

LIVINGSTONE PETROLEUM LIMITED
ABN 42 112 256 649

PROSPECTUS

For the Offer to every Solimar Energy Pty Ltd shareholder of 20 Shares for every 1 (one) Solimar Share held.

Important Notice

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The securities offered by this Prospectus should be considered as speculative.

TABLE OF CONTENTS

1.	CORPORATE DIRECTORY	3
2.	DETAILS OF THE ISSUE.....	4
3.	PURPOSE AND EFFECT OF THE ISSUE	7
4.	EFFECT OF THE ISSUE AND PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
5.	PROJECTS SUMMARY.....	12
6.	RIGHTS ATTACHING TO SHARES.....	18
7.	RISK FACTORS	20
8.	ADDITIONAL INFORMATION.....	25
9.	TERMS OF THE OFFER.....	30
10.	DIRECTORS' CONSENT	32
11.	DEFINITIONS	33

IMPORTANT NOTICE

This Prospectus is dated 18 May 2007 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC takes no responsibility for the content of this Prospectus.

The Expiry Date of the Prospectus is 13 months after the date it was lodged with the ASIC. No securities will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Acceptance and Transfer Form which accompanies this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

A copy of this Prospectus can be downloaded from the website of the Company at www.livpet.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an application form for Shares unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Acceptance and Transfer Form from a person if it has reason to believe that when that person was given access to the Acceptance and Transfer Form it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus.

Timetable and Important Dates

Lodgement of Prospectus with the ASIC and ASX	18 May 2007
Opening Date	18 May 2007
Closing Date*	25 May 2007
Expected date of General Meeting**	25 June 2007
Expected date of Official Quotation of the Shares	28 June 2007

*The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

**The General Meeting has not yet been convened by the Company, but the Company is in the process of completing the Notice of Meeting document for review by ASIC and ASX. The Company will use its best endeavours to convene the General Meeting on the stipulated date, and in any event by no later than 31 July 2007.

1. CORPORATE DIRECTORY

Directors

Jim Malone – Non Executive Chairman
Craig Burton – Executive Director
Michael Fry – Non Executive Director

Proposed Directors**

Frank Petruzzelli – Non Executive Director
Mark Elliott – Non Executive Director

Company Secretary

Brett Mitchell

Registered Office

Ground Floor, 8 Colin Street
WEST PERTH WA 6005

Telephone: (08) 9324 1177
Facsimile: (08) 9324 2171

Website

www.livpet.com.au

Share Registry*

Advanced Share Registry Services
110 Stirling Highway
NEDLANDS WA 6009

Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871

Solicitors to the Company

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Auditors*

KPMG
152-158 St Georges Terrace
PERTH WA 6000

* These entities are included for information purposes only. These entities have not been involved in the preparation of this Prospectus.

** The election of the Proposed Directors will be considered at the General Meeting of the Company's Shareholders convened to obtain Shareholder Approval. Refer to Sections 3.3 and 3.4 of this Prospectus.

For any queries in relation to the Offer, please contact the Company Secretary, Mr Brett Mitchell on (08) 9324 1177.

2. DETAILS OF THE ISSUE

2.1 Shares made available for Subscription – Offer to Solimar Shareholders only

By this Prospectus, the Company makes an offer to all of the Solimar Shareholders to acquire all of their Solimar Shares on the basis of 20 Shares for each Solimar Share held. The Offer will result in the Issue of up to 96,666,660 Shares in consideration for the acquisition of all of the issued capital in Solimar.

Only Solimar Shareholders may accept the Offer. Accordingly, do not complete the Acceptance and Transfer Form for the Offer unless you are a Solimar Shareholder.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

THE OFFER UNDER THIS PROSPECTUS IS SUBJECT TO SHAREHOLDER APPROVAL AT A GENERAL MEETING OF THE COMPANY TO BE HELD IN THE NEAR FUTURE AND IS THEREFORE A CONDITIONAL OFFER. NO SHARES WILL BE ISSUED PURSUANT TO THIS PROSPECTUS UNTIL SHAREHOLDER APPROVAL IS OBTAINED BY THE COMPANY.

2.2 Opening and Closing Dates of the Issue

The Opening Date of the Issue will be 18 May 2007 and the Closing Date will be 25 May 2007 at 5:00pm WST.

The Directors reserve the right to close the Issue early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

2.3 Application for Shares

If you are a Solimar Shareholder and wish to accept the Offer, complete the enclosed Acceptance and Transfer Form in accordance with the instructions set out on the form.

Completed Acceptance and Transfer Forms and accompanying title documents to your Solimar Shares must be mailed or delivered to:

Livingstone Petroleum Limited
Ground Floor, 8 Colin Street
WEST PERTH WA 6005

2.4 Allotment of Shares

Allotment of Shares will take place as soon as practicable after Shareholder Approval is obtained.

2.5 Market Price of Fully Paid Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: 27 cents per Share on 17 May 2007.

Lowest: 11 cents per Share on 18 April 2007.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 25.5 cents on 17 May 2007.

2.6 ASX Listing

The Company's Shares are currently traded on ASX. Application will be made within 7 days after the date of issue of this Prospectus to ASX for permission for the Shares issued pursuant to this Prospectus to be listed for official quotation by ASX.

In the event that ASX does not grant permission for the official quotation of the Shares within 3 months after the date of issue of this Prospectus (or such period as is varied by the ASIC), none of the Shares offered by this Prospectus will be allotted or issued.

2.7 Restrictions on the Distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Prospectus is not intended to, and does not, constitute an offer of, or invitation to apply for, securities in any place which, or to any person to whom, the making of such offer or invitation would not be lawful under the laws of any jurisdiction outside Australia.

2.8 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company participates in CHES for those investors who have, or wish to have, a sponsoring stockbroker. The Company will not be issuing share certificates. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders in circumstances in which there have been any changes in their security holding in the Company during the preceding month.

2.9 Dividend Policy

The Company's ability to pay dividends depends on factors such as the earnings, taxation and financial position of the Company. It is the current intention of the Directors to pay dividends if the profitability of the Company's operations permits. The level of franking of any dividends will be determined by the level of Australian tax paid by the Company.

Until the Company generates sufficient profits, it will not be in a position to declare any dividend and, accordingly, the Directors will not formulate a dividend policy until a profit is generated.

2.10 Taxation

The Company does not propose to give any taxation advice and neither the Company, its Directors nor its officers accept any responsibility or liability for any taxation consequence to applicants. Applicants should consult their own professional tax advisers in regard to taxation implications of the Issue.

2.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the SCH Business Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

2.12 Enquiries

Any questions concerning the Issue should be directed to the Company Secretary, Mr Brett Mitchell at the Company's registered office on (08) 9324 1177.

3. PURPOSE AND EFFECT OF THE ISSUE

3.1 Purpose of the Issue

The purpose of the Issue is to acquire Solimar by acquiring all of the Solimar Shares.

No funds will be raised pursuant to this Prospectus.

3.2 Acquisition of Solimar

As announced by the Company to ASX on 10 May 2007, the Company has entered into an Implementation Agreement to acquire Solimar.

Solimar is a private Australian company with interests in several oil and gas projects in the State of California (United States). A brief description of the projects held by both the Company and Solimar is set out in Section 5.

3.3 Terms of the Acquisition

Under the Implementation Agreement, the Company has agreed to offer each Solimar Shareholder 20 LPL Shares for every one (1) Solimar Share held. Accordingly, the total Offer is the issue of 96,666,660 Shares to acquire the 4,833,333 Solimar Shares on issue.

The Implementation Agreement is conditional on:

- (a) the consent and approval of Shareholders being obtained to the performance of the transactions contemplated by the Implementation Agreement in accordance with the requirements of the Corporations Act and the ASX Listing Rules (see Section 3.4 below);
- (b) the Company becoming entitled to acquire 100% of the issued capital of Solimar as a result of all Solimar Shareholders accepting the Company's Offer; and
- (c) Solimar completing the issue of 3,000,000 shares at a price of \$2.00 each to raise \$6,000,000 (this condition has been satisfied).

The complete terms and conditions of the Offer being made to Solimar Shareholders are set out in Section 9 of this Prospectus.

Separately, and following the successful completion of the acquisition of Solimar, the Company will also issue 10 million Options to certain nominees of Solimar. The Options will be exercisable at 25 cents, on or before 18 December 2009.

3.4 Shareholder Approval

The Implementation Agreement is conditional upon the Company obtaining the consent and approval of Shareholders in accordance with the Corporations Act and the ASX Listing Rules for the performance of the transactions contemplated by the Implementation Agreement.

The Company will seek the approval of Shareholders for the following matters in accordance with the relevant provisions of the Corporations Act and the ASX Listing Rules at a soon to be convened General Meeting:

- (a) the issue of Shares to the Solimar Shareholders;

- (b) the appointment of Mr Frank Petruzzelli and Mr Mark Elliott as directors of the Company (refer to Section 3.5 for details of the Proposed Directors);
- (c) the issue of LPL Options to certain nominees of Solimar; and
- (d) the change of the Company's name to Solimar Energy Limited.

3.5 Proposed Directors

Frank Petruzzelli

Mr Petruzzelli is an accountant specialising in taxation and business services and is a principal of MDB & Co Accountants Pty Ltd. He was a founding director of Orchard Petroleum Limited, a company whose primary involvement involves oil and gas exploration in California, USA. Orchard Petroleum was recently acquired by Eskdale Petroleum for \$160 million. Mr Petruzzelli is also a director of Golden Gate Petroleum Limited, which also specialises in oil and gas exploration, concentrating on oil and gas lease tenements in Padre Island, Texas, USA.

Mark Elliott

Mr Elliott has over 27 years experience in owning and running private companies in Australia and in the USA. He has extensive experience in the resources sector through investments in companies involved in that sector. He is a director of several private companies which predominantly relate to his private family businesses that cover building and construction, stone restoration, manufacturing of stone products and property investments. Mr Elliott has not held any directorships in publicly listed companies to date.

4. EFFECT OF THE ISSUE AND PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The principal effect of the Issue will be to:

- (a) increase cash reserves by approximately \$5,269,692, immediately after completion of the Issue and estimated expenses of the Issue, assuming all Shares offered under this Prospectus are issued; and
- (b) add assets comprising 4 new petroleum projects which offer a variety of exploration targets from low risk exploitation plays to high impact exploration opportunities. These projects all offer immediate drilling potential and have a current book value of \$4,000,000 as exploration assets; and
- (c) increase the number of Shares on issue from 66,000,001 Shares as at the date of this Prospectus, to 162,666,661 Shares.

Set out below is:

- (a) an audit reviewed consolidated statement of financial position of the Company as at 31 December 2006; and
- (b) a pro-forma consolidated statement of financial position of the Company as at 31 December 2006 incorporating the effect of the Issue and inclusion of Solimar's assets and liabilities into the pro-forma statement.

Basis of Preparation

The following statement has been prepared to provide information on the assets and liabilities of the Company.

The first column is a statement of financial position taken from the Company's audit reviewed financial report for the six months ended 31 December 2006. The second column contains a pro-forma statement of financial position following the Offer as detailed in this Prospectus. The financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

STATEMENT OF FINANCIAL POSITION AND PRO-FORMA FINANCIAL POSITION AS AT 31 DECEMBER 2006.

	Notes	Reviewed at 31 December 2006 \$	Pro-forma at 31 December 2006 \$
Current Assets			
Cash at bank	1	78,558	5,348,250
Receivables		39,538	39,538
Total Current Assets		118,096	5,387,788
Non Current Assets			
Property, plant and equipment		290,536	290,536
Exploration and development expenditure	2	10,507,973	14,626,418
Total Non Current Assets		10,798,509	14,916,954
Total Assets		10,916,605	20,304,742

Current Liabilities			
Trade and other payables		329,276	359,276
Provisions	3	604,335	321,341
Total Current Liabilities		933,611	680,617
Non Current Liabilities			
Provisions		99,894	99,894
Total Non Current Liabilities		99,894	99,894
Total Liabilities		1,033,505	780,511
NET ASSETS		9,883,100	19,524,231
Equity			
Contributed Equity	4	12,940,613	22,581,744
Reserves		(110,166)	(110,166)
Accumulated Losses		(2,947,347)	(2,947,347)
TOTAL EQUITY		9,883,100	19,524,231

Notes to the Pro-forma Statement of Financial Position

The reviewed pro-forma statement of financial position has been prepared to reflect the financial position of the Company as if the following transactions had occurred at 31 December 2006:

- (a) Completion of acquisition of all issued capital in Solimar; and
- (b) Completion of the Property Exchange Agreement as announced by the Company on 18 May 2007.

1) Cash at bank

\$

The movement in cash is as follows:

Closing cash balance at 31 December 2006	78,558
Proceeds through acquisition of Solimar	5,295,227
Less expenses of the Offer	(25,535)
	<u>5,348,250</u>

2) Exploration and Development Expenditure

The movement in EE&D is as follows:

Closing balance at 31 December 2006	10,507,973
Increase in exploration expenditure through Solimar acquisition	4,118,445
	<u>14,626,418</u>

3) Provisions

The movement in provisions for liabilities is as follows:

Closing Balance at 31 December 2006	604,335
Elimination of provision for Forbes Project exploration costs accrued at 31 December 2006, as detailed in the Property Exchange Agreement	(604,335)
Provision for South Buckeye well testing AFE and Forbes Project lease costs	321,341
	<u>321,341</u>

4) Contributed equity

Contributed equity at 31 December 2006	12,940,613
Issue of 96,666,660 Shares to Solimar Shareholders at 10 cents each	9,666,666
Less expenses of the Offer	<u>(25,535)</u>
	<u>22,581,744</u>

Additional Notes:

Following the asset restructure of the Forbes Project joint venture under the Property Exchange Agreement, the Company's carrying value of EE&D of \$10,507,973 as at 31 December 2006 will be reviewed as part of the full year audit process.

Solimar is currently drilling the Ventura Well, for which it has paid \$920,908 against the AFE to date and this increased EE&D by the same amount in the pro-forma statement.

Upon completion of the Issue, the capital structure of the Company will be:

SHARES	Number
Issued capital at the date of this Prospectus	66,000,001
Offered pursuant to this Prospectus	96,666,660
Post Completion of Issue	<u>162,666,661</u>
OPTIONS	
Options on Issue	
Options exercisable @ 30 cents on or before 18 December 2009	17,500,000
Options exercisable @ 20 cents on or before 18 December 2009	1,250,000
Options to be issued to nominees of Solimar¹	
Options exercisable @ 25 cents on or before 18 December 2009	10,000,000
	<u>28,750,000</u>

¹ Refer to Section 3.3 of this Prospectus.

5. PROJECTS SUMMARY

As announced on 18 May 2007 the Company reached an agreement with Orchard Petroleum Limited to separate their respective interests in the Forbes joint venture (**Property Exchange Agreement**). Under this agreement:

- Livingstone will acquire 100% of the Buckeye and the Arbuckle projects (Livingstone formerly held 50% of these areas under the Forbes joint venture).
- Orchard will acquire 100% of the balance of the Forbes project areas, including the Larner 1-12 well, the Larner 2-12 well and the Edge 1-10 well.
- The South Buckeye well will continue to be held 50/50 between Orchard and Livingstone and Orchard will arrange flow testing of this well as soon as practicable.
- Orchard will transfer to Livingstone its 50% interest in the Block B lease at Southeast Lost Hills (San Joaquin basin), including Southeast Lost Hills wells 1-13, 2-13, 3-13 and 1-12 and uncompleted pipeline relating thereto. Livingstone will become operator of this project, with the other 50% held by Nuenco Ltd.
- Livingstone will pay Orchard US\$163,500 (principally reimbursement of pre-paid lease rentals on the Buckeye project) and US\$100,000 for Livingstone's 50% share of the South Buckeye well completion costs and Orchard releases Livingstone from approximately US\$600,000 in respect of past drilling expenses.

The Property Exchange Agreement enables Livingstone and Orchard to separately pursue the project areas of most interest to each of them. It increases Livingstone's interest in key projects of interest, namely Buckeye, Arbuckle and Southeast Lost Hills. Livingstone will become operator of all its projects and will be in a better position to farm-out projects should it desire to do so. The Solimar acquisition, if successfully implemented, will provide Livingstone with an operating team in California which will take on these responsibilities.

As a result of the Property Exchange Agreement and the Solimar acquisition, if successfully implemented, Livingstone will have a large portfolio of attractive prospects in both the Sacramento and the San Joaquin basins in California. A summary of Livingstone's current projects (following the Property Exchange Agreement) is set out below in Section 5.1. Details of Solimar's projects are provided in Section 5.2.

5.1 Livingstone Projects

Buckeye Creek, Sacramento Basin (100%)

9,296 acres

Buckeye Creek is an exploration play with two objective horizons, Forbes and Guinda Formations. It is interpreted to be a large 4 way dip closure in the middle and lower Forbes section with a closure of approximately 2,000 acres. The Forbes is a Cretaceous submarine channel system. Several wells have been drilled on the structure and production has been established in the shallower upper Forbes section where the channelized reservoirs form stratigraphic traps over the structure. The shallow Forbes targets are characterized by amplitude

anomalies on the 3D data that covers the structure. In the event of a discovery there is the potential to drill up to 30 wells to exploit the shallow Forbes.

Only one well has penetrated the middle and lower Forbes but did not encounter hydrocarbons. This does not mean that the lower and middle Forbes is not productive as the reservoirs are discontinuous and it is expected that hydrocarbon traps would be highly segmented. The middle and lower Forbes Sand section has the potential to contain up to 50 billion cubic feet (Bcf) of gas.

There is a higher risk/high reward target below the Forbes. The Cretaceous Guinda Sand section underneath the Forbes forms a large structural/stratigraphic trap. The Guinda Sands in this area are thought to be thick submarine fan sands and are believed to be much more laterally continuous than the Forbes. All the wells drilled on the structure stopped above the Guinda section. Although higher risk the Guinda play at Buckeye Creek has the potential to hold several hundred Bcf of gas.

Jack Hamar, San Joachim Basin (50% of shallow rights)

2,650 acres

The Jack Hamar Project is located along the southern flank of the large Lost Hills Anticline. The Lost Hills structure is a hugely prolific feature that has already produced in excess of 400 million barrels of oil equivalent ("MMboe") to date to the north of the Jack Hamar play.

Jack Hamar is a combination structural stratigraphic trap. The reservoir targets are shallow Pliocene sands that pinch out around the flanks of the Lost Hills Anticline. Seismic amplitude anomalies are associated with the presence of hydrocarbons. This is a shallow play, with target depths of not greater than 4000 ft. Three shallow wells have been drilled on the northern end of the block. All three encountered hydrocarbon shows in the Pliocene section, however, testing results over the past years have been inconclusive and hence the commerciality of the shallow section is yet to be proven.

South Dunnigan, Sacramento Basin (80%)

4,700 acres

The South Dunnigan play is also a Forbes gas play in the Sacramento Basin. The Dunnigan structure is a surface anticline segmented by transverse faults. The South Dunnigan play is combination of Forbes sands draping over the southern end of the segmented fold. At this location, the Forbes sands are interpreted to be more in the basin floor setting and more laterally continuous, with the potential to form a large hydrocarbon accumulations.

Some Forbes production has been established to the north of the South Dunnigan play. A few wells have been drilled to the top of Forbes in South Dunnigan and significant hydrocarbon shows were encountered. To date no well has penetrated the entire section. There is the potential for over 100 Bcf of gas within the play.

This project area was leased up by Livingstone over the last nine months with the assistance of Nahabedian Exploration Group.

Arbuckle, Sacramento Basin (80%)

2,014 acres

Arbuckle is also a Forbes play in the Sacramento Basin. The Forbes in the Arbuckle area overlies a deep-seated structure. The Forbes sands are discontinuous and form individual combination structural and stratigraphic traps of 1-5 Bcf per well. The Arbuckle "Field" has produced approximately 80 Bcf of gas.

There is a 3D seismic dataset in the area, which will assist target generation. This data set was not available for prior targeting within the Arbuckle field. There are several undrilled amplitude anomalies that have been identified on this data set, with the potential to deliver 10 to 20 Bcf net to Livingstone.

5.2 Solimar Projects

Ventura South Flank (16.50%)

- Located adjacent to the Ventura Avenue field – one of the largest onshore oil fields in North America.
- Resolution of land ownership issues have opened up highly prospective acreage that has been under explored to date.
- First well is a follow-up to a 1935 well that was previously abandoned due to antiquated operations and technology. This well had major "showings" of oil and gas.
- Significant prize in the order of 46 million barrels of recoverable reserves potential.

Aqueduct Fan (10%)

- Acreage position adjacent to a potentially large onshore oil discovery.
- High impact exploration prospect with over 200 million barrels of recoverable reserves potential.

Maricopa (100%)

- A low risk oil development project within one of the largest onshore oil fields in the world (Midway Sunset).
- The project has three potential development/appraisal objectives with varying degrees of risk and upside potential.
- Abundant established infrastructure which expedites development and enhances economic returns.

Deer Creek (100%)

- Located in close proximity to two existing analog fields with targeted structures at relatively shallow depths (4,000 ft).
- Reserve estimates are 3–6 million barrels recoverable.

Ventura South Flank Prospect (16.50%, Paying 22%)

The Ventura Avenue Field in Ventura County, California was originally discovered in 1919 and has since produced more than 900 million barrels of crude oil from over 800 successful wells. The Ventura Avenue Field boasts the highest concentration of oil per acre foot of any oil field in the world. Typical wells in the field have produced over 1 million barrels of oil with initial production rates of 400 to 500 barrels per day.

Despite the undoubted prospectivity, complicated land ownership has hindered exploration activity until now. The project area covers approximately 1,900 acres located one mile south of the producing Ventura Avenue Field (100 km north of Los Angeles). Solimar has negotiated a 16.50% working interest.

The location of the prospect is geologically similar, yet separated from the Ventura Avenue Field by the east-west trending Ventura Fault. The Ventura Fault may provide a trapping mechanism for hydrocarbons. The related reservoir is believed to share many of the same characteristics as the reservoir present in the Ventura Avenue Field, making the prospect a high potential exploration opportunity. A recent reinterpretation of 2D seismic data appears to extend the earlier reservoir limits, due mainly to a favourable redefinition of the faulting structures, thus providing evidence of the necessary trapping mechanism for oil and gas reserves.

Testing of the objective will require a 12,000 ft well as a follow up to a well drilled in 1935, which had been overlooked for nearly seventy years until a recent technical review. A combination of antiquated drilling and completion practices, lack of modern equipment and technology, inadequate financing, and lack of operational expertise at this depth is believed to have led to the failure of this earlier well. Following several failed completion attempts, it was abandoned in 1940 as attention shifted north to the overwhelming success at the Ventura Avenue Field.

An engineering and geological review suggests that approximately 807 ft of potential net pay existed in the 1935 well. Analog wells producing from similar geological intervals in neighbouring fields indicate initial production rates of between 470 and 3,700 barrels/day with a risk-adjusted expected initial production rate of 625 barrels/day.

Drilling of this prospect commenced on April 30, 2007 and as such, if the acquisition of Solimar by Livingstone is implemented, Livingstone shareholders will have immediate exposure to this high impact well. The well is expected to cost over US\$3.5 million to drill and complete, including allowances for possible directional work. If successful, two additional wells would be drilled and temporary production facilities put in place to initiate production. This would be considered the first phase of the project. Solimar will have a 16.50% working interest across the entire acreage position. There is no guarantee that this well will be successful. When considering the Offer contained in this Prospectus, offerees should carefully consider the risks set out in Section 7, particularly the risks associated with oil and gas exploration set out in Section 7.3. The Company also urges the offerees to direct their attention to any ASX announcements made by the Company from time to time after the date of this Prospectus until the date of issue of the Shares.

Based on the current geologic interpretation for the prospect, the potential recoverable reserves are estimated to be approximately 46 million barrels.

Aqueduct Fan Prospect (10%)

This opportunity lies in acreage adjacent to a potential oil discovery at North Yowlumne. The prospect test well, North Yowlumne 1-26 targeted a postulated sea floor fan deposit at the foot of the Upper Miocene Stevens channel sand which is prolifically productive in the immediately adjacent Yowlumne oil field to the south. The North Yowlumne 1-26 well discovered oil (32° and 36° API) in traps with a strong stratigraphic element of closure.

32 degree API oil with minor associated gas has been tested from the lower two zones (Zone 1, 12,680 feet to 13,020 feet and Zone 2, 12,700 feet to 12,840 feet). 36 degree API oil with minor associated gas has been tested from Zone 3 between 12,490 feet and 12,690 feet which was the main reservoir originally targeted by the well. The test results indicate that this zone has better reservoir characteristics than the lower zones and is likely to have a different (higher) pressure regime. A flow rate has yet to be confirmed but the fluids recovered are primarily oil with lesser amounts of introduced testing fluids.

Reviews suggest that the initial exploration well may not have been drilled in the best part of the reservoir system and that the well may have been damaged during the intervening period.

The potential in this unexplored area is substantial with estimated recoverable oil reserve potential of 200 million barrels.

Maricopa Project (100%)

Solimar currently has a 100% interest a 40 acre lease located two miles east of the town of Maricopa within the southeast end of Midway-Sunset Oil Field. The Midway Sunset field is one of the largest onshore oil fields in the world with reserves in excess of 3 billion barrels. The lease already contains 5 wells completed as producers with close to 1 million barrels being produced from the lease and some 2.2 million barrels from immediate adjoining leases since 1930. There are no current producing wells on the lease but it is surrounded by numerous currently producing wells.

The joint venture has identified several well locations on the lease. The wells will be drilled on what is believed to be the undeveloped portion of the lease between existing wells in the east of the permit. In addition, a horizontal well may be drilled in the west of the lease which has had no previous drilling activity. Depending on the success of the horizontal well these recoverable volumes could be much higher as some wells in the immediate area have produced close to 500,000 barrels each.

Solimar believes there is additional potential in a shallower oil zone known as the Tulare Formation. Within and adjacent to this lease, an identified 400 foot thick sand near the top of the Tulare formation is believed to be a heavy oil or tar sand. High oil prices and improved technology could now make this viable as a steam-flood operation. This zone has not been produced and the first well to be drilled will evaluate its potential.

The deeper section may also contain the Monterey Formation which is oil bearing across the basin and is now subject to commercial exploitation as a non-conventional oil play. This Miocene Monterey could be prospective targets in the future.

The first well is expected to be drilled late 2007. In the event of success there is abundant adjoining infrastructure to facilitate early production and cash flow.

Deer Creek (100%)

Solimar currently has a 100% interest in the Deer Creek Prospect, located on the eastern side of the oil and gas rich San Joaquin Basin. An existing active oil field 12 miles to the southeast and along structural trend is a direct analog for the trap style and objective reservoirs at Deer Creek. Another active oil field located 8 miles to the northeast of Deer Creek is productive in stratigraphic formations slightly younger than the objective reservoirs at Deer Creek. This

portion of the San Joaquin is relatively under-explored as compared to the basin as a whole, yet a discovery at Deer Creek would simply constitute the extension of a known productive trend of analogous oil fields.

Analog fields along trend with the Deer Creek Prospect are characterized by traps that are strongly influenced by stratigraphic pinch-out against basement. The oil field's trap to the southeast and the Deer Creek Prospect proposed trap consist of stratigraphic pinch-out of Eocene/Lower Miocene sands deposited within shallow basement erosional features. Of the down-dip offset wells that define the Deer Creek structure and target reservoir interval, at least 5 of these wells have oil shows in the objective sandstones.

The drilling depth for Deer Creek is approximately 4,000 ft. Based on the down-dip oil shows, oil gravity in the Deer Creek trap is expected to be 14°–16° API, similar to the near by analog fields. The trap size potential at the current level of interpretation is estimated at 1,200 acres. Per-well reserves will vary depending on several factors, including well type (vertical vs. horizontal) and possible enhanced-recovery techniques (steam cycle, steam flood, etc.).

Drilling costs are expected to be in the order of US\$650,000 on a dry hole basis, with an additional US\$300,000 required for completion and pump acquisition costs. A discovery at Deer Creek would lead to an appraisal drilling program with significantly lower drilling and completion costs. Reserve estimates for the Deer Creek Prospect are 3–6 million barrels of recoverable oil.

6. RIGHTS ATTACHING TO SHARES

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

6.1 General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

6.2 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

6.3 Dividend Rights

The Directors may from time to time declare a dividend to be paid to shareholders entitled to the dividend. The dividend shall (subject to the Company's Constitution and to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in accordance with the Corporations Act. The Directors may from time to time pay to the shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

6.4 Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the

division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

6.5 Transfer of Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

6.6 Changes to Capital Structure

The Company may by ordinary resolution and subject to the Corporations Act and the Listing Rules:

- (a) increase its share capital by the issue of new shares of such amount as is specified in a resolution;
- (b) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- (c) sub-divide all or any of its shares into shares of smaller amount than is fixed by the Constitution, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such share of a smaller amount is the same as it was in the case of the share from which the share of a smaller amount is derived; and
- (d) cancel shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce its share capital by the amount of the shares so cancelled.

6.7 Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

The Shares are quoted on ASX.

7. RISK FACTORS

7.1 General

The Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business. The future profitability of the Company will be dependent on the successful commercial exploitation of its business and operations.

Whilst the Directors recommend the Issue, there are numerous risk factors involved. The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for the Shares.

Factors which may affect the Company's financial position, prospects and the price of its listed securities include the following:

7.2 Economic Risks

Sharemarket conditions, particularly those affecting exploration companies, may affect the price of the Company's listed securities regardless of operating performance.

The price of oil and gas is influenced by physical and investment demand for, and supply of, those commodities. Fluctuations in these commodity prices may influence the value of individual projects in which the Company has an interest and the price of the Company's listed securities.

General economic conditions may affect interest rates and inflation rates. Movements in these rates may have an impact on the price of the Company's listed securities.

There are a number of risk factors that may impact on the future performance of the Company and the achievement of its financial objectives. Investors need to consider the risks involved in an investment in the Company before making a decision whether or not to apply for Shares.

The risks set out below are not exhaustive as other risks affecting the Company may exist. Some of the risks are of a general nature whilst some are specific either to the Company or the oil and gas sector within which the Company operates. If you are unsure about any of the information contained in this Section, you should consult your professional adviser.

7.3 Exploration and Development Risks

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable reserves;
- access to adequate capital for project development;
- design and construction of efficient development and production infrastructure within capital expenditure budgets;

- securing and maintaining title to interests;
- obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production;
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

Drilling activities carry risk as such activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment.

Industry operating risks include fire, explosions, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures or discharges of toxic gases. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

7.4 Reliance on Key Personnel

Within the existing corporate structure, the Company's success is dependent upon the ability of the Directors to manage the existing assets and identify acquisition opportunities for future growth. To manage its growth, the Company must in due course identify, hire, train and retain skilled personnel and senior management.

7.5 Oil and Gas Price Volatility

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.

7.6 Foreign Exchange Risk

The current operations of the Company are in the United States and the costs of and revenues from operations will be in United States dollars. As the Company's financial reports will be presented in Australian dollars, the Company will be exposed to the volatility and fluctuations of the exchange rate between the United States dollar and the Australian dollar.

Global currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities together with the ability to fund those plans and activities.

7.7 Environmental

The Company's activities are subject to the environmental risks inherent in the oil and gas industry. The Company is subject to environmental laws and regulations in connection with operations it may pursue in the oil and gas industry, which operations are currently in California. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

The Company's operational risks include environmental hazards such as accidental spills or leaks of petroleum liquids or gas, ruptures and the discharge of toxic gases. The occurrence of any such incident could result in substantial costs to the Company for environmental rehabilitation, damage control and losses.

7.8 Competition

The Company will compete with other companies, including major oil and gas companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce oil and gas, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

7.9 Future Capital Needs and Additional Funding

The Company believes that on completion of this Offer it will have sufficient working capital to carry out the objectives in this Prospectus. The funding of any further ongoing capital requirements beyond the requirements as set out in this Prospectus will depend upon a number of factors including the extent of the Company's ability to generate income from activities which the Company cannot forecast with any certainty.

Any additional equity financing will be dilutive to shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may not be able to take advantage of opportunities or develop projects. Further, the Company may be required to reduce the scope of its operations or anticipated expansion and it may affect the Company's ability to continue as a going concern.

7.10 Regulatory

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

7.11 General Economic and Political Risks

Changes in the general economic and political climate in the United States, Australia and on a global basis that could impact on economic growth, the oil and gas prices, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any oil and gas activity that may be conducted by the Company.

7.12 Joint Venture Parties, Contractors and Contractual Disputes

The Company is, and may become, a party to joint ventures in respect of its projects. The Company is thereby reliant upon its joint venture participants complying with their obligations. For example, the operator of a joint venture may fail to implement necessary work programs within the time required for the particular interest, which would have a direct impact on the Company.

With respect to this issue, the Directors are unable to predict the risk of:

- financial failure or default by a participant in any joint venture to which the Company may become a party; or
- insolvency or other managerial failure by any of the operators and contractors used by the Company in its exploration activities; or
- insolvency or other managerial failure by any of the other service providers used by the Company or its operators for any activity.

7.13 Insurance

Insurance against all risks associated with oil and gas production is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

7.14 Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

7.15 Investment is Speculative

An investment in the Company is speculative. The Company has projects in the oil and gas sector and there are no guarantees that the projects or any future investments or acquisitions in the oil and gas sector will be profitable or otherwise successful. There are inherent risks and uncertainty associated with the Company's current and future investments. Neither the Directors nor the Company warrant the future performance of the Company or any return on an investment in the Company.

8. ADDITIONAL INFORMATION

8.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares that will be issued pursuant to this Prospectus will be in the same class of Shares that have been quoted on the official list of ASX during the 12 months prior to the issue of this Prospectus.

Section 713 of the Corporations Act enables companies to issue a "transaction specific prospectus" where the company's securities are and have been continuously quoted (as that term is defined in the Corporations Act) on ASX for at least the last 12 months.

This Prospectus is a "transaction specific prospectus" or a "prospectus for continuously quoted securities". In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half year financial report lodged with the ASIC by the Company after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any documents used to notify ASX of information relating to the Company during that period in accordance with ASX Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

For details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report refer to the table set out below.

Date	Description of Announcement
18/05/2007	Appointment of General Manager – Corporate Development
18/05/2007	Property Exchange Agreement executed with Orchard Petroleum Ltd
11/05/2007	Solimar South Flank Drilling Update
10/05/2007	Acquisition of Solimar Energy
01/05/2007	Third Quarter Activities & Cashflow Report
16/03/2007	Half Year Accounts
08/02/2007	Response to ASX Appendix 5B Query
31/01/2007	Second Quarter Activities & Cashflow Reports
31/01/2007	Second Quarter Activities Report
22/01/2007	Change in Director's Interest Notice
21/12/2006	Heavenly 2-28 Well Misses Mark
21/12/2006	OPL ann: Heavenly 2-28 Well Misses Mark
05/12/2006	Investor Presentation December 2006
29/11/2006	Results of AGM
28/11/2006	OPL's ann: Spudding of Heavenly 2-28 Well at Forbes Gas Project

28/11/2006	Spudding of Heavenly 2-28 Well at Forbes Gas Project
15/11/2006	South Buckeye 1-18 Gas Discovery
15/11/2006	OPL's ann: South Buckeye 1-18 Gas Discovery
03/11/2006	South Buckeye 1-18 well drilling update
03/11/2006	OPL: Update on the South Buckeye 1-18 Well
31/10/2006	First Quarter Activities & Cashflow Reports

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal hours.

8.2 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as solicitors to the Company and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

None of the entities referred to in this Section 8.2 have authorised or caused the issue of this Prospectus and do not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

8.3 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director or Proposed Director has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares pursuant to this Prospectus; or
- (c) the offer of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any Director or Proposed Director, either to induce him to become, or to qualify him as, a director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

Each Director's interests in Shares and Options at the date of this Prospectus are:

Director	Shares	Options
Mr Jim Malone	40,000	500,000
Mr Craig Burton	4,550,000	3,000,000

Mr Michael Fry	200,000	500,000
----------------	---------	---------

The Constitution of the Company provide that the Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, where notice of the amount of the suggested increase and the maximum sum that may be paid shall have been given to shareholders in the notice convening the meeting.

In the last two years, \$36,735 has been paid by the Company by way of remuneration for services provided by the Directors, companies associated with the Directors or their associates in their capacity as directors, consultants or advisers. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last financial year prior to the date of this Prospectus and their current remuneration at the date of this Prospectus, inclusive of directors fees and consultancy fees.

Director	Year Ended 30 June 2006	Current
Mr Jim Malone	\$25,000	\$25,000
Mr Craig Burton	\$90,000	\$90,000
Mr Michael Fry	\$25,000	\$25,000

Proposed Director, Mr Frank Petruzzelli currently has a relevant interest in 325,000 LPL Shares. Mr Petruzzelli has a relevant interest in 416,666 Solimar Shares. If the Offer is successful he will obtain a relevant interest in a further 8,333,320 LPL Shares.

Proposed Director, Mr Mark Elliott currently has a relevant interest in 450,000 LPL Shares. Mr Elliott has a relevant interest in 475,000 Solimar Shares. If the Offer is successful he will obtain a relevant interest in a further 9,500,000 LPL Shares.

8.4 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert nor any organisation in which such expert has an interest, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares pursuant to this Prospectus; or
- (c) the offer of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any expert or to any firm in which any such expert is a partner, either to induce him to become, or to qualify him as, a expert or otherwise for

services rendered by him or by the firm in connection with the promotion or formation of the Company.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$5,000 for services provided in relation to this Prospectus. Steinepreis Paganin has provided other legal services to the Company over the last 2 years for which it is entitled to be remunerated at normal commercial rates. Blueknight Corporation Pty Ltd, a company associated with the partners of Steinepreis Paganin, has a relevant interest in 37,500 Solimar Shares.

8.5 Estimated Expenses of Issue

The estimated expenses of the Issue are as follows:

Item	\$
ASX Fees	18,235
ASIC Fees	1,800
Print and Mailing Expenses	500
Legal and Other Expenses	5,000
Total	<u>\$25,535</u>

8.6 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Acceptance and Transfer Form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Acceptance and Transfer Form from a person if it has reason to believe that when that person was given access to the electronic Acceptance and Transfer Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9. TERMS OF THE OFFER

9.1 General Terms

The Company offers to acquire 100% of your Solimar Shares on the terms and conditions of this Offer.

This Offer relates to all Solimar Shares which exist as at the date of this Prospectus.

The consideration offered by the Company for the acquisition of 100% of your Solimar Shares is 20 LPL Shares for every 1 (one) Solimar Share you hold.

The Company will apply to ASX for quotation of the Shares to be issued pursuant to this Offer within 7 days after the date of this Offer, in accordance with this Prospectus.

The Shares to be issued pursuant to this Offer will from their date of issue rank equally in all respects with the existing Shares currently on issue.

9.2 Offer Period

Unless withdrawn due to the failure of any of the conditions set out in Section 9.6, this Offer will remain open for acceptance during the period commencing on the date of this Offer and ending on 25 May 2007.

9.3 How to Accept this Offer

You may only accept this Offer in respect of 100% (and not a lesser proportion) of your Solimar Shares.

In order to accept the Offer, you must complete and sign the Acceptance and Transfer Form in accordance with the instructions on the Acceptance and Transfer Form and deliver all documents of title in respect of your Solimar Shares to the Company at its registered office at Ground Floor, 8 Colin Street, West Perth, Western Australia before the end of the Offer period.

The Company may in its sole discretion at any time deem any Acceptance and Transfer Form it receives to be a valid acceptance in respect of your Solimar Shares even if a requirement for acceptance has not been complied with.

Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance is binding on you.

9.4 The Effect of Acceptance

By following the procedures set out in this Offer you will be deemed to have:

- (a) accepted this Offer in respect of your Solimar Shares registered in your name to which this Offer relates regardless of the number of Solimar Shares specified in the Acceptance and Transfer Form;
- (b) agreed to transfer your Solimar Shares to the Company and waive all rights of pre-emption you have in respect of the Solimar Shares held by each other shareholder of Solimar enabling those persons to likewise accept the Offer;

- (c) authorised the Company to complete the Acceptance and Transfer Form by correcting any errors in or omissions from the Acceptance and Transfer Form as may be necessary for the purpose of effecting acceptance of the Offer and registering the transfer of your Solimar Shares;
- (d) represented and warranted to the Company that the Company will acquire good title to and beneficial ownership of all your Solimar Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;
- (e) appointed the Company or any nominee of the Company as your agent and attorney to exercise all the power or rights attaching to your Solimar Shares and have agreed not to revoke that appointment during the period from the date of your acceptance of this Offer and the date on which the Company is registered as the holder of your Solimar Shares.

9.5 The Company's Obligations in respect of your Solimar Shares Acquired

Subject to this Offer, the Company will issue the Shares to you as soon as is practicable after the General Meeting. A holding statement for the Shares to which you become entitled by accepting this Offer will be sent by pre-paid mail to your address as shown in the Acceptance and Transfer Form.

9.6 Conditions of this Offer

This Offer and any contract that results from acceptance of this Offer are each conditional on:

- (a) the Company receiving Shareholder Approval;
- (b) all of the Solimar Shareholders accepting the Company's Offer to acquire 100% of the Solimar Shares; and
- (c) ASX granting quotation of the LPL Shares to be issued pursuant to this Offer prior to the settlement date contemplated by the Implementation Agreement, subject to any restrictions imposed under the ASX Listing Rules.

Each condition above is a separate, several and distinct condition, operates as a condition subsequent and is for the benefit of the Company alone. The Company may waive any or all of these conditions in its discretion.

10. DIRECTORS' CONSENT

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director and Proposed Director has consented in writing to the lodgement of this Prospectus with the ASIC.

Craig Burton
Director
For and on behalf of
LIVINGSTONE PETROLEUM LIMITED

11. DEFINITIONS

Acceptance and Transfer Form means the acceptance and transfer form attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691).

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date for receipt of Acceptance and Transfer Forms under this Prospectus as set out in Section 2.2.

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

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means directors of the Company at the date of this Prospectus.

Dollar or "**\$**" means Australian dollars.

General Meeting means the soon to be convened general meeting of the Company in order to approve the acquisition of Solimar in accordance with the Implementation Agreement.

Implementation Agreement means the Implementation Agreement dated on or about 10 May 2007 between the Company and Solimar.

Issue means the proposed issue of Shares referred to in the "Details of the Issue" section of this Prospectus.

Listing Rules or **ASX Listing Rules** means the Listing Rules of ASX.

Offer means the offer of Shares to the Solimar Shareholders pursuant to the Implementation Agreement and this Prospectus as more particularly described in Section 9.

Opening Date means the opening date for receipt of Acceptance and Transfer Forms under this Prospectus as set out in Section 2.2.

Option means an option to acquire a Share.

Proposed Directors means Mr Frank Petruzzelli and Mr Mark Elliott, details of whom are provided in Section 3.5 of this Prospectus.

Prospectus means this Prospectus.

Share or **LPL Share** means a fully paid ordinary share in the capital of the Company and where the context permits means the Shares the subject of the Issue.

Shareholder means a person who holds Shares.

Shareholder Approval means approval by the Shareholders at a general meeting for the transactions contemplated by the Implementation Agreement as set out in Section 3.4 of this Prospectus.

Solimar means Solimar Energy Pty Ltd (ACN 115 231 377).

Solimar Share means a fully paid ordinary share in the capital of Solimar.

Solimar Shareholder means a holder of Solimar Shares on the date of this Prospectus.

WST means Western Standard Time.

[Insert Solimar Shareholder details]

ACCEPTANCE AND TRANSFER FORM – OFFER TO SOLIMAR SHAREHOLDERS

This is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional advisor.

Use this form to accept the Offer by Livingstone Petroleum Limited (LPL or Company) for your Solimar Energy Pty Ltd (Solimar) fully paid ordinary shares (Solimar Shares)

Offer Consideration

The consideration applicable under the terms of this offer is 20 LPL Shares for every one (1) Solimar Share

Solimar Shareholder details

Your holding in Solimar

[insert]

Share consideration to be issued to you on the basis of 20 LPL Shares for every 1 Solimar Share accepted.

[insert]

To be completed by Solimar Shareholder

You will be deemed to have accepted the Offer in respect of all your Solimar Shares if you sign and return the form.

Contact Details

Please provide your contact details in case we need to speak to you about this form.

Name of contact person

Contact person's daytime telephone number

[Name of contact person field]

() [Contact person's daytime telephone number field]

Sign here – this section must be signed before we can process this form.

I/We, the person(s) named above, being the holder(s) of the shares in the capital of Solimar Energy Limited (**Solimar**) accept the Offer contained in the Prospectus in respect of my/our Solimar Shares and agree to transfer to the Company all my/our Solimar Shares and accept the consideration and agree to be bound by the terms and conditions of the Offer and the Constitution of the Company.

Individual or Securityholder 1

[Signature box 1]

Sole Director and Sole Company Secretary

Individual or Securityholder 2

[Signature box 2]

Director

Individual or Securityholder 3

[Signature box 3]

Director/Company Secretary

The directors reserve the right to make amendments to this form where appropriate.