

**LIVINGSTONE PETROLEUM LIMITED**  
**ABN 42 112 256 649**

**NOTICE OF ANNUAL GENERAL MEETING  
AND  
EXPLANATORY STATEMENT**

**For the Annual General Meeting to be held on  
29 November 2006 (11.00am Western Standard Time)  
at Ground Floor, 8 Colin Street, West Perth, Western Australia**

*This is an important document. Please read it carefully and in its entirety.  
If you do not understand it please consult your professional advisers.*

*If you are unable to attend the Meeting, please complete the form of proxy enclosed and return  
it in accordance with the instructions set out on that form.*

## **TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE**

This Annual General Meeting of the Shareholders of Livingstone Petroleum Limited will be held at:

**Ground Floor  
8 Colin Street  
West Perth  
Western Australia**

**Commencing  
at 11.00am (Western Standard Time)  
on 29 November 2006**

### **How to Vote**

You may vote by attending the meeting in person, by proxy or authorised representative.

### **Voting in Person**

To vote in person you need to attend the meeting on the date and at the place set out above. The meeting will commence at 11.00am (Western Standard Time).

### **Voting by Proxy**

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- return the proxy form (by post or delivery) to the Company's office at Ground Floor, 8 Colin Street, West Perth, Western Australia, or
- send the proxy by facsimile to facsimile number (08) 9324 2171

so that it is received not later than 11.00am (Western Standard Time) on 27 November 2006.

Your proxy form is enclosed.

**LIVINGSTONE PETROLEUM LIMITED**  
**ABN 42 112 256 649**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is hereby given that the Annual General Meeting of the Shareholders of Livingstone Petroleum Limited will be held at Ground Floor, 8 Colin Street, West Perth, Western Australia on 29 November 2006 at 11.00am (Western Standard Time) for the purpose of transacting the following business.

The Explanatory Statement is to be read in conjunction with this Notice.

**AGENDA**

**GENERAL BUSINESS**

**Accounts and Reports**

To receive and consider the financial reports of the Company for the financial year ended 30 June 2006 and the reports of the Directors and Auditors thereon.

**Resolution 1 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass with or without amendment, the following in accordance with section 250R(2) of the Corporations Act:

*"That the Remuneration Report in the 2006 Annual Report of the Company be adopted."*

**Short Explanation:** The Remuneration Report is in the Directors Report section of the Company's Annual Report. Listed companies are required to put the Remuneration Report to the vote for adoption at the Company's Annual General Meeting. The resolution will be determined as an ordinary resolution but is advisory only and does not bind the Directors or the Company.

**Resolution 2 - Re-Election of Director – Craig Burton**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Craig Burton, who retires by rotation in accordance with Rule 7.3 of the Constitution of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."*

**Short Explanation:** Craig Burton has been a Director of the Company since 17 December 2004. Craig Burton is presented for re-election in accordance with the rotation requirements of the Company's Constitution.

### **Resolution 3 – Approval for Issue of Shares**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 15,000,000 Shares at an issue price that is at least 85% of the average market price calculated over the last 5 days on which sales of Company's fully paid ordinary shares were recorded prior to the issue of the Shares, or, if there is a prospectus issued relating to the issue, over the last 5 days on which sales of the Company's fully paid ordinary shares are recorded before the date of the prospectus and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** Under ASX Listing Rule 7.1, the Company may not issue or agree to issue equity securities in any 12 month period representing more than 15% of its ordinary share capital on issue at the commencement of that period without Shareholder approval. Please refer to the Explanatory Statement for details.

**Voting Exclusion** - The Company will disregard any votes cast on this Resolution 3 by any person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if Resolution 3 is passed and any associate of those persons. However, The Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 27 November 2006 at 11.00am (Western Standard Time).
4. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

## BY ORDER OF THE BOARD



Mr Brett Mitchell  
Director and Company Secretary  
Dated: 24 October 2006

**LIVINGSTONE PETROLEUM LIMITED**  
**ABN 42 112 256 649**

**EXPLANATORY STATEMENT**

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This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

**1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

The Remuneration Report is in the Directors Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2006.

The Directors recommend that Shareholders vote in favour of Resolution 1. Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company.

The Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

**2. RESOLUTION 2 – RE-ELECTION OF CRAIG BURTON AS DIRECTOR**

By Rule 7.3 of the Company's Constitution, one third of the current Directors rounded down to the nearest whole number (not including any Director appointed as the managing director) must retire from office by rotation at each Annual General Meeting.

In accordance with Rule 7.3, Craig Burton is presented for re-election by Resolution 2. Craig Burton has been a Director since 17 December 2004.

Craig Burton offers himself for election by Resolution 2.

Details of the qualifications and experience of Craig Burton are set out in the 2006 Annual Report for the Company.

### **3. RESOLUTION 3 – APPROVAL FOR ISSUE OF SHARES**

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders in a general meeting.

The Company is seeking approval under Listing Rule 7.1 for an offer of up to 15,000,000 Shares to allow these securities not to be included in the calculation under ASX Listing Rule 7.1. This will enable the Company to have the flexibility to issue equity securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

ASX Listing Rule 7.3 requires that the following information be provided to Shareholders when seeking an approval for the purposes of ASX Listing Rule 7.1:

- (a) the maximum number of securities to be issued is 15,000,000 Shares;
- (b) the Shares will be issued no later than three (3) months after the date of approval of Resolution 3 (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Shares will be issued at a price not less than 85% of the average market price of the Shares calculated over the last 5 days on which sales of the Company's Shares were recorded before the date of the issue, or, if there is a prospectus relating to the issue, over the last 5 days on which sales of Shares are recorded before the date of the prospectus;
- (d) the Shares will be offered to persons determined by the Directors in their discretion. None of the allottees will be related parties or associates of the Company;
- (e) the Shares will rank equally with the Company's current issued Shares;
- (f) the Company intends to use any funds raised from the issue of the Shares to supplement its current working capital position for expenditure on developing the Company's existing asset base, and specifically the ongoing exploration drilling programs on the Forbes Project in the Sacramento Basin in California; and
- (g) it is intended that allotment of the Shares will occur on one date.

The Directors unanimously recommend that shareholders vote in favour of Resolution 3.

**LIVINGSTONE PETROLEUM LIMITED**  
**ABN 42 112 256 649**

**GLOSSARY**

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In this Explanatory Statement, the following expressions have the following meanings:

"**Annual General Meeting**" or "**Meeting**" means the meeting convened by this Notice.

"**ASX**" means the Australian Stock Exchange Limited.

"**ASX Listing Rules**" or "**Listing Rules**" means the listing rules of the ASX.

"**Board**" means the board of directors of the Company.

"**Company**" or "**Livingstone Petroleum**" means Livingstone Petroleum Limited (ABN 42 112 256 649).

"**Constitution**" means the Constitution of the Company.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Directors**" means the directors of the Company from time to time.

"**Explanatory Statement**" means this explanatory statement.

"**Notice**" means the notice of meeting that accompanies this Explanatory Statement.

"**Resolution**" means a resolution contained in the Notice.

"**Share**" means a fully paid ordinary share in the capital of the Company.

"**Shareholder**" means a registered holder of Shares in the Company.

"**WST**" means Western Standard Time, Perth, Western Australia.

# Livingstone Petroleum Limited

ABN 42 112 256 649

## Proxy form

### APPOINTMENT OF PROXY

LIVINGSTONE PETROLEUM LIMITED

ABN 42 112 256 649

I/We

being a member of Livingstone Petroleum Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of Proxy

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at Ground Floor, 8 Colin Street, West Perth, Western Australia on 29 November 2006 at 11.00am (WST) and at any adjournment thereof.

### Voting on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Craig Burton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval for Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the Resolution and that the votes cast by the Chair of the meeting for those Resolutions other than as proxy holder will be disregarded because of that interest. **The Chair intends to vote any such undirected proxies in favour of all Resolutions.** If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the Resolutions and your votes will not be counted in calculating the required majority if a poll is called on a Resolution.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

Please return this Proxy Form to the Company Secretary, Livingstone Petroleum Limited, Ground Floor, 8 Colin Street, West Perth, Western Australia 6005 or by fax to (08) 9324 2171 by 11.00am (Western Standard Time) on 27 November 2006.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2006

### By:

#### Individuals and joint holders

#### Companies (affix common seal if appropriate)

Signature

Director

Signature

Director/Secretary

Signature

Sole Director and Sole Secretary

# Livingstone Petroleum Limited

ABN 42 112 256 649

## Instructions for Completing Proxy Form

1. In accordance with section 249L of the Corporations Act, a shareholder of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with sections 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of sections 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. In accordance with section 250BA of the Corporations Act the Company specifies the following for the purposes of receipt of proxy appointments:

Registered Office:     Ground Floor  
                              8 Colin Street  
                              WEST PERTH WA 6005

Fax Number:            +61 8 9324 2171