



COMPANY ANNOUNCEMENT

For Immediate Release

3 November, 2010

L&M ENERGY CLOSES 2010 CAPITAL RAISING PROGRAM

L&M Energy Limited (ASX:LME) is pleased to announce that it has completed its 2010 capital raising program. An additional NZ\$1.3 million has been raised by placing 11.1 million shares at A\$0.09 each with a major New Zealand institution. This brings the total raised in 2010 (within LME's available 15% placement capacity under ASX Listing Rule 7.1) to NZ\$11.4 million (before fees).

The 2010 capital raising program has resulted in a number of new shareholders becoming involved with the Company. In addition, existing shareholders also had the opportunity to participate on the same terms through the Share Purchase Plan and this was well supported with 15% of eligible shareholders participating.

The closure of the capital raising program follows on from the recent 60% increase in the Company's certified 3P coal seam gas reserves to 274 PJ within its Ohai permit in Southland, where a pilot production project is advancing with the drilling phase of the project scheduled to commence later this year with a view to certifying the company's first tranche of 2P reserves early next year. The Company is also completing pre-drill preparations to drill the Talon-1 well in its onshore Taranaki Alton permit in early 2011 to commence its 2011 conventional petroleum exploration campaign.

LME Managing Director (Petroleum), John Bay, said "The success of our 2010 capital raising program results in the Company being in a fully funded position for its anticipated coal seam gas and conventional petroleum work programs to be undertaken in the remainder of 2010 and 2011 and also enables the Company to continue to seek new opportunities to grow the Company's portfolio of conventional and coal seam gas exploration opportunities. We appreciate the support the capital raising program has received from both new and existing shareholders and look forward to creating maximum returns for their investment in L&M Energy."

ENDS

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About L&M Energy Limited

L&M Energy Limited is a New Zealand based company dual listed on the Australian and New Zealand stock exchanges. The Company is focused on the exploration and development of conventional oil and gas, coal seam gas and underground coal gasification.