



29 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,

Tennis Exploration Well Encounters Gas

Livingstone Petroleum Ltd is pleased to announce that the Tennis 1 exploration well encountered gas shows in its primary objective Forbes formation before reaching its targeted depth of 9,322 feet on 26 May 2006.

Electric logging of the well has confirmed the presence of hydrocarbons in two Forbes sandstone intervals. Based on initial interpretation of the electric logs, there appears to be a combined 20 to 30 feet of net pay for the two zones, which is consistent with pre drill expectations. It has been decided to set pipe to 7,800 feet and complete the Tennis well for a production testing program that will commence as soon as a service rig becomes available.

The Tennis 1 exploration well appears to be a typical Forbes gas discovery. Livingstone Petroleum and its partners are delighted to have encountered gas with its first exploration well in this new project area. This discovery comes on top of the Company's successful exploration campaign in its Forbes project joint venture area 8 kilometres north. Assuming successful flow testing, the Tennis discovery opens up numerous other drilling opportunities in the surrounding Omega project area that if successful will continue to add to Livingstone's increasing production base.

Livingstone believes this discovery could be significant as it is the first well drilled by the Company without 3D seismic and is located in the new Omega project area that has a multitude of additional drilling opportunities. However, its significance can only be fully evaluated once a complete testing program has been undertaken.

Background

Livingstone is earning a 40% working interest in the Tennis 1 well, which is located in Sutter County, in the Sacramento Basin, California. The well tested multiple Forbes sandstone formations. The Tennis prospect was developed on 2D seismic data, with each target zone having seismic Amplitude and AVO anomalies. A commercial gas flow from Tennis 1 can be quickly hooked into existing pipeline infrastructure, which is located only 2 kilometres from the drill site.

The other participants in the well are NEG with a 40% interest and Pacrim Energy Limited (ASX code: PRE) with a 20% interest.

Craig Burton
Executive Director

The geological information included in this announcement is based on information provided by Mr Robert Rosenthal, a geologist employed as a technical consultant to the Company. Mr Rosenthal has practiced as a geologist in the petroleum industry for over 25 years. Mr Rosenthal has consented to the inclusion of the geological information in this announcement in the form and context in which it appears.

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