



COMPANY ANNOUNCEMENT

4th April, 2011

LATERAL WELL SUCCESSFULLY COMPLETED

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

OM#7 has successfully intersected production well OM#5 within the thick target Morley #2 coal seam after drilling a lateral length of 1035m. In light of the good drilling conditions within the Morley #2 seam, the lateral section was extended a further 115m to 1150m.

In order to assist with development planning for the area, the company has elected to commence production testing immediately from OM#5 prior to drilling the second lateral section.

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

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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 discovery of conventional oil and gas resources. The Company holds equity interests in exploration acreage contained within six New Zealand exploration permits.

PETROLEUM EXPLORATION PERMITS

