



COMPANY ANNOUNCEMENT

2nd April, 2012

PROGRESS REPORT ON KAITANGATA MULTI-WELL COAL SEAM GAS PROGRAMME

L&M Energy wishes to provide the following update regarding its Kaitangata CSG appraisal programme within PEP 38219, located 60km south of Dunedin.

The Taratu-1 well has reached a total depth of 378.8m and is currently suspending while proximate analysis is being carried out to confirm geological stratigraphic correlations before demobilising the drilling rig to the Washpool-1 well location.

In total the well intersected approximately 23m of the Kai Main coal seam and 12m of the Carson seam with a total of 47 canisters of coal, gathered for further analysis, including measurement of gas content and saturation levels.

Taratu-1 and Washpool-1 are the second and third wells respectively of a five well programme. The wells are set to test the coal seam gas potential from five sub-bituminous coal horizons (Capstick, Jordan, Kai Main, Carson and Shore) within the coalfield.

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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 km² of exploration acreage contained within eight New Zealand exploration permits.



