



ABN 42 112 256 649

Ground Floor, 8 Colin Street
West Perth WA 6005

Tel: +61 8 9324 1177
Fax: +61 8 9324 2171
Email: info@livpet.com.au



7 February 2007

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

via electronic lodgement

Dear Sir/Madam,

RESPONSE TO APPENDIX 5B QUERY

We refer to your Appendix 5B query.

The Company's existing gas production generates sufficient cash flow to cover all or most ongoing operating costs. The recent negative operating cashflow represents the drilling of exploration wells in accordance with our exploration programme. At 31 December 2006 the Company held \$2.1m cash pre-paid into its joint venture account to cover drilling costs associated with the South Buckeye & Heavenly wells. The Company has sufficient funding available to cover the costs of these wells, drilling of which has now been completed. The Company intends to raise additional capital to pay for future exploration wells.

On behalf of the Board

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



ASX
AUSTRALIAN SECURITIES EXCHANGE

FAXED
7 February 2007

ASX Limited
ABN 98 008 624 691
Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000

GPO Box 0187
Perth WA 6840

Telephone 61 (08) 9224 0017
Facsimile 61 (08) 9221 2020
Internet <http://www.asx.com.au>

Brett Mitchell
Company Secretary
Livingstone Petroleum Limited
Ground Floor 8 Colin Street
West Perth WA 6005

By facsimile: 9324 2171

Dear Brett

Livingstone Petroleum Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 December 2006, released to ASX Limited ("ASX") on 31 January 2007, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$152,000.
2. Net negative operating cash flows for the quarter of \$2,539,000.
3. Cash at end of quarter of \$79,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may only have sufficient cash to fund its activities for the quarter ending 31 March 2007. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 5.00 p.m. W.D.S.T. today.**

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please let contact me on 9224 0017.

Yours sincerely,



Nicholas Ong
Senior Adviser, Issuers (Perth)