



Louisiana Petroleum Limited
ACN 109 059 181

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Dear Sir,

WILSON PROSPECT ACQUISITION - INITIAL PRODUCTION - COMPANY UPDATE

HIGHLIGHTS

WILSON PROSPECT

- Heads of Agreement executed for the acquisition of the remaining 75% Working Interest in the Wilson Prospect, subject to satisfaction of conditions precedent and shareholder approvals.
- Initial production testing in the Wilcox formation of the Wilson #3-10 well indicates an expected flow rate of 35 barrels of oil per day. Associated gas flow rates are yet to be determined.
- Primary zones of the Woodford Shale and Caney Shale in the Wilson #3-10 remain "behind pipe".
- Rework of the Wilson #1-10 is to commence this week to enable the potential resumption of gas production from the Gilcrease Sandstone.
- Recoverable gas from the combined Woodford Shale and Caney Shale formations for the complete section (640 acres) is estimated to be up to 3.9 Bcf of gas.
- Preliminary administration and field work preparation is to commence for the drilling of up to four (4) additional wells on the Wilcox structure.
- Operators license has been granted in the state of Oklahoma.

CADDO PINE ISLAND PROJECT

- Four (4) leases have now been bought into production.
- Work is continuing on the remaining lease and a decision has been made to install a gas pipeline on this lease to facilitate potential gas sales.
- A total of seven (7) wells are now tied into the gas sales line.

WILSON PROSPECT ACQUISITION

The directors of Louisiana Petroleum Limited (the "Company" or "Louisiana") are pleased to advise, that through its wholly owned subsidiary, the Louisiana-Caddo Operation Company, the Company has now executed a formal Heads of Agreement with Kalgoorlie-Boulder Resources Limited ("KBRL" ASX Code KAL) to acquire a 75% Working Interest in the Wilson Prospect (the "Prospect") beneficially owned by KBRL. The agreement is subject to satisfaction of conditions precedent and shareholder approvals.

Upon completion of the transaction, expected in July 2006, and the purchase by Louisiana of the 25% Working Interest in the Prospect announced to the ASX on 3 April 2006, Louisiana will have a 100% Working Interest in the Prospect (this equates to a 75% net revenue interest). Consideration for the acquisition of the additional 75% Working Interest from KBRL is 30 million shares in Louisiana. Post the transaction, Louisiana will have a total of 60 million shares and 30 million company options on issue.

Additional information on the Wilson Prospect is contained in the Company's ASX releases of 3 April and 2 May 2006.

WILSON #3-10 PROGRESS

The Wilson #3-10 well was spudded on 3 March 2006 and reached a total depth of 3194 feet on 12 March 2006. Completion of the Wilson #3-10 commenced in early April.

WILCOX FORMATION

The initial zone tested was the Wilcox Sandstone, which was not penetrated by the drill bit during drilling with the rotary rig. A cable tool rig was moved in and the zone was penetrated by drilling in with the cable tools. The purpose of using a cable tool rig, or "spudder" as they are often called, is to penetrate by "inching" into only the top 1 to 3 feet of formation to avoid formation damage with drilling mud, and to stay above the oil/water contact and avoid the production of excess water. While drilling to the Wilcox, a gas zone was encountered in the dolomite section above the Wilcox sand. This interval flowed gas the entire time while continuing on to the Wilcox. An additional gas cap was also found on top of the Wilcox interval. A shut in pressure of 925psi was recorded from the two gas zones. On April 20th, approximately 1 foot of Wilcox sand was penetrated with the cable tools. Over the next two days the well was bailer tested with the test results indicating the well will produce oil at the approximate rate of 35 barrels of oil per day with no water, plus the associated gas. The exact gas flow has not been gauged.

Production will begin as soon as the surface and downhole facilities are in place. A sales line for natural gas is already in place, so gas sales will also begin at the time oil production commences.

WOODFORD AND CANEY SHALES

Other primary zones of interest in the Wilson #3-10 are the unconventional formations of the Woodford Shale and Caney Shale. Preliminary analysis of the rotary sidewall core samples indicate these shales are within the acceptable Total Organic Carbon (TOC) and Thermal Maturity (TM) values for unconventional gas productive shales. The values are comparable to the values found in the area where the current operator of the Wilson Prospect, Metro Energy, is producing from both the Woodford and Caney shales approximately 25 kilometres south of the Prospect.

Gas in place calculations for the combined intervals of the Woodford Shale and Caney Shale, based on 150 standard cubic feet of gas per tonne of rock, indicate gas in place to be 39 billion cubic feet (Bcf) of gas per section (640 acres). Using a 10% recovery factor, the calculated recoverable gas would be 3.9 Bcf of gas per section. The Wilson Prospect covers exactly one section.

UNCONVENTIONAL GAS PRODUCTIVE SHALES IN THE AREA

There is growing industry recognition of the productive capabilities of these unconventional formations, and the productive success of many large US based independents in these shales is now well documented; specifically, Houston based Newfield Exploration in the Woodford Shale, Colorado based Citrus Energy and Tulsa based Williams Companies in the Caney Shale, Oklahoma City based Devon Energy in the Barnett Shale, and Houston based Southwestern Energy in the Fayetteville Shale, a shale on the Arkansas side of the Arkoma Basin that is the geologic equivalent of the Caney Shale found on the Oklahoma side of the Arkoma Basin and the Barnett Shale found in north Texas.

Newfield Exploration, which pioneered the Woodford Shale play in south east Oklahoma, has now drilled 108 wells into this play. These vertical wells have initially produced at 1,000 to 2,000 Mcf per day per well, are now averaging approximately 370 Mcf per day per well, with estimated ultimate recoveries of 1.5 to 2 Bcf per well. Horizontal wells have produced even better results. Of the 9 horizontal wells Newfield has drilled in the Woodford play, only about 4 are on line, producing at between 3,000 to 6,000 Mcf per day per well, with estimated ultimate recoveries of 2.5 to 4 Bcf per well. Based on these results, Newfield has stepped up its capital spending to approximately US \$200 million in the area this year, up from approximately US \$70 million last year.

As another example, Southwestern Energy plans to spend approximately US \$338 million on the entire Fayetteville play this year, more that double its US \$155 million in spending last year.

THE WAY FORWARD FOR LOUISIANA

It is the Company's strategy to keep the primary zones of the Woodford Shale and Caney Shale 'behind pipe' in the immediate future, and seek further exploration opportunities within the Wilson Prospect to target the Wilcox formation. It is anticipated up to another four (4) of these exploration wells are possible within the Prospect. Preliminary administration requirements and field preparation activities have commenced in this regard, with the decision to drill expected in the September quarter.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M Walker', with a small dot at the end.

Mathew Walker
Executive Director

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