



COMPANY ANNOUNCEMENT

15th January 2013

PEP53247 (Kahili) pre-emption

L&M Energy Limited (NZX/ASX: LME or Company) wishes to advise that the Company has today exercised its rights of pre-emption in respect to PEP53247 (Kahili). Following completion of the transaction the Company will hold 100% of PEP53247.

Mosaic Oil NZ Limited (“Mosaic”), as holder of a 75% interest in PEP53247 provided notice that it intended to sell its entire participating interest. The Company, under the Joint Venture Operating Agreement is able to request an assignment to the Company of the interest held by Mosaic on the same terms as the proposed sale.

The primary terms of the agreement are:

- Purchase price of A\$250,000;
- Reimbursement of cash calls paid by Mosaic since 1 October 2012;
- Granting of a royalty to Mosaic equal to 15% of net sales revenue (attributable to the 75% interest) to an aggregate of A\$1,500,000; and
- Various approvals required from the NZ Government.

The Company is currently subject to a conditional takeover offer from New Dawn Energy Limited. As the exercise of the Company’s pre-emptive rights may trigger clause 4.2(e)(i) of the Offer document, New Dawn Energy Limited has given its consent to the pre-emption.

B N McGregor
Company Secretary