



15th January 2013

ASX Compliance Pty Limited
PO Box H224
Australia Square
NSW 1215
Australia

By email: Cormac.Murphy@asx.com.au

Dear Cormac

Re: Appendix 3Y – DW Ellenor

I refer to your letter of 14th January 2013 (attached).

In response to your questions I advise:

- Mr Ellenor, a Canadian resident, had been in New Zealand and Australia to attend a board meeting and act as an Independent Director in a number of meetings relating to the takeover offer by New Dawn Energy Limited. As a consequence of his travel arrangements between New Zealand, Australia and Canada, combined with the time of the year, Mr Ellenor overlooked advising us when the offer acceptance forms were mailed to New Dawn Energy.
- The Directors of LME are made aware of their obligations under listing rule 3.19A periodically by the Company Secretary. This was done early December 2012 when it was confirmed by counsel that an acceptance of New Dawn Energy's offer, albeit it being a conditional offer, required the lodging of an Appendix 3Y.
- LME believes that the procedures currently in place are sufficient to avoid this occurring again and that the current circumstance was a genuine oversight.

Regards

A handwritten signature in blue ink, appearing to read 'Bruce McGregor', is written over the printed name.

Bruce McGregor
Chief Financial Officer/Company Secretary



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14 January 2013

Mr Bruce McGregor
Chief Financial Officer & Company Secretary
L&M Energy Limited
Level 9, St John House
114 The Terrace
Wellington NZ 6143

By Email

Dear Bruce,

L&M Energy Limited (the "Company")

We refer to the following.

1. The Appendix 3Y lodged by the Company on 7 January 2013 for Mr Douglas Wayne Ellenor (the "Notice").
2. Listing rule 3.19A.2 which requires an entity to tell ASX the following:

A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Notice indicates that a change in Mr Ellenor's notifiable interest occurred on 13 December 2012. It appears that an Appendix 3Y should have been lodged with ASX by 20 December 2012. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B. It also appears the director concerned may have breached section 205G of the Corporations Act.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements. ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the above Notice was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail at Cormac.Murphy@asx.com.au. It should not be sent to the ASX Market Announcements Office. This is requested as soon as possible and, in any event, not later than 9.30am A.E.D.S.T. on Wednesday, 16 January 2012.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely



Cormac Murphy
Adviser, Listings Compliance