



COMPANY ANNOUNCEMENT

**For Immediate Release
Wednesday, 30 June 2010**

SUCCESSFUL PLACEMENT RAISES ~A\$7 MILLION

Highlights

- **Placement of approximately 77 million shares at A\$0.09 to institutional and sophisticated investors ('Placement') raising c. A\$7 million.**
 - **Strong demand for Placement reflects support for the Company's strategy for developing NZ coal seam gas in spite of volatile equity markets.**
 - **Funds to be applied towards production testing and booking of 2P reserves at LME's Southland, New Zealand Coal Seam Gas project.**
 - **Directors will consider a SPP on similar terms to existing shareholders.**
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Placement

L&M Energy Limited (ASX/NZX: LME) is pleased to announce completion of a placement to institutional and sophisticated investors of approximately 77 million fully paid ordinary shares at A\$0.09 per share to raise c. A\$7 million (before costs).

The shares issued under the Placement will rank equally with existing shares and fall within LME's available 15% placement capacity under ASX Listing Rule 7.1. LME expects quotation of the new shares to occur early July 2010.

The Placement to institutional and sophisticated investors was managed by Philip Capital in Australia and McDouall Stuart in New Zealand.

Use of Funds

LME intends to apply the funds raised to undertake a pilot production testing program with the aim of certifying 2P reserves at its Ohai Coal Seam Gas project located in Southland on the South Island of New Zealand and also undertake further drilling to extend its 3P reserve position in the area. The CSG pilot testing program is slated to start August/September this year with a target of certifying the company's first 2P reserves early 2011.

Funds will also be applied towards investigating the potential for the development of a micro-LNG facility in the area to fast track development of Southland CSG and to meet LME's ongoing conventional work program obligations and for general working capital.

LME chairman, Geoff Loudon said that "the immediate and positive response from institutional and sophisticated investors is extremely encouraging. The market clearly supports our strategy

to accelerate development of our Southland coal seam gas assets. This Placement gives LME a strong balance sheet to fund its ongoing growth.”

“Directors are also aware of the desire of existing shareholders to increase their participation in the Company and will consider introducing a Share Purchase Plan (SPP) for LME shareholders on similar terms at their next meeting in July.”

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.