



28 April 2006

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

via electronic lodgement

Dear Sir/Madam,

Quarterly Activity Report for the period ended 31 March 2006

Highlights

- Significant gas discovery confirmed at Larner 2-12, with commencement of production during the quarter.
- The Edge 1-10 well flows at a combined rate from the Forbes and Guinda formations of 1.6 million cubic feet of gas per day.
- Gas flows from the secondary Guinda objective in the Edge 1-10 well provide an additional target production zone for future drilling prospects.
- A 6 well drilling program is planned to commence in July 2006.
- Recent placement of 4m shares to raise \$1.52m as partial funding for the upcoming drilling program.
- Large inventory of up to 200 prospective Forbes targets to review for future drilling locations.

Larner 2-12 Commences Production

Larner 2-12 well was successfully tied into the existing pipeline infrastructure in early March and immediately commenced production. The flow testing completed prior to the commencement of production confirmed a flow rate of 2.8 million cubic feet per day (mmcfpd) from the well with dry gas flowing over an extended period and a gas pay zone of 46 feet.

During the start up phase, production from the Larner 2-12 well was limited due to the intake requirements of the pipeline operator. The Forbes joint venture partners expect the flow rate to be increased to about 2.5 mmcfpd over the next few months.

Edge 1-10 Confirms Significant Discovery

Edge 1-10 was the second well in the initial drilling program in late 2005 and successfully encountered gas in the primary target zone at approximately 6,300 feet. During the testing of the Edge 1-10 well in February 2006, gas flows were confirmed in the secondary target zone of the Guinda formation in addition to the primary Forbes formation. Over an extended test period on the Guinda formation zone, the well has flowed at a stable rate of 500 mcfpd (thousand cubic feet per day).

The gas discovery in the secondary Guinda formation is an important result as it is the Forbes joint venture's first discovery in that particular formation. It has now opened up new exploration opportunities to evaluate in the project area. The target sizes in the Guinda formation are generally larger in size but do have higher exploration risk. Having dual highly prospective exploration targets significantly increases the potential value of the acreage held by the Forbes joint venture.

The Company recently announced the results from the completion of testing the Edge 1-10 well, namely, a combined flow rate from the Forbes and Guinda zones of 1.6 million cubic feet of gas per day. The gas from both intervals has been analysed and determined to have a high nitrogen content, which impacts the energy or heat rate (btu—British Thermal Unit) produced from the gas. The higher than expected flow rate is offset somewhat by the lower btu which will require blending to achieve sales. The forthcoming 6 well drilling program is expected to yield higher btu discoveries that will enable combined production with Edge 1-10. Once production is achieved, the Edge 1-10 well will be highly economic with a likely payback of less than 6 months.

Upcoming Drilling Program

The successful discoveries at Lerner 2-12 and Edge 1-10 give the current exploration strategy at Forbes a large confidence boost in preparation for the upcoming drilling program. It is believed that the results at Edge 1-10 regarding the nitrogen levels are unique to the far easterly located well prospects on the joint venture's acreage position and represent only a fraction of the total leased acreage and identified prospects held by the joint venture.

The 6 well drilling program is scheduled to commence in July this year. The drill targets for this program are still being finalised from an inventory of high priority targets identified using 3D seismic and AVO analysis. The program will be designed to test a variety of locations spread across the acreage held by the joint venture and a variety of productive formations. The drilling program will include multiple Forbes and Guinda targets and shallower Winters and Starkey prospects. It will also test new AVO analysis of Forbes targets with the potential to further improve success rates in that formation.

The 6 well program will give the joint venture much improved knowledge of the production potential of these formations across the extensive acreage held, and will lay the groundwork for further aggressive follow up drilling programs next year.

Capital Raising

The Company recently placed 4,000,000 ordinary shares at 38 cents each to exempt investors to raise \$1,520,000 to partially fund the upcoming 6 well drilling program. A notice of meeting was subsequently lodged with the ASX seeking shareholder approval for this placement and a further proposed raising under a prospectus.

Craig Burton

Executive Director

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

LIVINGSTONE PETROLEUM LTD

ABN

42 112 256 649

Quarter ended ("current quarter")

31 MARCH 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from product sales and related debtors	22	114
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(441)	(4,082)
1.3 Dividends received	(88)	(259)
1.4 Interest and other items of a similar nature received	19	55
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Prepayments in the Joint Venture Trust Account*	(390)	(390)
<i>* This is trust monies held on behalf of Livingstone to be used for the Company's share of future joint venture expenditure at the reporting date.</i>		
Net Operating Cash Flows	(878)	(4,562)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments		
1.9 Proceeds from sale of: (a)prospects (b)equity investments		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Cash acquired in subsidiary		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(878)	(4,562)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	3,150
1.15	Costs of the issue	-	(262)
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	2,888
Net increase (decrease) in cash held			(878)
1.20	Cash at beginning of quarter/year to date	928	1708
1.21	Exchange rate adjustments to item 1.20	-	16
1.22	Cash at end of quarter	50	50

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(20)
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors fees totalling \$20,316 (excluding GST) were paid during the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(500)
4.2 Development	(100)
Total	(600)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	50	106
5.2 Deposits at call		822
5.3 Bank overdraft		
Total: cash at end of quarter (item 1.22)	50	928

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Performance + securities <i>Convert to ordinary securities on development of a commercial mining project</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs.				
7.3 +Ordinary securities	52,000,001	30,000,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases (b) Decreases				
7.7 Options <i>(description and conversion factor)</i>	18,750,000	-	<i>Exercise price</i>	<i>Expiry date</i>
	17,500,000		30 cents	18 December 2009
	1,250,000 <i>Incentive Options</i>		20 cents	18 December 2009
	Convert on a 1:1 basis			
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Brett Mitchell

Company Secretary

Date: 28 April 2006

Print name:

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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