



## **COMPANY ANNOUNCEMENT**

**1<sup>st</sup> February, 2012**

### **KAITANGATA (PEP 38219) MULTI-WELL COAL SEAM GAS PROGRAMME**

L&M Energy is pleased to announce drilling is scheduled to recommence later this week within its Kaitangata permit (PEP 38219), located 60km south of Dunedin.

Wangaloa-2, the fifth well in the programme will be drilled to a target depth of approximately 350m. The well is set to test the coal seam gas potential from five sub-bituminous coal horizons (Capstick, Jordan, Kai Main, Carson and Shore) within the coalfield.

In summary, the programme to date has included four wells completed during Q4 2011 in order to gather data preparatory to the H1 2012 drilling programme. Of these wells two were stratigraphic which were drilled to determine coal thickness and depth followed by two cores wells, Wangaloa-1 and Lockington-2. Wangaloa-1 was suspended at 507m having reached the depth capacity of the drilling rig. Lockington-2 intersected approximately 8.6m of coal across four coal seams with an average gas content of approximately 1.0m<sup>3</sup>/tonne. Outstanding isotherm and gas saturation results are expected early Q2 2012.

The H1 2012 programme starting with well Wangaloa-2 is the first of five wells to be drilled in a northerly and potentially deeper portion of the permit. The programme is intended to give sufficient data to determine the coal seam gas potential of the Kaitangata area.

The Kaitangata permit is located close to the major city of Dunedin and is ideally placed to supply power generation to significant agriculture and domestic demand as well as CNG to a strong local market.

Commenting on the programme Managing Director Kent Anson said "The 2011 programme gave a solid base to launch the 2012 five well campaign. We have a thick sequence of sub bituminous coals with good permeability and what remains to be determined is the gas content and degree of saturation at depth. Results flowing in to us over the next six months will be a good guide to determine the potential of the area. I remain optimistic that the Kaitangata area holds commercial gas close to a ready market".

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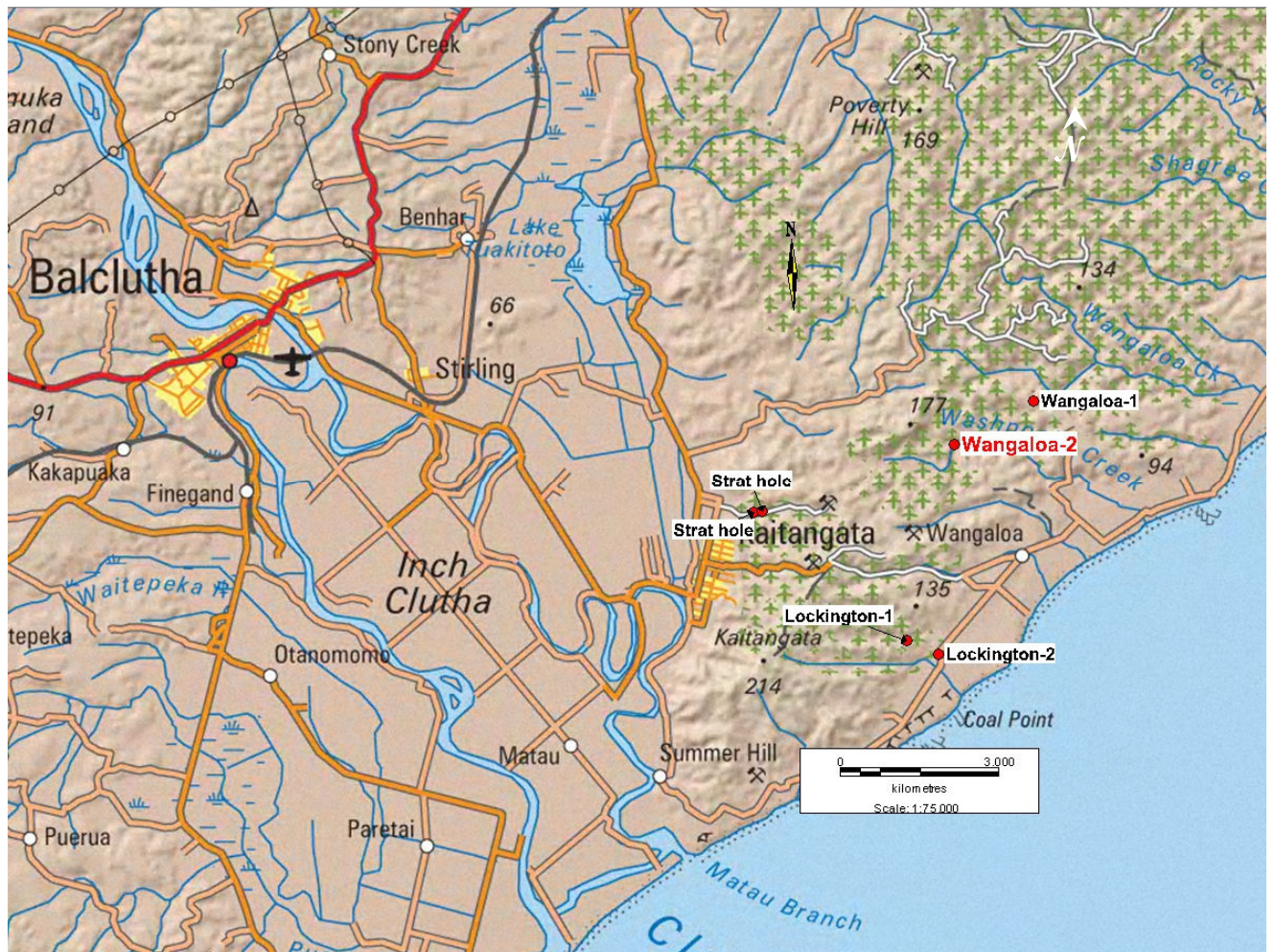
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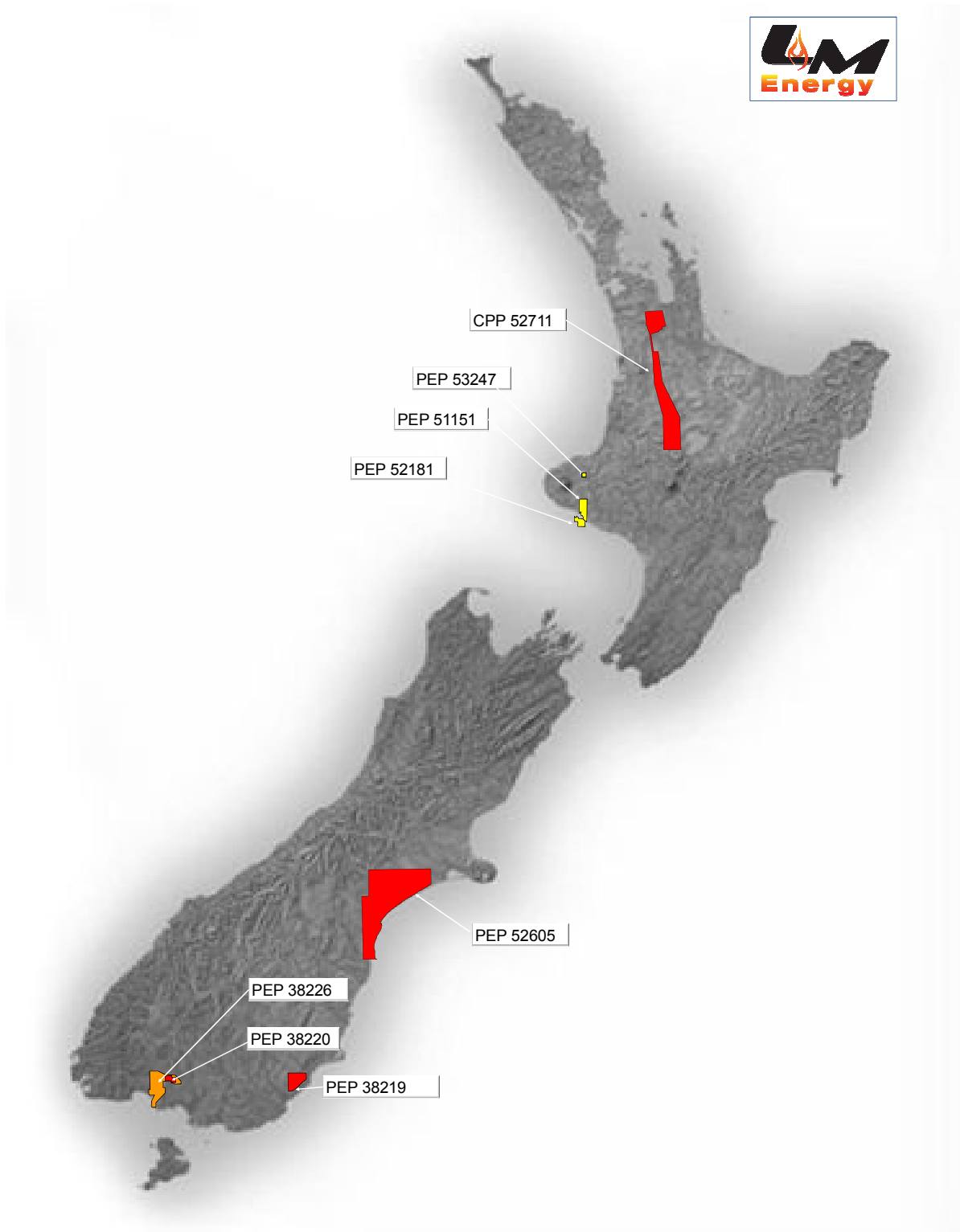
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## About L&M Energy Limited

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 discovery and development conventional and unconventional oil and gas resources. The Company holds equity interests in over 8,200 km<sup>2</sup> of exploration acreage contained within eight New Zealand exploration permits.





■ Unconventional Permits    ■ Conventional Permits    ■ Conventional + Unconventional Permits

L&M Energy Limited  
Exploration Permits  
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