



## **COMPANY ANNOUNCEMENT**

**18<sup>th</sup> February, 2011**

### ***“52.2M OF NET COAL INTERSECTED” - OHAI PILOT UPDATE***

L&M Energy Limited (LME) is pleased to provide the following update on drilling progress at the Ohai pilot project.

OM#5 has been drilled to a total depth of 645m after intersecting approximately 52.2m of net coal within the target Morley coal measures across an interval of only 62.4m. Geophysical logs have confirmed the section with the thickness of the target Morley #2 seam measuring 38.2m greatly exceeding all expectations for the area.

With production casing now installed and cemented in place the rig will under-ream the target production zone before relocating to the first of two lateral well locations. The two horizontal lateral wells will then be drilled to intersect OM#5 using proven directional drilling methods. Each of the lateral wells will pass through approximately 700m of coal with the gas they produce to be extracted from OM#5.

The pilot project follows on from the company's 3P reserves upgrade to 274 PJ and forms a key part of the Company's 2P gas reserves campaign which is aimed at independently certifying New Zealand's first tranche of 2P CSG reserves.

**ENDS**

#### **Contact for further information:**

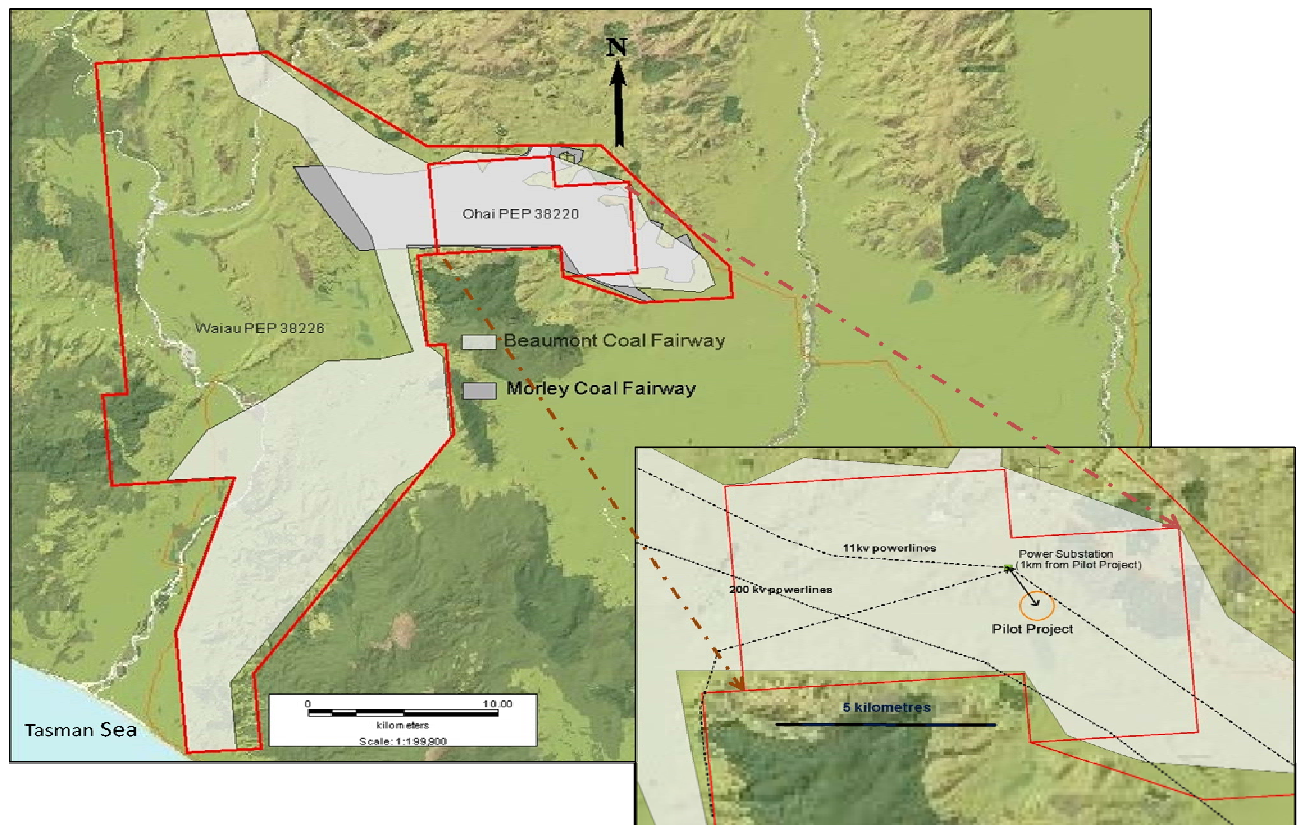
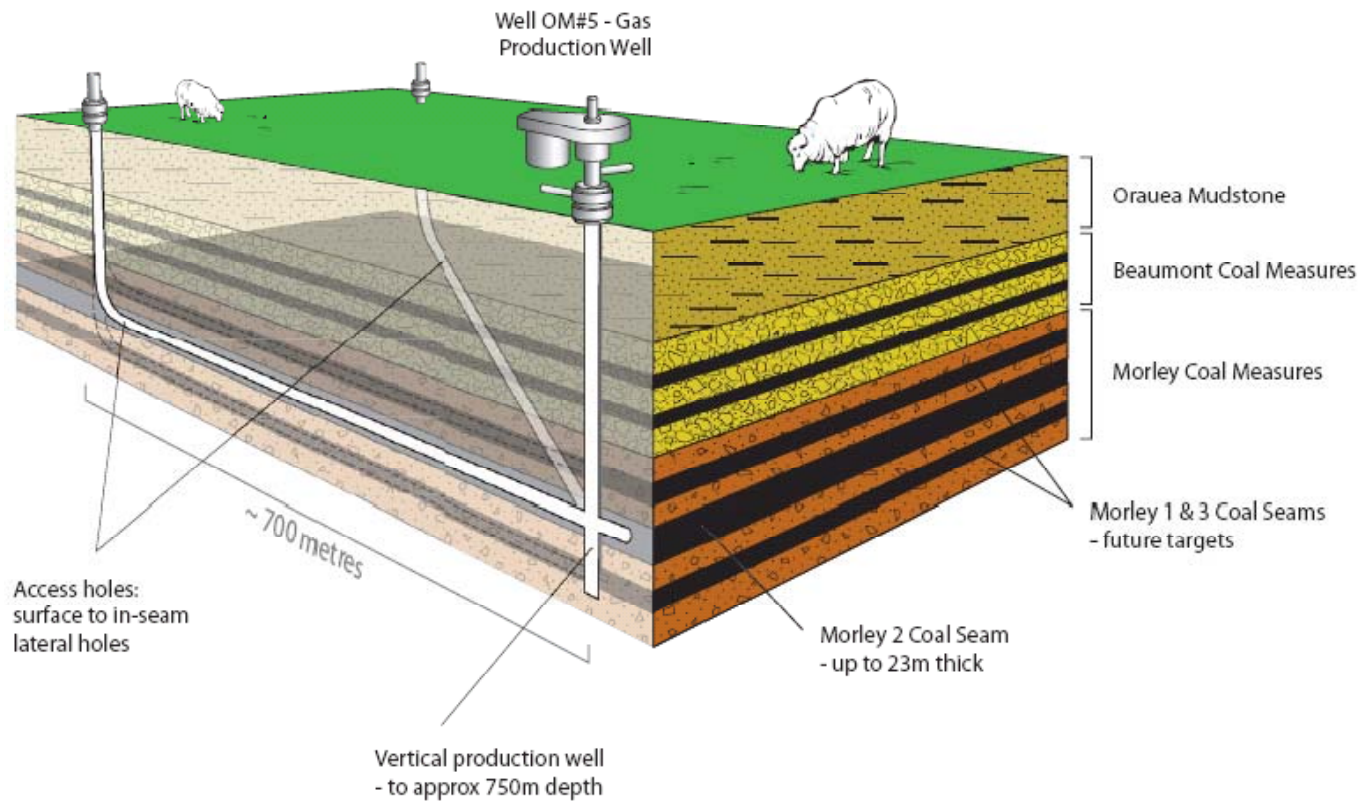
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#### **About L&M Energy Limited**

L&M Energy Limited is a New Zealand based company dual listed on the ASX and NZX stock exchanges focused on the development of commercial coal seam gas resources and discovering major conventional oil and gas resources. The Company holds equity interests in over 10,000 km<sup>2</sup> of exploration acreage contained within nine New Zealand exploration permits and is well funded for its current work programmes.





# LME Coal Seam Gas Permits – Pilot project and adjacent power infrastructure

