



COMPANY ANNOUNCEMENT

For Immediate Release
Thursday, 26th August 2010

SHARE PURCHASE PLAN EXTENDED TO 1st SEPTEMBER 2010

L&M Energy (LME) is pleased to advise shareholders that the final date for posting acceptance documents for the SPP will be kept open until 5pm, Wednesday, 1st September.

LME Chairman, Geoff Loudon, said "There has been a positive response to the Share Purchase Plan (SPP), with more than 10% of shareholders participating to date. However, several shareholders have contacted the Company and expressed concern that the late delivery of documents to some shareholders has meant that they would miss today's deadline for receipt of their application. The Company has therefore decided to extend the final date for posting until close of business next Wednesday, 1st September to allow any late shareholder applications to be included in the SPP. If any shareholder has not yet received the SPP documents or has any questions, they should phone the LME Wellington office on +64 4 473 0415 as soon as possible."

In July LME raised A\$7.15 million at A9c/NZ11c through a private placement to institutional investors and all other eligible shareholders have been given the opportunity to subscribe for up to A\$12,000 or NZ\$15,000 at the same price per share.

The funds were raised to demonstrate the commercial viability of the 173 PJ Ohai coal seam gas field. Gas has already been successfully flowed from the field and it is now intended to set up a pilot plant, which should be operational in Q4 2010 and feed electricity into the grid.

It is planned to connect the pilot plant to four horizontal lateral drill holes through one well head. Planning for the pilot project is underway and on 25th August a 4.8 km shallow seismic programme commenced to ensure that the pilot is optimally sited. Drilling the well and its four horizontal lateral gathering extensions is planned to start in late October.

Strong commercial gas off-take interest has been expressed in the gas as soon as viability of the project is demonstrated.

L&M Coal Seam Gas Managing Director, Kent Anson has said, "LME is on the verge of the first commercial exploitation of coal seam gas in New Zealand and I am very excited about our future."

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. The Company is focused on the exploration and development of conventional oil and gas, coal seam gas and underground coal gasification.