



11 May 2007

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

via electronic lodgement

Dear Sir/Madam,

VENTURA SOUTH FLANK WELL DRILLING UPDATE

Livingstone announced yesterday it has entered into an agreement to acquire Solimar Energy Pty Ltd, a private oil & gas company with interests in several oil and gas projects in the State of California. One of the main exploration assets held by Solimar is the Ventura South Flank Prospect, where the South Flank No 1 well commenced drilling on 30 April 2007 and is expected to cost a total of US\$3.5m to drill and complete.

South Flank No 1 Well (Solimar earning 16.5%, paying 22%)

As at 9 May 2007 Californian time the South Flank No. 1 well is drilling ahead at 5,358 feet and is expected to drill to a total depth of in excess of 10,000 feet. The well is located approximately one mile south of the Ventura Avenue field which has produced over 900 million barrels and the South Flank well is a follow up to a well drilled in 1935.

The prospect is supported by significant well data and seismic information to indicate the presence of hydrocarbons. A technical review of the well history, drillers log, electric log, drilling reports and description of ditch samples all showed excellent oil and gas indications. Technical limitations at the time of drilling are believed to have prevented an adequate evaluation of the prospect.

The Company will keep the market informed on the well's progress as it drills towards its target depth.

For and on behalf of the Board