



30 January 2006

Manager Announcements  
Company Announcements Office  
Australian Stock Exchange Limited  
10th Floor, 20 Bond Street  
SYDNEY NSW 2000

*via electronic lodgement*

Dear Sir/Madam,

### **Strong Gas Flow at Larner North Confirms Significant Discovery**

Livingstone Petroleum Ltd (ASX: LPL) is pleased to announce the successful testing of the Larner 2-12 well.

The Larner 2-12 well was successfully perforated and tested over the primary gas interval and recorded an initial production flow rate of 2.8 million cubic feet per day.

The Larner 2-12 well tested the primary Forbes gas sand objective and flowed dry gas over an extended test period. Various flow rates and choke sizes were tested. Flowing pressure stabilised at 2,850 psi and shut in pressures increased as expected.

The results of the Larner 2-12 well have exceeded pre-drill expectations. Both the flow rate and the gas pay zone of 46 feet were significantly greater than expectations (by over 100%) with a high net/gross ratio.

The commercial implications for Livingstone of this discovery are significant. Assuming a net gas price of US\$7 per mcf, this initial flow rate will yield an initial net cashflow to Livingstone of approximately US\$200,000 (A\$265,000) per month.

One of the factors in determining the location of the Larner 2-12 well was the proximity to existing infrastructure. The successful test result will now allow this well to be put into commercial production within weeks by utilising an existing pipeline to the well-head.

#### **Comments**

Livingstone is extremely pleased with having a major gas discovery at Larner 2-12, the first well drilled since it acquired its 50% interest in the Forbes project.

The success with Larner 2-12 gives the current exploration strategy at Forbes a large confidence boost as we prepare for a new round of drilling this year. New prospects have already been selected from the Forbes inventory, with site surveys conducted and leases completed.

The Forbes JV has a large acreage position which is covered by 3D seismic. This acreage has an extensive list of prospects and leads. The expected high drilling success rate at Forbes should ensure many more successful wells are drilled that will continue to add to the current production base in the area.

The success at Larner 2-12 goes a long way in supporting the new technical assessments of our prospects in the area and the ability to identify potential gas targets.

The Forbes JV will also be testing the Edge 1-10 well which was drilled and completed late last year as part of a two well program with Larner 2-12. This is scheduled to be tested within the next couple of weeks.

**Participants in Larner 2-12 are:**

OP Inc (Operator)	50%
Livingstone Petroleum Inc	50%

**Craig Burton**  
Executive Director

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