



COMPANY ANNOUNCEMENT

For Immediate Release

Tuesday, 7 September, 2010

NZ\$10 MILLION INSTITUTIONAL PLACEMENT AND SHARE PURCHASE PLAN COMPLETED

L&M Energy Limited (ASX/NZX: LME) is pleased to announce that the Share Purchase Plan offered to the Company's shareholders has successfully raised NZ\$1.4 million at A9c/NZ11c, with 279 (or 15%) of the Company's shareholders participating.

In July LME raised NZ\$8.74 million at the same price per share through a private placement to institutional investors and sophisticated investors.

The funds were raised to install a pilot production facility and demonstrate the commercial viability of the 173 PJ Ohai coal seam gas field. It is planned to connect the pilot plant to a multi-lateral well consisting of four horizontal lateral drill holes through one well head. The pilot project commenced on 25th August with the acquisition of 4.8 km of shallow seismic to ensure that the pilot is optimally sited. Drilling of the multi-lateral production well is planned to start in late October and first production underway by the end of the year.

LME Managing Director, John Bay said, "The uptake of the SPP by our shareholders and the success of our earlier placement shows that the market strongly supports the Company's strategy and forward plans to establish the first commercial exploitation of coal seam gas in New Zealand. The SPP and placement give the Company a strong balance sheet to fund its ongoing growth 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.