



## **COMPANY ANNOUNCEMENT**

**For Immediate Release**

**8 July, 2010**

### **COAL SEAM GAS OPERATIONS UPDATE**

#### **PEP 38220 (Ohai) – LME 100%**

L&M Energy Limited (LME) is pleased to provide the following update on the completed OM-4 well located in PEP 38220 (Ohai) on the South Island of New Zealand.

Following the successful completion of coring operations and subsequent suspension as a future production well, gas desorption testing of cores obtained from the well to date indicate that the Morley formation coals contain gas contents of up to 11m<sup>3</sup> (dry ash free) per tonne of coal with isotherm testing confirming that the coals are fully saturated with gas. Gas composition is also excellent with methane levels between 97-99%.

These results further support the existence of additional gassy Morley coals extending into the Company's adjoining permit PEP 38226 (Waiiau), not currently included in the 173PJ of 3P reserves independently certified late last year.

With the Company having successfully concluded its recent capital raising, pre-well planning is now underway for the drilling of a CSG pilot production project in the Ohai permit, scheduled to begin in September, with a view to the Company certifying the first tranche of 2P CSG reserves early in the new year.

**ENDS**

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

Kent Anson	or	John Bay	or	Duncan Gordon
Managing Director - CSG		Managing Director – Petroleum		Executive Director
L&M Energy		L&M Energy		Adelaide Equity Partners
Tel: +64 3 377 0045		Tel: +64 4 473 0415		Tel: +61 8 8232 8800

#### **Competent Persons Statement**

The technical information contained in this announcement is based on information compiled by the Company's Senior Geologist, Mr Kerry Gordon, who has more than 8 years of experience in the coal seam gas and coal sectors.

#### **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/>

