

3 May 2006



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

via electronic lodgement

Dear Sir/Madam,

New Forbes Farm-In Agreement - The Tennis Well

Livingstone has reached agreement to participate in the Tennis well in Sutter County, California, targeting multiple zones in the Forbes sandstones. Livingstone will pay 60% of the well costs to earn a 40% interest in the well.

The Tennis well is being farmed out by Nahabedian Exploration Group LLC (NEG), which is the Operator of the well. NEG will retain a 40% interest in the well. The remaining 20% interest is being farmed out by NEG to Pacrim Energy Limited (ASX code: PRE) for paying 30% of the well costs.

The Tennis prospect was developed on 2D seismic data. The well location has been deliberately chosen to test multiple targets. Each target zone has seismic Amplitude and AVO anomalies associated with it, indicating an excellent chance of finding gas in a Forbes reservoir. Each zone has 1 to 8 bcf potential. The Tennis well is located about 8 kilometres south of Livingstone's existing Forbes joint venture project area, and is a similar style target.

NEG have already contracted a rig and the proposed spud date is mid May (i.e. in about two weeks). The well should take 15 days to drill to an approximate total depth of 9500 feet with the first Forbes target at 7900 feet. The nearest gas pipeline is only 2 kilometres from the drilling pad, so in the event of success there will be a relatively short period between drilling the prospect and hooking it up for gas sales. The estimated total dry hole cost of the well is US\$960,000 with completion costs of US\$425,000, of which Livingstone's 60% share will be US\$576,000 and US\$255,000 respectively.

If the Tennis well is successfully completed, Livingstone will earn an additional 53.33% working interest in approximately 5,788 acres surrounding the Tennis drill site, for no additional consideration. This will enable the Tennis participants to drill several follow up and extensional targets in the area. The additional acreage is also covered by 2D seismic data with numerous Amplitude and AVO anomalies, indicating excellent prospectivity.

Comments

Livingstone is pleased to be farming into this highly prospective Forbes well location. NEG are experienced operators in California and the Sacramento basin and have held this location for many years. This well represents a larger target than most within our existing Forbes joint venture area, although at somewhat higher risk. With the 6 well program for the Forbes joint venture area now planned to commence in July the drilling of this well in May is attractively timed for Livingstone. The multiple zones, the potential size of the zones, and the potential for follow up wells means Livingstone is highly leveraged in the event of a successful Tennis well.

Craig Burton
Executive Director

For further information please contact:
LIVINGSTONE PETROLEUM LTD
Registered Office:
Ground Floor, 8 Colin Street, West Perth 6005
Telephone: +61 8 9324 1177 Facsimile: +61 8 9324 2171
www.livpet.com.au
Email: info@livpet.com.au
ASX Code: LPL