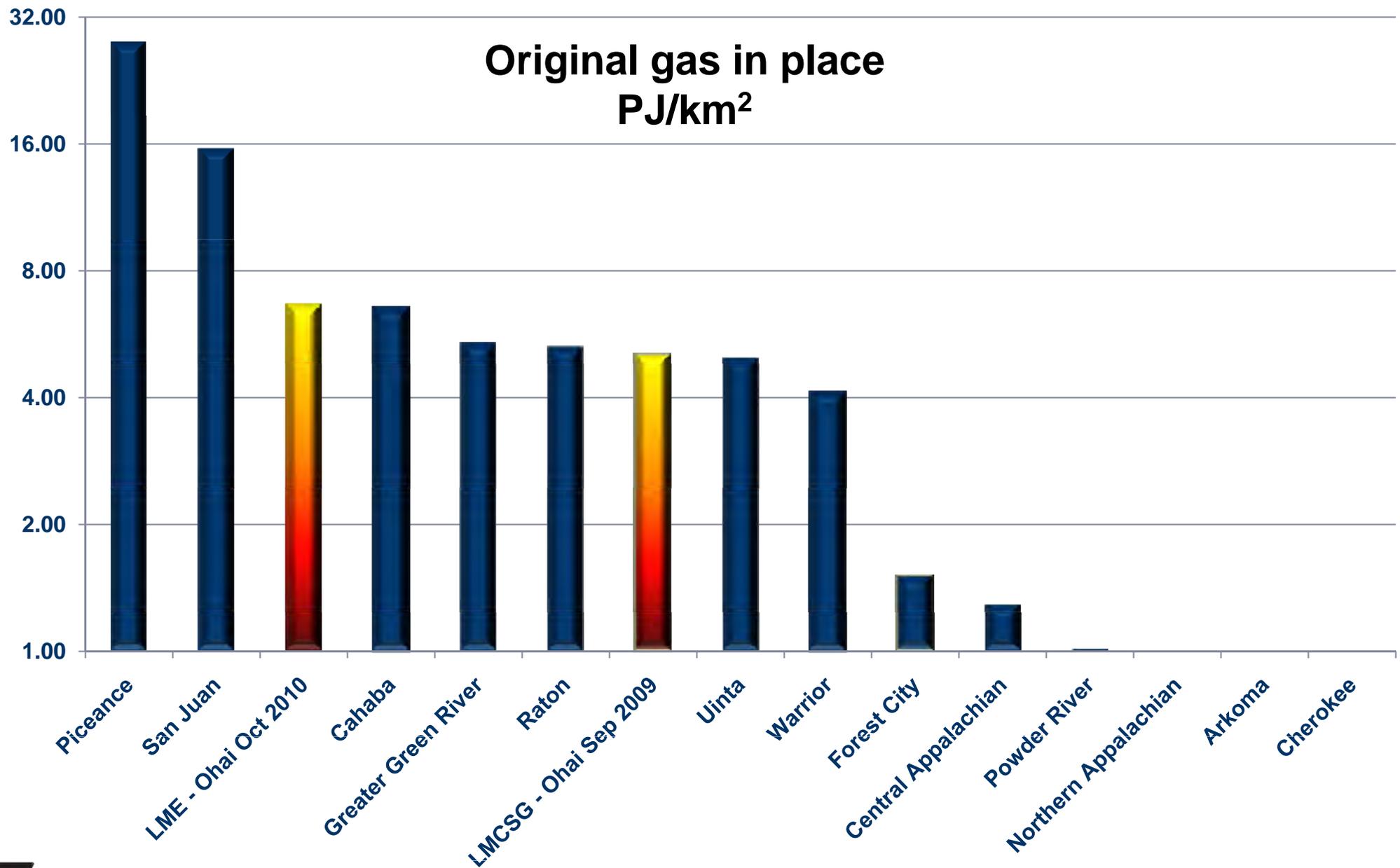
3P reserves potential in shallow coal

Both coals extend into 38226

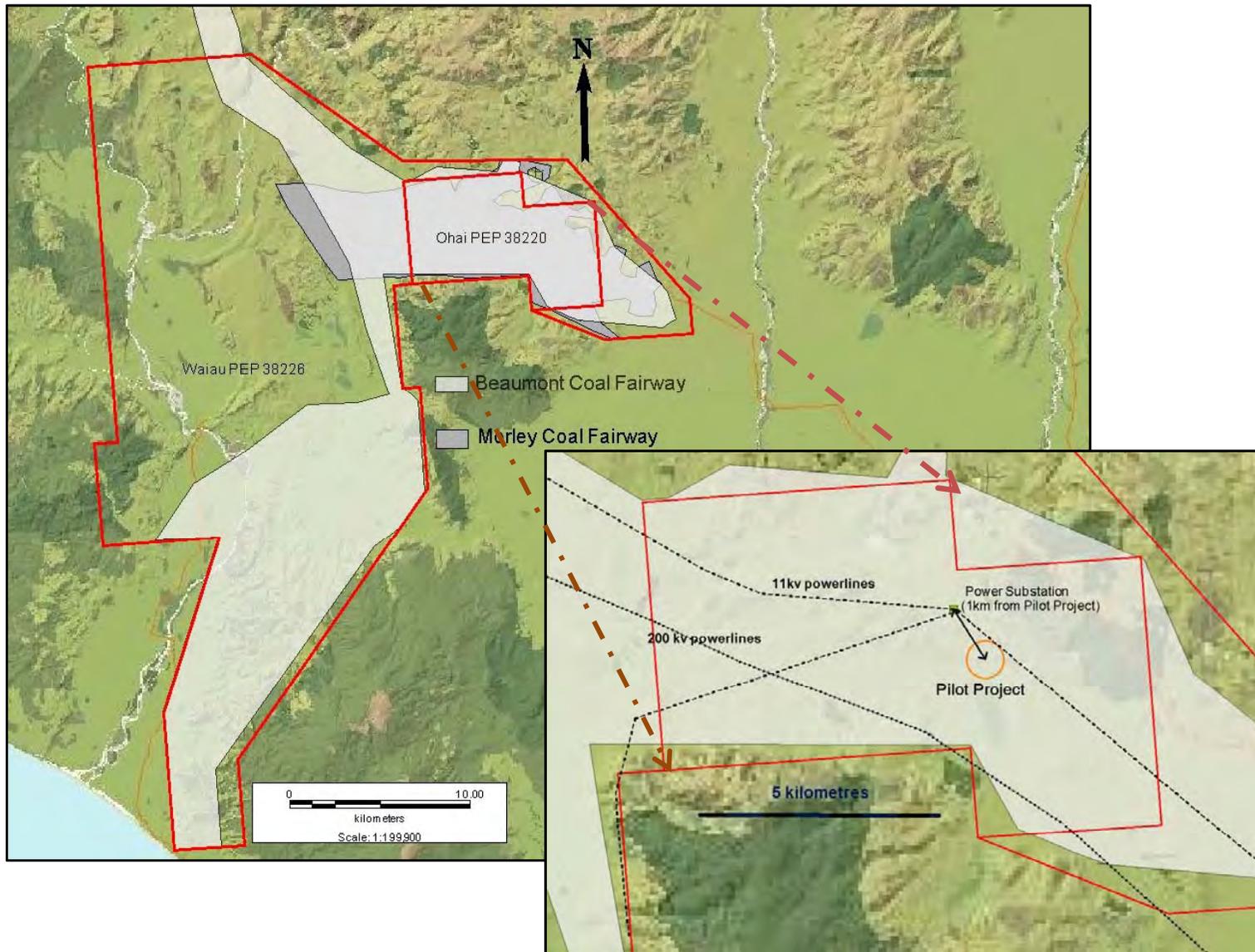
2P reserves programme underway – pilot project



# How does Southland CSG compare?



# Ohai CSG pilot first stage completed



>50m net coal intersected in production well

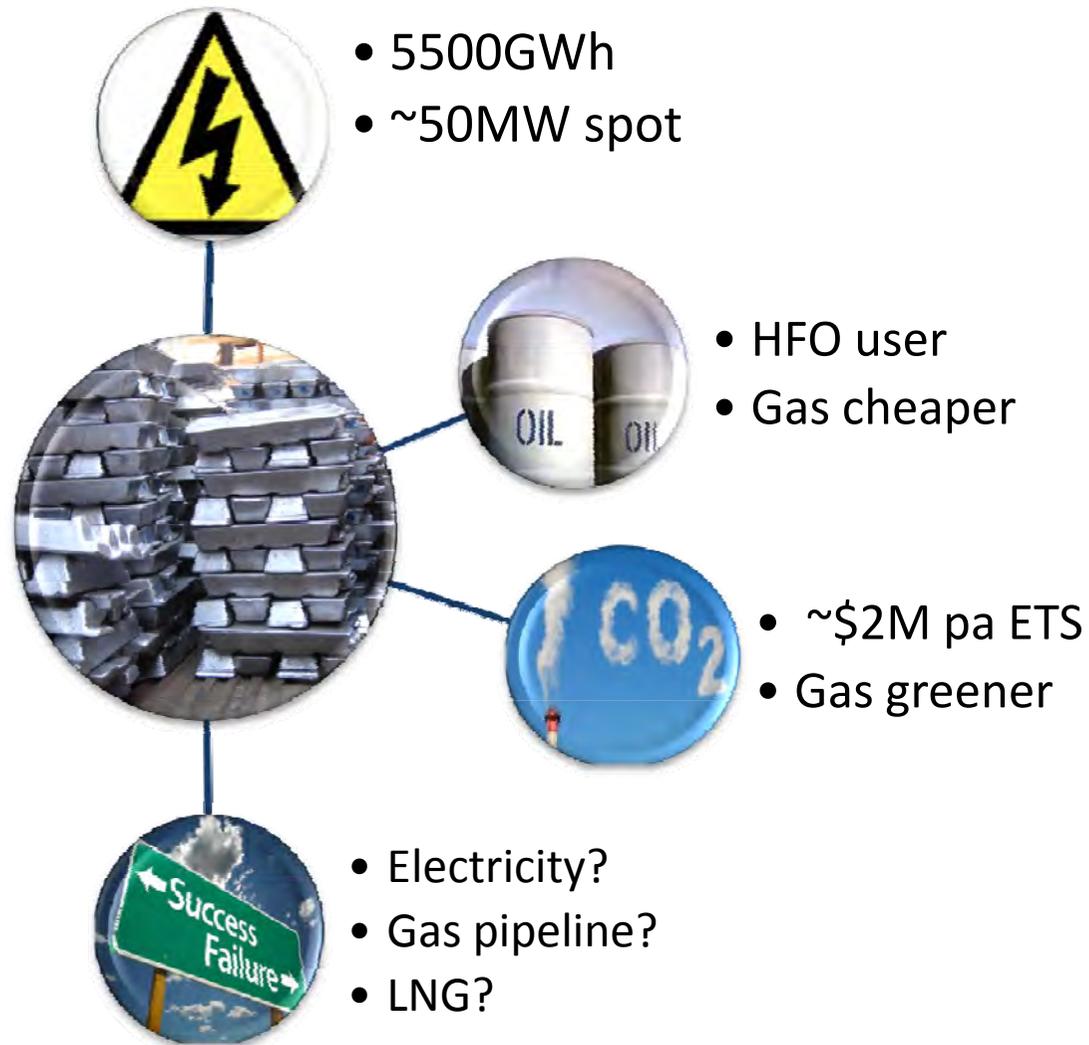
1150m long lateral well development well drilled

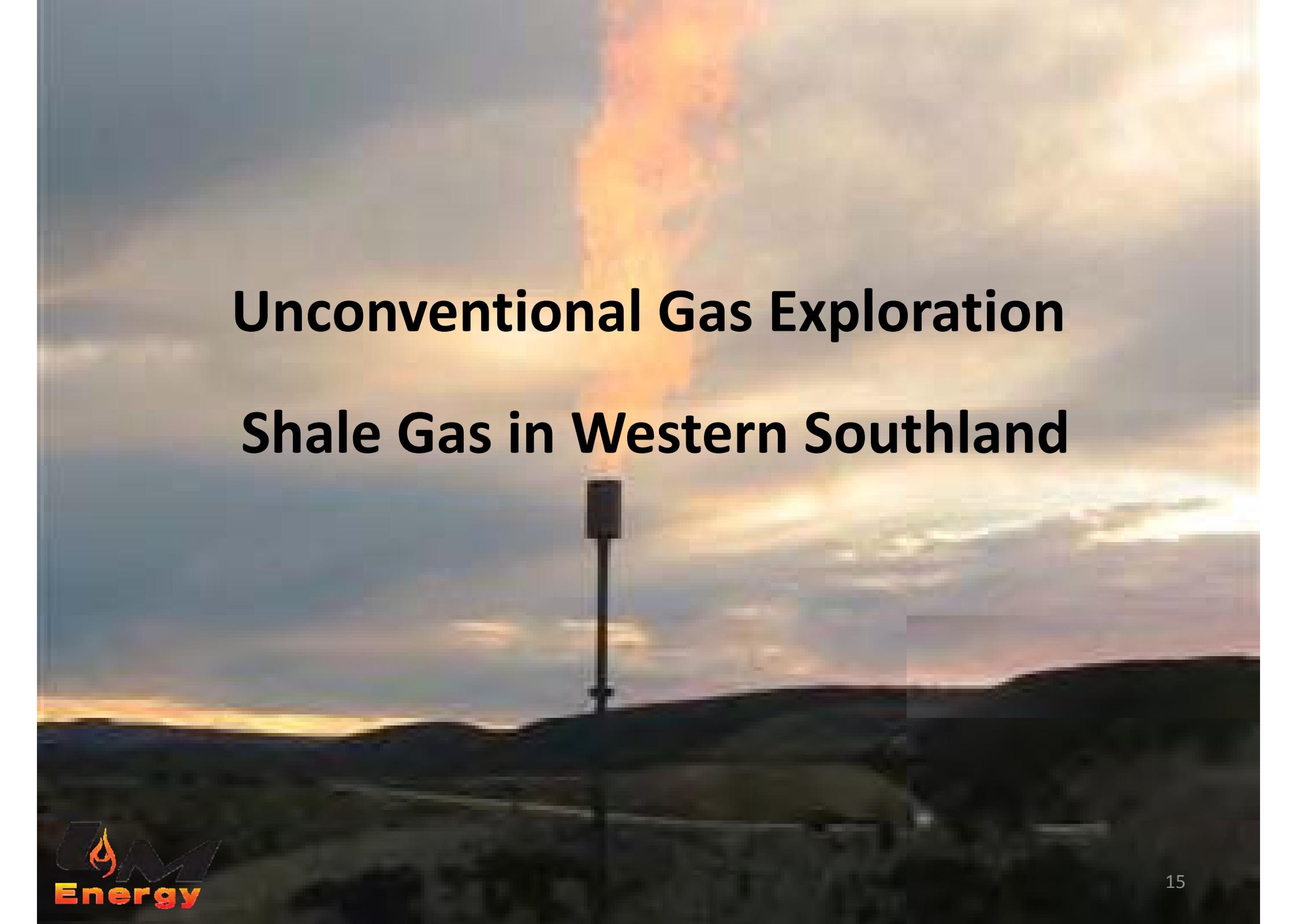
Production testing underway, aimed at:

- Determining gas production profile
- Exploring completions options
- Providing data for 2P reserves
- Defining development template

# Power offtake signed with Aluminium Smelter

New Zealand Aluminium Smelters Limited to buy electricity generated from 1MW pilot project as test case



A photograph of a gas flare at sunset. A tall, dark metal stack rises from a dark, silty landscape. A large, bright orange and yellow flame plume extends vertically from the top of the stack into a sky filled with soft, colorful clouds. The sun is low on the horizon, creating a warm, golden glow across the scene.

# **Unconventional Gas Exploration Shale Gas in Western Southland**

# Shale gas development potential identified in New Zealand

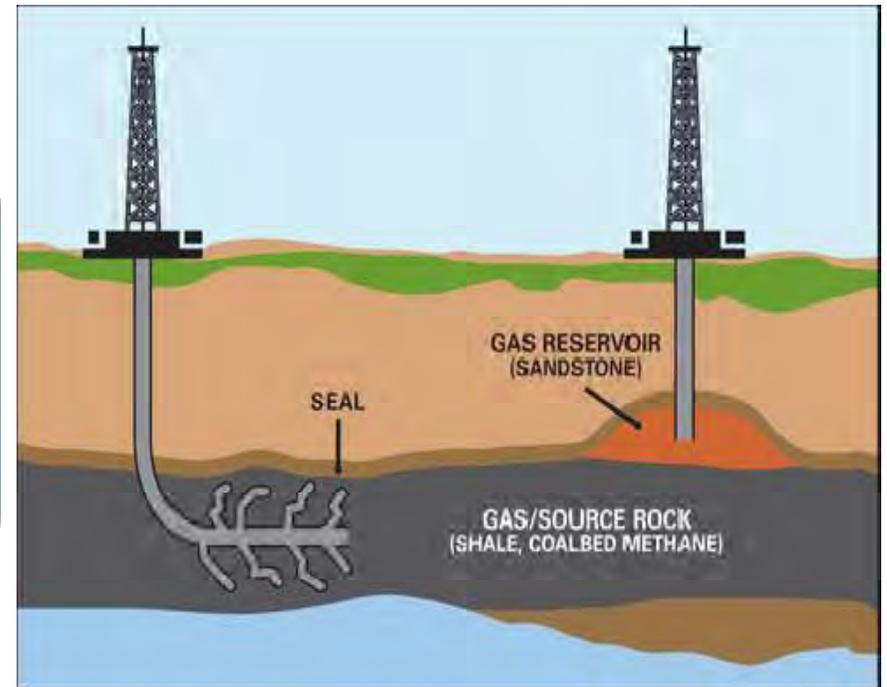
New Zealand stands to benefit from shale gas plays, currently only N. Island permits being explored

New techniques involving horizontal drilling and hydraulic fracturing

Potential reserves rapidly become proven reserves in US

Lower cost to produce than most conventional gas in US

Australian companies expect sales commence in FY2015



# L&M Shale Gas Opportunities

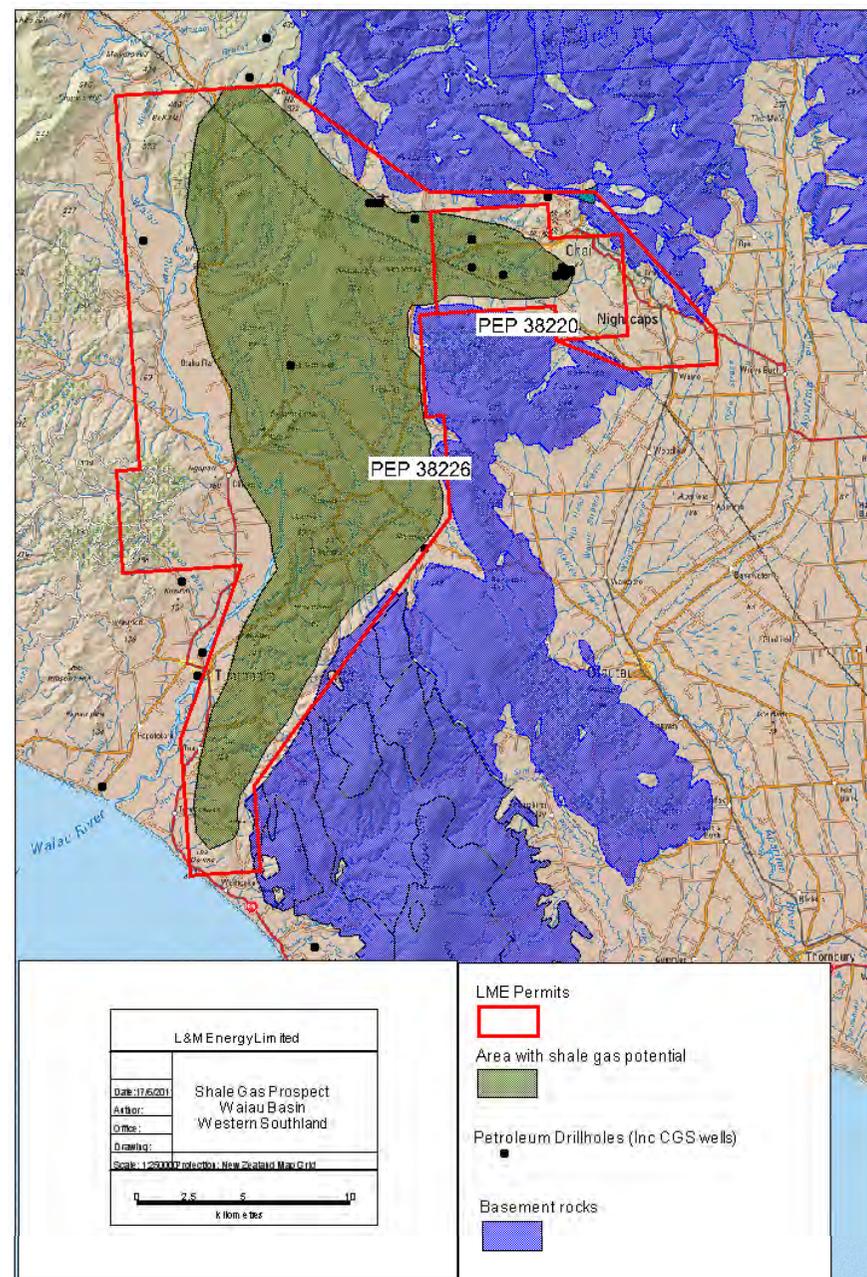
Identified five areas throughout S. Island with excellent development potential

LME hold two permits in Waiou Basin in Western Southland, covering 616 km<sup>2</sup>

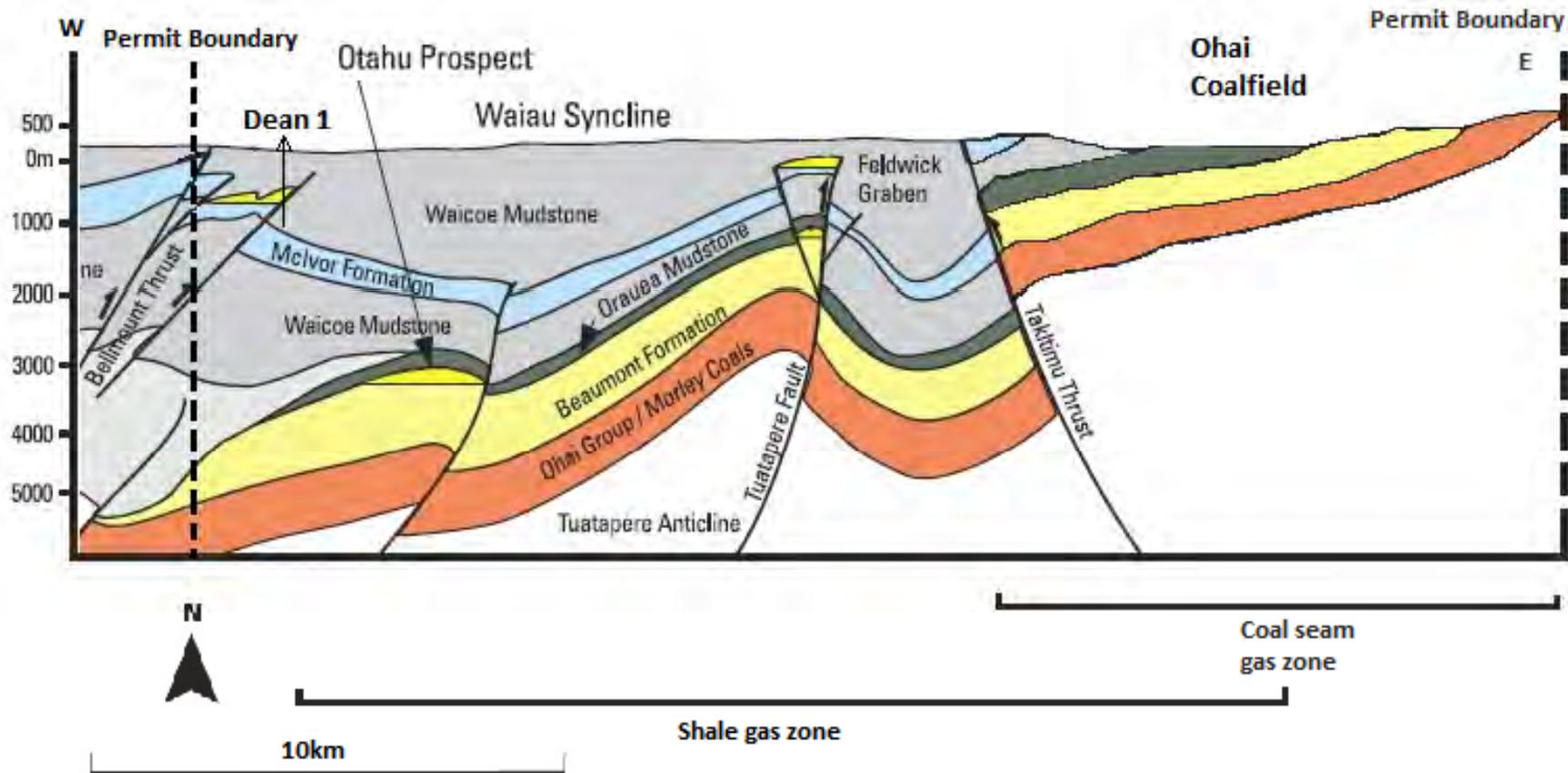
Seeking to increase total land holding to 25,663 km<sup>2</sup> via five additional permit applications

Extensive geological database on identified areas assisted identification of opportunities

Available data indicates potential gas in place resources across all permits could exceed 5 TCF



# Southland (Waiau Basin) Shale Play



Long petroleum exploration history including conventional and CSG exploration

In excess of 40 wells drilled from 1950's to 2011 with numerous gas and oil shows

Oil Shale mined and refined at Orepuki between 1899 and 1903

Shale gas potential in:  
Cretaceous: Morley,  
Eocene: Beaumont,  
Oligocene: Orauea

# Waiau Basin compared to US Shale Plays

Parameter	Barnett (Texas)	Lewis (Wyoming)	Antrim (Michigan)	Marcellus (NE USA)	Haynesville (Louisiana)	Waiau Basin (NZ)
Depth (m)	1,900 -2,600	900 -1,800	180 - 700	1,500 – 2,500	3,000 – 4,000	200 – 4,000
Thickness (m)	15 - 30	60 - 90	20 - 37	23 - 90	60 - 90	10 – 50+
TOC %	4.5	0.45 – 2.5	1 - 20	6	4	1 – 14, & c 40 (Orepuki Oil Shale)
Maturity Ro	1.0-1.3	1.6 - 1.88	0.4 – 0.6	>1	2.2 - 3	0.5 - 1 +
Gas Type	Thermogenic	Thermogenic	Biogenic	Thermogenic	Thermogenic	Mixed
Gas Content (MJ/m3)	6 - 10	0.03 – 1.4	1.25 - 3	1.8 - 3	3 - 9	Prelim. 0.5 - 2.5 Further work underway



# Summary

Oil and gas prospects in right address, high quality acreage

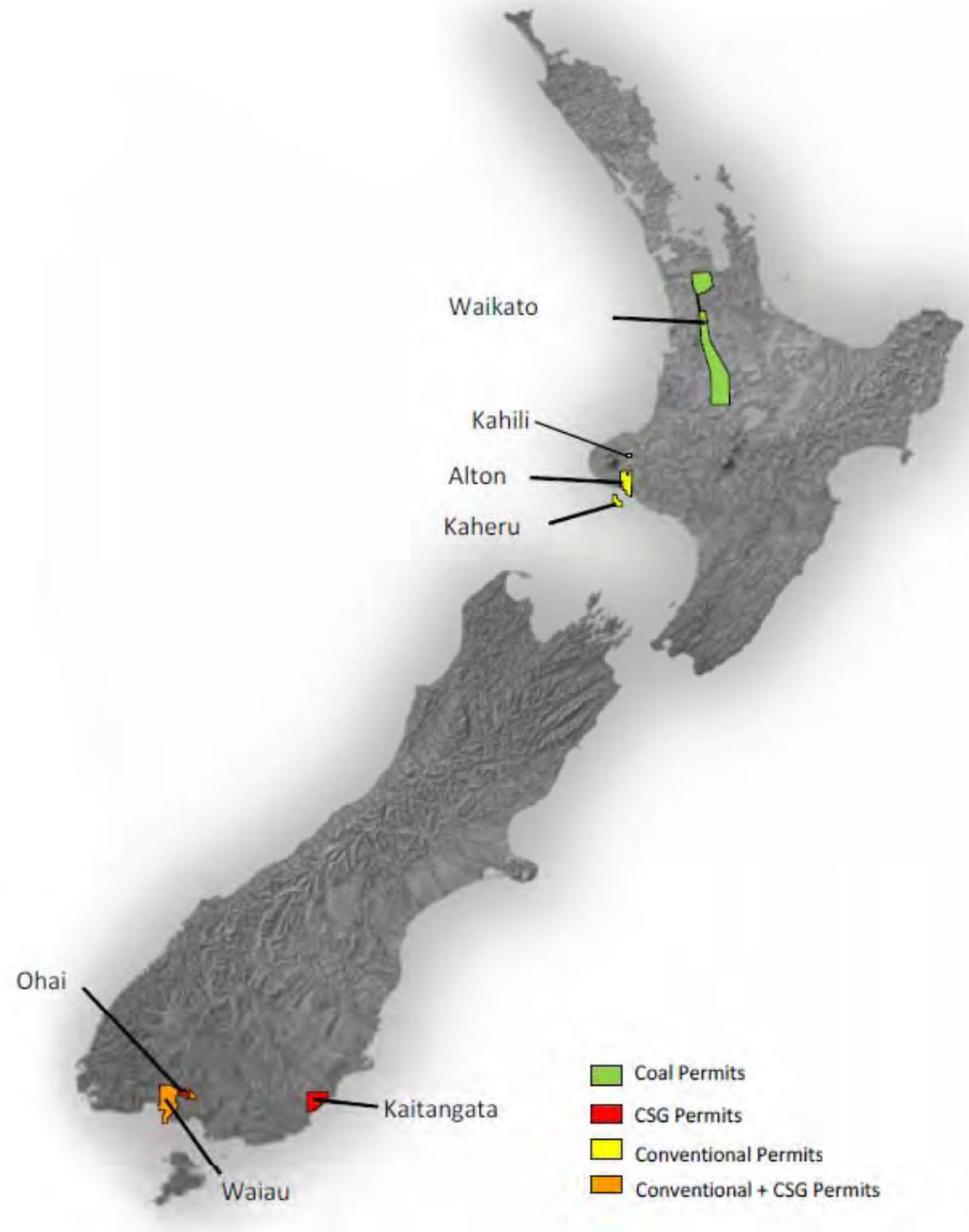
Onshore / offshore exposure offers range of risk / rewards

First well free carried but equity preserved in permit (multiple targets)

Second stage of CSG Pilot Project underway

CSG development poised for commercialisation

Shale gas plays holds massive upside potential





## Contact Details:

### Office

Level 9, St John House

114 The Terrace

PO Box 10-895

Wellington

NEW ZEALAND

Telephone: +64 4 473 0415

Facsimile: +64 4 473 0416

Email: [info@LMEnergy.co.nz](mailto:info@LMEnergy.co.nz)

Website: [www.LMEnergy.co.nz](http://www.LMEnergy.co.nz)

ASX/NZX Code: LME