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Exploration Review

Quarterly

June 2006

The Resources Express: gold plated and nuclear powered

Contents

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**Livingstone Petroleum
Limited**
ASX Code: LPL

Status:



| | |
|-------------------------|-----------------|
| Core Commodities | Gas, Oil |
| Price (as at 19-May-06) | \$0.45 |
| Market Cap | \$25.2M |
| Cash (as at 31 Mar 06) | \$0.1M |
| Cash / Share | \$0.00 |
| Shares Traded (\$M pa) | \$8.7M |

Top Shareholders

| | |
|-------------------|------|
| Saps Overseas Ltd | 8.9% |
| Towertun Pty Ltd | 4.4% |
| CI Burton | 4.4% |

Summary activity for the current quarter

| | Quantity | Budget |
|------------------|----------|-------------------------------|
| Exploration Well | | |
| Appraisal Well | | |
| Seismic Surveys | | |
| Other | | Drilling and test work \$0.1M |
| Total | | \$0.1M |

Forbes Project (50% interest)

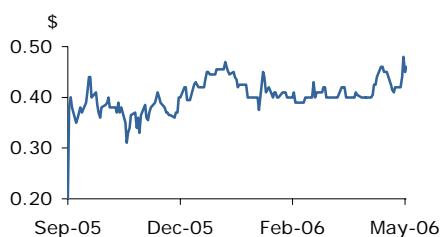
| | |
|--------------------|-----------------|
| Location | California, USA |
| Commodity | Gas |
| Style of Structure | Stratigraphic |

The Forbes Project is located in the Sacramento basin, California. The project involves relatively shallow, low-risk drilling in a recognised production area. The historical success rate in Forbes sandstone is 70%. The project is a joint venture between Livingstone (50%) and Orchard Petroleum Ltd (50% and operator), with an initial holding of 13,186 acres, most of which is covered by 3D seismic. This acreage has a large inventory of drilling prospects, with 100-200 leads expected to be generated. There is substantial gas gathering and transportation infrastructure in the project area. Two wells drilled in the December quarter recorded discoveries in the Forbes formation. The Edge well also intersected gas in the secondary Guinda formation, adding an additional target to a large part of the project area. As the Forbes formations are of relatively shallow depth, this in conjunction with the high exploration success rate, established infrastructure and high gas prices delivers robust project economics. The company has agreed to participate in the Tennis well in Sutter County targeting multiple Forbes formations, and will acquire a 40% interest in the well and the total project acreage if drilling is successful. The company has agreed to participate in the Tennis well in Sutter County targeting multiple Forbes formations, and will acquire a 40% interest in the well and 53.33% of the total project acreage if the well is commercially successful.

Aegis Equities Comments

- **Projects:** Exploration drilling at the Forbes project recorded two discoveries during the December quarter. The first, Larner 2-12, recorded an initial flow rate of 2.8MMCFD from a 46ft gas pay zone. The second, Edge 1-10, remains to be production tested. Existing pipeline infrastructure located near to the Forbes project has allowed the first discovery to be brought into production already. LPL's net share of the Larner 2-12 production is expected to be around A\$200k per month.
- **Potential:** The Forbes project is located in the Sacramento basin, a region with a long history of oil and gas production. A large area of the project has been mapped using 3D seismic techniques. The early drilling success suggests mapping and assessment work has been carried out well. Numerous prospective targets have been identified and the priority targets amongst these have already been selected. Another six wells are planned for the next six to nine months.
- **Overall:** LPL listed in September 2005 following an issue of 30M shares at A\$0.20 each. At the end of the December quarter, LPL had A\$928k in cash. The revenue generated by Larner 2-12 coupled with the revenue already being received from Larner 1-12 will enhance the company's ability to meet its 50% share of the joint venture costs. With this early success, LPL is in a good position to chase organic growth.

Share price performance



Source: IRESS

no
photo
available

Craig Burton
61 8 9324 1177
www.livpet.com.au



Level 6, 33 York Street
Sydney NSW 2000 Australia
Locked Bag 7 Australia Square
Sydney NSW 1215
Phone 61 2 8296 1100
Fax 61 2 9299 3777
ABN 72 085 293 910
www.aer.com.au