



31 January 2007

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 December 2006

Background

Livingstone holds a 50% interest in the Forbes Gas Project exploring for natural gas in the Sacramento Basin of California. This area has produced gas from the Forbes formation since 1934 with cumulative production to date of 600 billion cubic feet of gas. The Forbes Gas Project already has two producing wells within the project area, Larner 1-12 and Larner 2-12, and has two discoveries awaiting completion, South Buckeye 1-18 and Edge 1-10.

Drilling South Buckeye and Heavenly wells

During the quarter the Joint Venture commenced the next phase of exploration with the drilling of the South Buckeye 1-18 and Heavenly 2-28 wells, both wells targeting gas bearing stratigraphic traps in the Forbes formation, analogous to the gas discoveries made at the Larner 1-12 and 2-12 wells.

The South Buckeye 1-18 well was spudded on 24 October 2006 and encountered gas in one of the objectives between and 9,315 feet and 9,345 feet. Based on the electric logging of the well there appears to be approximately 10 to 15 feet of net pay in this Forbes formation interval. The amount of net pay encountered in this well is consistent with Forbes formation gas producing wells located in the area. The decision was made to set pipe and complete the South Buckeye 1-18 well. The testing program to establish the commerciality of the gas discovery is expected to commence during the first quarter of 2007 once a service rig can be scheduled.

The Heavenly 2-28 well was spudded on 27 November 2006 and drilled to a total depth of 9,920 feet. Electric logging of the well suggested only small amounts of gas present in the targeted Forbes sandstone objectives of this well. Following analysis of the electric logs a decision was made for the well to be plugged and abandoned.

Forbes Exploration Strategy

The Forbes Joint Venture has developed numerous drill prospects with many of these prospects having low risk follow-on targets should the initial prospect be a successful discovery. Besides the Forbes sandstone formation located at depths of 8,000 to 9,500 feet, the Joint Venture has identified additional prospects in the shallower Starkey/Winters formations around 4,000 feet and deeper Guinda formation below 9,500 feet. The prospect sizes vary according to which objective formation is considered the primary target, however in general the sizes vary from 1 to 5 billion cubic feet. Some of the deeper targets in the Guinda formation are tens of billion cubic feet.

2007 Drilling Program

Following the recent drilling of the South Buckeye and Heavenly prospects, the Joint Venture partners are evaluating the results and scheduling the next phase of the drilling program. Confirmation of a commercial flow of gas at South Buckeye following testing will substantially upgrade the additional offset prospects located near this particular target.

For further information please contact the Company Secretary Mr Brett Mitchell on +61 8 9324 1177.

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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 DECEMBER 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	152	292
1.2 Payments for (a) exploration and evaluation	(473)	(1,256)
(b) development	-	-
(c) production	(19)	(54)
(d) administration	(77)	(168)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	42
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Prepayments in the Joint Venture Trust Account*	(2,127)	(2,127)
<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	(2,539)	(3,271)
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	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Net investing cash flows		
		-	-
1.13	Total operating and investing cash flows (carried forward)	(2,539)	(3,271)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	633
1.15	Costs of the issue	-	(163)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(100)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	370
	Net increase (decrease) in cash held	(2,539)	(2,901)
1.20	Cash at beginning of quarter/year to date	2,618	2,980
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	79	79

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	(4)
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 \$3,931 (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

+ See chapter 19 for defined terms.

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	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
Total	-

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	79	2,618
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
Total: cash at end of quarter (item 1.22)	79	2,618

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	66,000,001	49,000,000		
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				

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <i>(totals only)</i>		

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: 30 January 2007

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.

+ See chapter 19 for defined terms.