

7 November 2005

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



via electronic lodgement

Dear Sir/Madam,

Larner 2-12 Gas Discovery

Livingstone Petroleum Limited (**ASX: LPL**) is pleased to announce that the Larner 2-12 well encountered gas in its primary objective at approximately 8,150 feet before reaching its targeted depth of 8,634 feet.

As advised by Orchard Petroleum Ltd (**ASX: OPL**) and its subsidiary Orchard Petroleum Inc (the Operator of the Forbes Joint Venture), based on the electric logging of the well there appears to be approximately 30 to 40 feet of net pay in the primary objective. The amount of net pay encountered is significantly greater than pre-drill expectations, as well as significantly more than what was encountered in the nearby Larner 1-12 well, a separate gas accumulation in production since earlier this year.

The Forbes Joint Venture has decided to set pipe and complete the Larner 2-12. A testing program will begin once a service rig can be scheduled. A commercial gas flow at Larner 2-12 will be immediately hooked into the production facilities that exist at Larner 1-12.

The next well in the Forbes Gas Project will commence drilling within the next few days at the Edge Prospect.

Comments

Livingstone is extremely pleased to be setting pipe on our first well drilled.

This is also the first well drilled in the Forbes Gas Project since Orchard Petroleum became Operator. Since becoming Operator, Orchard has undertaken extensive work reprocessing and reassessing the technical data with the aim of maximising the chances of success and potential size of Forbes wells.

The success at Larner 2-12 goes a long way in supporting the new technical assessments of our prospects in the area and the ability to identify potential gas targets. The Forbes Joint Venture holds a large leased

acreage position and prospect inventory covered by 3D seismic. This should ensure many more wells are drilled that will hopefully continue to add to the current production base in the area.

Although a separate target, the Larner 2-12 well is located on the same drill site as the Larner 1-12 well. A successful testing program will mean that the well can be put into production almost immediately in order to take advantage of the current high gas prices (the current California gas price is approximately US\$10mcf). Livingstone and Orchard own the existing gas processing and transportation infrastructure at the Larner drill site.

Besides the next well to be drilled at the Edge prospect, Livingstone and Orchard are planning a much larger drilling program for next year once the drilling season reopens after winter.

Participants in Larner 2-12 are:

OP Inc (Operator)	50%
Livingstone Petroleum Inc	50%

Craig Burton
Executive Director

For further information in relation to this announcement or regarding the Company, please contact the Company Secretary Brett Mitchell on +61 8 9324 1177.