

COMPANY ANNOUNCEMENT

For Immediate Release

Wednesday, 15 July 2009

Mt Linton-2 CSG Well Reaches TD, 8m of coal encountered

Highlights

- **Mt Linton-2 well has reached its total depth at 474m; logging operations underway**
- **8m of Beaumont coals were encountered, recovered cores sent for laboratory analysis**
- **Mt Linton-2 wellbore to be suspended for future long term flow testing**

At report time, the Mt Linton-2 well in LMP's Western Southland Basin petroleum exploration permit, PEP 38226 (Waiiau), is undertaking wellbore logging operations after reaching basement at 466m. Approx. 8m of Beaumont formation coals were encountered in the well. Cores recovered from the well showed evidence of high gas content. The cores have been sent to CRL in Christchurch to undergo full laboratory analysis. Once logging operations have been completed, the Mt Linton-2 wellbore will be suspended pending installation of the necessary equipment to undertake long term flow testing to establish the permeability and flow characteristics of the Beaumont coals in the Mt Linton area.

The Mt Linton-2 well was drilled to appraise the Beaumont formation coals encountered previously in the Sharpridge Creek-1 well drilled by the Company in 2006, which flowed gas to surface under a DST conducted upon the well.

Upon completion of the wellbore suspension operations, the Washington's core rig #4 will be shifted to drill the Belmont Strat-1 well in the adjoining PEP 38230 (Blackmount) permit.

The Company has programmed to drill up to seven coal seam gas test wells in 2009 to confirm the coal seam gas potential in the Company's onshore Western Southland Basin permits. Initial analysis indicates that LMP's permits may hold up to 300 PJ of CSG potential resources.

ENDS

Contact for further information:

John Bay
Managing Director / CEO
L&M Petroleum Limited
+64 4 473 0415

About L&M Petroleum Limited

L&M Petroleum Limited is a New Zealand based company dual listed on the ASX and NZX stock exchanges. The Company is focused on discovering major oil and gas resources. L&M Petroleum is the only company in New Zealand currently carrying out exploration programmes targeting both conventional oil and gas and coal seam gas opportunities. The Company has equity interests in over 6,100 km² of exploration acreage contained within six exploration permits, three permits in the Western Southland Basin and two permits in the onshore Westland Basin on the South Island of New Zealand and one permit in the onshore portion of the commercially proven Taranaki Basin on the North Island of New Zealand and is the Operator of all of its joint ventures. The Company is well funded with over NZ\$8 million in cash available to undertake its work programs.

L&M PETROLEUM CSG EXPLORATION AREAS

