

11 October 2005

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



via electronic lodgement

Dear Sir/Madam,

Spudding of First Exploration Well at Larner North 2-12

Livingstone Petroleum Limited (ASX: LPL) is pleased to announce that it has spudded its first exploration well since listing on the ASX. Larner North 2-12 well commenced drilling at 8.00 pm, 9 October 2005 (US Pacific time). Larner North 2-12 is located in the Sacramento Basin, California where Livingstone has 25 leases covering 14,817 acres.

The drilling of the Larner North 2-12 well is expected to take 12 to 14 days to reach a total bottom hole depth of 7,600 feet. The exploration target is the Forbes Formation which is a prolific gas producing formation in the region and similar to the first gas discovery made at Larner 1-12.

The Larner North 2-12 well will be the first well of a multi well program to be drilled this year. This well is being drilled directionally in order to utilise the existing drill site and infrastructure at the Larner 1-12 location, a gas producing well discovered last year. Livingstone acquired a 50% interest in the producing Larner 1-12 well and the associated infrastructure, including a gas processing unit and pipeline. This immediate access to infrastructure should expedite commercial production in the event of drilling success.

Participants in Larner North 2-12 are:

- Orchard Petroleum, Inc. (Operator) 50%
- Livingstone Exploration, Inc. 50%

Comments

The Board of Livingstone Petroleum is delighted that drilling operations have commenced so soon after the Initial Public Offering. Livingstone has a substantial acreage position in the Forbes Gas Project area where it will be drilling wells based on high quality 3D seismic and good well control. These factors reduce exploration risk, however, it is still exploration, and there will be dry holes. The

Forbes project team have identified at least 100 prospects within its existing acreage which gives it substantial follow-on drilling possibilities. The number of wells drilled in this program will depend on weather and logistical access to drilling sites; the joint venture is aiming to drill at least two and possibly three wells as part of this program.

Craig Burton
Executive Director