

COMPANY ANNOUNCEMENT



1 June 2011

L&M ENERGY SECURES FUNDING FOR UPCOMING TARANAKI OIL WELL

New Zealand Energy Corp. ("NZEC") recently announced (copy attached) that they have entered into a Letter of Intent with AGL Upstream Gas (MOS) Pty Limited ("AGL") to acquire AGL's 50% interest in PEP 51151 (Alton).

LME is pleased to announce that they have entered into a conditional agreement with NZEC which provides LME a 100% free-carry in respect to expenses incurred in drilling the Talon-1 exploration well within PEP 51151. In addition, in the event of a discovery, the agreement also provides for the funding of completion costs up to \$500,000 with any costs beyond this shared on a 50:50 basis.

The LME share of expenditure being funded under the agreement is approximately NZ\$1.75 million (including \$250,000 of the completion costs). LME will retain its existing 50% interest in PEP 51151 but will transfer operatorship of the Joint Venture to NZEC.

By way of background, NZEC are currently in the process of an Initial Public Offering ("IPO"). NZEC currently holds two exploration permits in New Zealand (Eltham and Castlepoint) with a further two awaiting ministerial approval (Ranui and East Cape). New Zealand operations are undertaken by an experienced local team as well as Canadian personnel who are bringing Canadian expertise and technology to New Zealand.

Commenting on the deal, LME's Chairman, Mr Geoff Loudon says "We are delighted that we could be involved with NZEC expanding their operations in New Zealand. We look forward to partnering with them, initially the Alton Joint Venture, and ultimately in other ventures".

The agreement with NZEC is conditional upon a number of factors including completion of due diligence, a final agreement being concluded with AGL and obtaining the New Zealand ministerial consents required.

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 discovering major conventional oil and gas resources. The Company holds equity interests in a number of exploration permits.

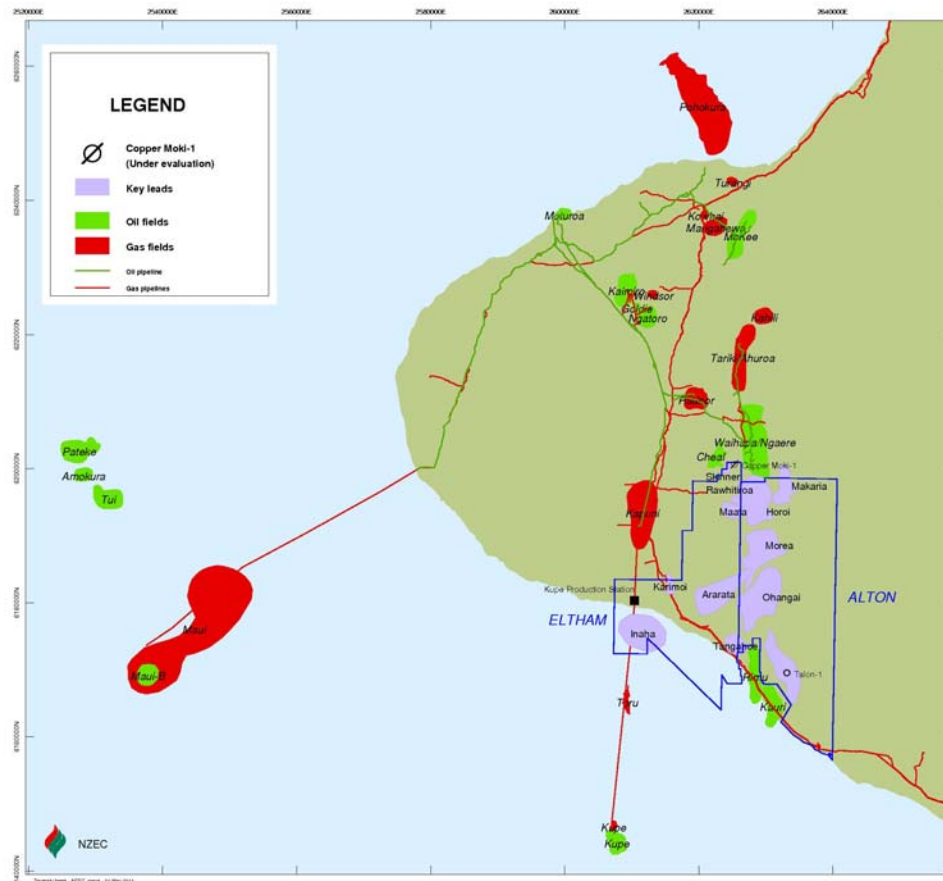


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NEW ZEALAND ENERGY CORP. SIGNS LETTER OF INTENT TO ACQUIRE A 50% INTEREST IN THE ALTON PERMIT IN THE TARANAKI BASIN

Vancouver, British Columbia, May 31, 2011 - New Zealand Energy Corp. (“**NZEC**”) is pleased to announce that it has entered into a letter of intent (“**LOI**”) with AGL Upstream Gas (MOS) Pty Limited (“**AGLUGM**”), a wholly owned subsidiary of AGL Energy Limited (“**AGL**”), a company listed on the Australian Securities Exchange, pursuant to which NZEC has agreed to purchase AGLUGM’s 50% working interest in the Alton Permit (PEP 51151). The Alton Permit is offsetting NZEC’s Eltham Permit (PEP 51150) in the Taranaki Basin on which NZEC recently drilled and cased the Copper Moki-1 discovery well targeting the Urenui and Mount Messenger formations. (See map 1)

Map 1- Taranaki Basin



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New Zealand Energy Corp.

NZEC has engaged AJM Petroleum Consultants (“**AJM**”) to prepare a NI 51-101 compliant resource report. AJM identified the following in their report:

- Five leads that in aggregate add 380 million barrels of oil equivalent (“**mmboe**”) net undiscovered petroleum initially in place (“**OOIP**”) and 34.6 net mmboe prospective resource on NZEC’s Taranaki Basin land holdings. Total NZEC net resources in the Taranaki Basin now include:
 - Eltham Permit: OOIP 350 mmboe with 32.1 mmboe prospective resource; and
 - Alton Permit: OOIP 380 mmboe net with 34.6 mmboe net prospective resource (all best estimates).
- The Horoi lead (see map 2) offsetting NZEC’s Copper Moki-1 discovery well has an attributed 108.9 mmboe net OOIP and 9.4 mmboe net prospective resource (best estimate), making it the largest lead by resource potential on NZEC’s Taranaki Basin land holdings.

The Talon lead (see map 2) offsetting Origin Energy Australia’s Rimu and Kauri producing oil and gas fields has been attributed 9.9 mmboe undiscovered petroleum net OOIP and 860k barrels of oil equivalent (“**boe**”) net prospective resource (best estimate).

NZEC plans to increase its proposed Taranaki Basin drilling program in 2011 from four wells to six wells including the following wells on the Alton Permit:

- The Talon-1 Well which is in the final stages of preparation and is expected to be drilled in the third quarter of 2011; and
- Drilling the Horoi-1 well offsetting the Copper Moki-1 well before the end of 2011.

The Alton Permit acquisition adds 241 net km² in the Taranaki Basin, representing a net increase of 64% as compared to NZEC’s current Taranaki Basin holdings (Eltham, 92,466 net acres and Alton, 59,600 net acres).

The LOI contemplates the purchase and sale of AGLUGM’s 50% working interest in the Alton Permit for AUD\$2,000,000. The agreement between NZEC and AGLUGM remains subject to: (a) NZEC completing due diligence; (b) the parties entering into the definitive agreements; and (c) New Zealand’s Minister of Energy consenting to the transfer of AGLUGM’s 50% interest to NZEC. Upon completion of the transfer, NZEC will be the operator of the Alton Permit.

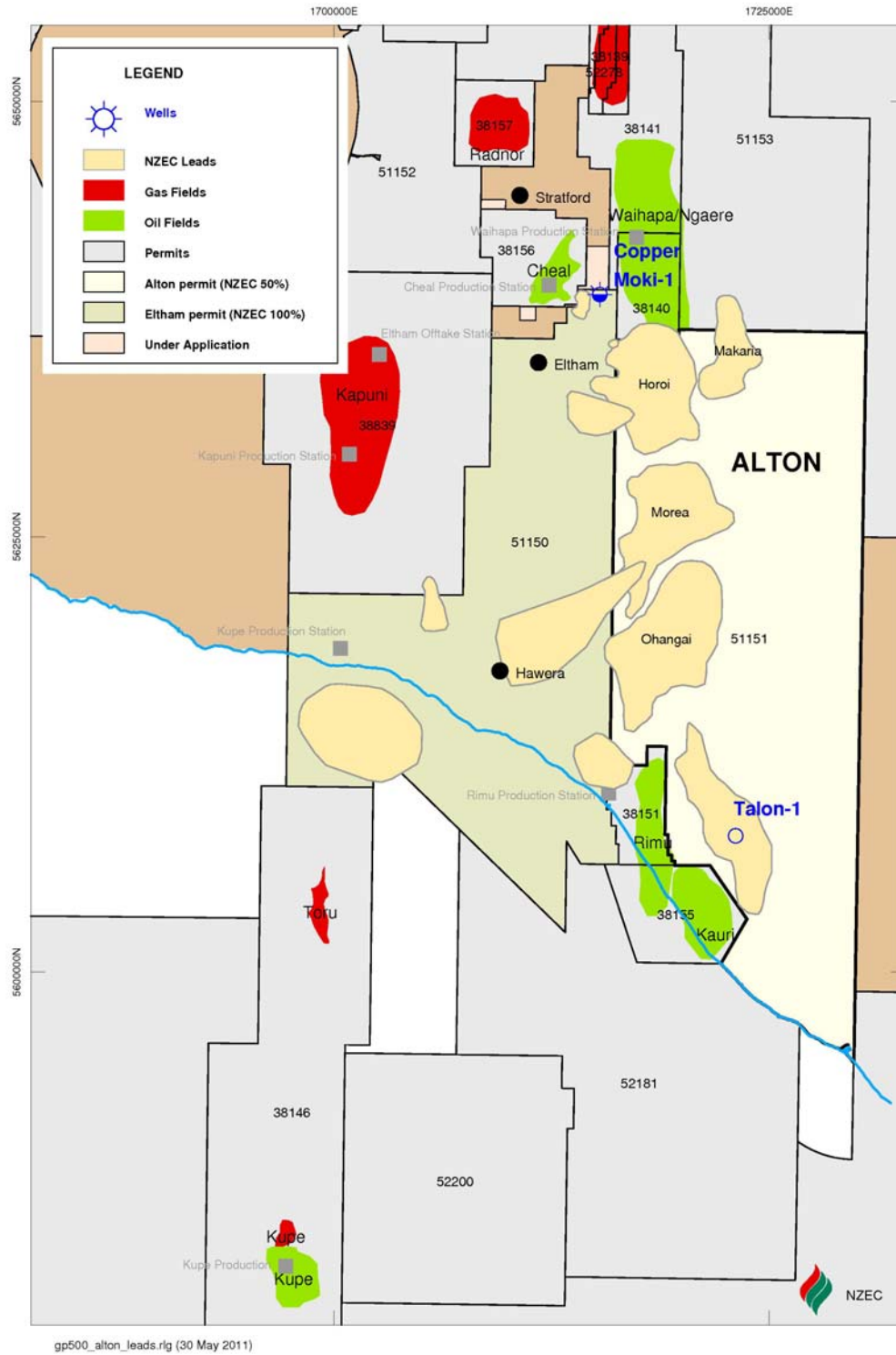
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Map 2 – Alton Map; Permit and Leads



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Further to the LOI, NZEC has reached an agreement (“**L&M Agreement**”) with L&M Energy Limited (“**L&M**”), the holder of the remaining 50% working interest in the Alton Permit. Pursuant to the L&M Agreement, L&M has agreed to waive its pre-emptive right to acquire the AGLUGM interest in the Alton Permit and transfer its operatorship of the permit to NZEC, to take effect upon the transfer of AGLUGM’s 50% interest to NZEC. The L&M Agreement provides that NZEC will fund 100% of L&M’s costs for drilling the Talon-1 well and the first NZD\$500,000 of completion costs.

The Alton permit LOI was entered into subsequent to the filing of NZEC’s preliminary prospectus. Details on the Alton permit will be provided in the final prospectus. Investors should rely on the final prospectus to make their investment decision. Subject to completing the LOI and entering into a definitive agreement, NZEC proposes to amend the use of proceeds contemplated in the final prospectus to include CAD\$2,200,000 for acquisition costs and CAD\$6,050,000 for the drilling of two wells, including the Talon-1 exploration well, on the Alton Permit.

About New Zealand Energy Corp.

New Zealand Energy Corp. is an oil and natural gas company engaged in the exploration, acquisition and development of petroleum and natural gas assets in New Zealand.

About AGL

AGL is Australia's leading renewable energy company and is Australia's largest private owner, operator and developer of renewable generation assets. AGL has major investments in hydro and wind, as well as ongoing developments in key renewable areas including solar, geothermal, biomass, bagasse and landfill gas. AGL also operates retail, merchant energy and upstream gas businesses and has more than three million customer accounts.

Listed on the Australian Securities Exchange (ASX code: AGK) with a market capitalisation of AUD\$6.4 billion, AGL is an S&P/ASX 50 company. AGL has been operating in Australia for more than 170 years and was one of its first listed companies.

About L&M Energy Limited

L&M Energy Limited is a New Zealand based company dual listed on the Australian Securities Exchange and the New Zealand Stock Exchange (ASX/NZX stock code: LME) with a market capitalisation of AUD\$87.7 million. LME is focused on the development of commercial coal seam gas resources and discovery of conventional oil and gas resources. The Company holds equity interests in a number of exploration permits in New Zealand.

On behalf of the Board of New Zealand Energy Corp.

“John Proust”

Chief Executive Officer

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This news release contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively “forward-looking statements”). The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “propose”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including without limitation, those listed under the headings “Special Note Regarding Forward-Looking Statements” and “Risk Factors” in NZEC’s preliminary long form prospectus dated April 29, 2011 relating to NZEC’s initial public offering. NZEC believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking statements included in this news release should not be unduly relied upon. These statements speak only as of the date of this news release and NZEC does not undertake to update any forward-looking statements that are contained in this news release, except in accordance with applicable securities laws. In addition, this news release may contain forward-looking statements attributed to third party industry sources.

This news release does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, any securities of NZEC in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities offered hereunder have not and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States of America (the “**United States**”) and, subject to certain exceptions, may not be offered or sold within the United States or its territories or possessions except in transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States, its territories or possessions.

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