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Exploration Review
Quarterly

March 2006

Resources: Hotter than szechuan sauce and red curry

Contents

This is an extract from the March 2006 Quarterly Exploration Review

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Livingstone Petroleum Limited
ASX Code: LPL

Status:



Core Commodities

Price (as at 27-Mar-06)	\$0.42
Market Cap	\$21.8M
Cash (as at 31-Dec-05)	\$2.5M
Cash / Share	\$0.05
Turnover (pa)	\$7.2M

Gas, Oil

Price (as at 27-Mar-06)	\$0.42
Market Cap	\$21.8M
Cash (as at 31-Dec-05)	\$2.5M
Cash / Share	\$0.05
Turnover (pa)	\$7.2M

Summary activity for the current quarter

Soil/Rock Chipping	
RAB	
RC/Diamond	
Assays	

Quantity Budget

Top Shareholders

Saps Overseas Ltd	9.6%
Towertun Pty Ltd	4.8%
CI Burton	4.8%

Geophysics	
Other	

Drilling and test work	\$0.4M
Total Expenditure	\$0.4M

Forbes Project (50% interest)

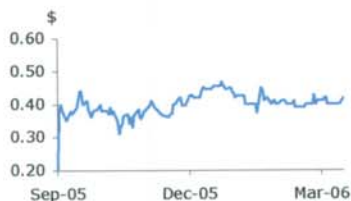
Location	California, USA
Commodity	Gas
Style	Basalt

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 leads for drilling targets, with 100-200 targets expected to be generated. There is substantial gas gathering and transportation infrastructure in the project area. Two wells drilled at Forbes in the December quarter recorded discoveries. This success supports the new technical assessments of the prospects and the ability to target using the 3D seismic. One well intersected gas in the secondary Guinda sands, adding a secondary target to a large part of the project area.

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 \$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 \$0.20 each. At the end of the December quarter, LPL had \$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

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