

# COMPANY ANNOUNCEMENT



18<sup>th</sup> July, 2011

## Talon-1 drilling update

L&M Energy Limited (ASX/NZX: LME) advises that the Talon-1 exploration well in PEP51151, onshore Taranaki, New Zealand (LME: 50%) was this morning at 1070 metres and drilling ahead to the target depth of 1450 metres.

The well is targeting mean reserves of 2 MMbbl oil (recoverable) in shallow Manutahi sands in a structure geologically identical to the adjacent Manutahi Oil field operated by Origin Energy (estimated recoverable reserves of 4 MMbbl).

Talon-1 is the first well to be drilled on the 482.4 km<sup>2</sup> permit, which also contains multiple further drilling targets. As announced on 13<sup>th</sup> July, LME will be free carried through the drilling of the well (subject to regulatory consent).

### ENDS

#### Contact for further information:

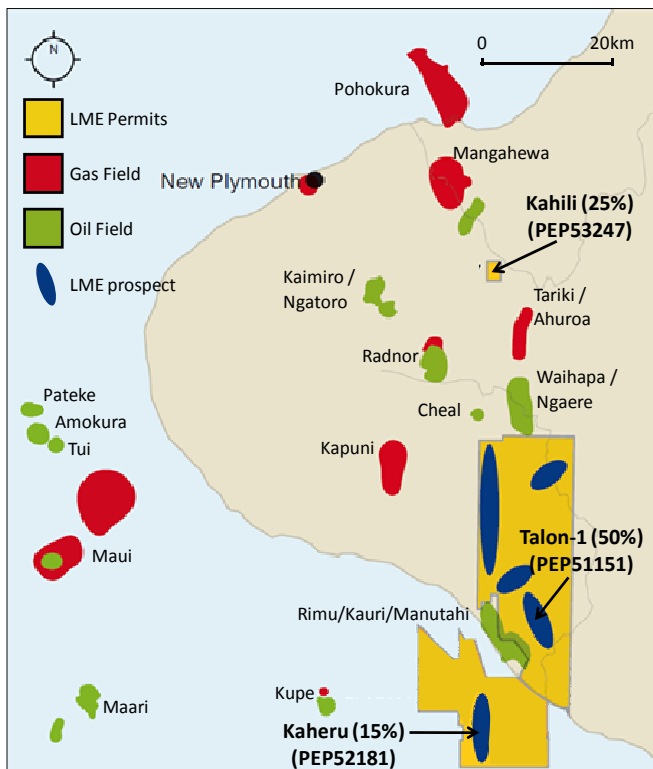
Kent Anson  
Managing Director  
L&M Energy  
Tel: +64 27 234 4009

or

Chris McKeown  
GM Commercial  
L&M Energy  
Tel: +64 4 473 0415

or

Duncan Gordon  
Executive Director  
Adelaide Equity Partners  
Tel: +61 8 8232 8800



ITEM	DETAIL
Well name	Talon 1
Permit	PEP51151
Participants	L&M Energy Ltd (50%) AGL Upstream Gas (MOS) Pty Ltd (50%) *
Primary target(s)	Oil bearing Manutahi Sandstone
Total Planned Measured Depth (MD)	1,455 (metres)
Total Planned Vertical Depth (TVD)	1,275 (metres)
Maximum Inclination	17 degrees

\* AGL has entered into an Agreement whereby, subject to finalisation of regulatory approvals, AGL will sell their 50% equity in the Permit to New Zealand Energy Corp.

### About L&M Energy Limited

L&M Energy Limited is a New Zealand based company dual listed on the ASX and NZX stock exchanges focused on the development of commercial coal seam gas resources and discovering major conventional oil and gas resources. The Company holds equity interests in a number of exploration permits.