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

Dear Shareholders

Financial Report – Year Ending 30 June 2007

I would like to welcome the new shareholders of Solimar Energy Limited (“Solimar Energy”) which recently merged with Livingstone Petroleum Limited (“Livingstone”).

Livingstone experienced another busy year ending 30 June 2007. The Company has transitioned from being a single project-focussed company, with a 50% interest in the Forbes Gas Project, to a company with a diversified exploration portfolio on-shore California, following the merger with Solimar Energy Pty Ltd and its US subsidiary, Solimar Energy, LLC.

Livingstone Petroleum underwent two significant company transforming events during the last financial year.

The first event was announced to the ASX on 10 May 2007. It involved Livingstone entering into an agreement to acquire Solimar Energy Pty Ltd, and its wholly-owned subsidiary, Solimar Energy, LLC (“Solimar Energy”) a private oil and gas company with interests in several oil and gas prospects in the State of California. This agreement was subsequently approved by shareholders at a General Meeting on 29 June 2007. Solimar Energy’s prospects, onshore southern California, involve four projects: Ventura South Flank; Aquaduct Fan; Maricopa; and Deer Creek. Solimar Energy had assembled a portfolio of petroleum assets which offers a variety of exploration targets from low risk exploration plays to high impact exploration opportunities. This acquisition by Livingstone also injected approximately A\$4.8 million cash into Livingstone at year end.

The second event was announced to the ASX on 18 May 2007. It involved Livingstone signing a Property Exchange Agreement with Orchard Petroleum, Inc. to separate their respective interests in the Forbes Joint Venture. This agreement stated, amongst other things, that Livingstone will acquire 100% of the Buckeye and the Arbuckle leases, and Livingstone will acquire a 50% interest in the Block B lease at Southeast Lost Hills (SELH) in the San Joaquin Basin which includes four wells: SELH 1-13, 2-13, 3-13 and 1-12.

During the year, the Company drilled two wells at the Forbes Gas Project in the Sacramento Basin. The **South Buckeye 1-18 well** encountered gas and based on electric logs there appeared to be approximately 10 to 15 feet of net pay in this Forbes formation interval. The operator, Orchard Petroleum, Inc. is arranging flow testing of this well, subject to the availability of a service rig. The **Heavenly 2-28 well** was also drilled but the electric log tests suggested only small amounts of gas present in the targeted Forbes sandstone objectives. Following analysis of the electric logs a decision was made for the well to be plugged and abandoned.

The **Ventura South Flank well** was also drilled in May/June 2007 and reached a depth of 11,000 feet. Electric logs were run and it was determined that the well had not intersected the primary fault trap that had been identified by an earlier well drilled in the 1930s but never completed. A decision was made to sidetrack the well. However no commercial hydrocarbons were discovered in the sidetrack well. As a consequence, the South Flank Joint Venture has decided to suspend the well and allow for a full technical review before proceeding with additional drilling at this location.

At the General Meeting held on 29 June 2007, shareholders approved the change of the company's name to "Solimar Energy Limited". Please note that the **ASX Code for Solimar Energy is SGY**. Our new website is **www.solimarenergy.com.au**.

I thank you for your support and look forward to further exploration activity in Solimar Energy's expanded prospect areas to further enhance the potential value of your company.

If you have any queries please contact (03) 9347-2409 or via email on info@solimarenergy.com.au.

Yours sincerely



Frank Petruzzelli
Chairman
Solimar Energy Limited

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