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Manager Announcements
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Ventura Prospect Update

Ventura South Flank Well (Solimar Energy: 16.5%)

The Directors of Solimar Energy Limited ("Solimar Energy") (ASX Code: SGY) are pleased to announce that Solimar Energy and its partners have concluded an evaluation of the data obtained in and around the Ventura South Flank oil and gas exploration prospect in the Ventura Basin, California. A new target location has been identified and a re-drill opportunity is anticipated in the second quarter of calendar 2008.

The recent evaluation included analysing the data from the recent drilling done by Solimar Energy and its partners in mid 2007 as well as the more recent data obtained from re-entering the old Walter Sexton well (WS#1) drilled in 1935. The recent evaluation included generating a 3-D geologic model which demonstrated the two Ventura South Flank (SF#1) boreholes drilled in 2007 were apparently separated from the oil and gas reservoir described in the WS#1 well in the 1930's by a combination of the faulting seen in the SF#1 well and the fault system identified in the seismic interpretation.

The re-entry of the 1935 WS#1 well was challenging but it provided extremely valuable data in determining the anticipated bottom hole location of the original 1935 well which had strong oil and gas indications that has now helped to identify the new drilling target. It is interesting to note that while the recent work was being undertaken in the old WS#1 well bore, evidence of oil and gas was observed which provides further encouragement for the re-drill.

The current plan is to finalise the well path for a redrill from the SF#1 well along with costs and rig availability in preparation for a final project review by all partners and investors. Early indications suggest the redrill could be scheduled for the second quarter of calendar 2008.

The original prognosis of the Ventura South Flank prospect is that it has the potential to contain 10-20 million barrels of recoverable oil and several billion cubic feet of gas. It is being drilled as a follow up to the 1935 Walter Sexton well that encountered strong oil and gas shows but was never completed due to the technical complexities of drilling such a well in the 1930's. At the time the Walter Sexton well was drilled it was amongst the deepest wells drilled in the world at close to 10,000 feet on a complex structure. The well encountered over 800 feet of oil and gas shows in a high pressure gas environment that ultimately forced its abandonment after many years of drilling and testing due to the technical limitations at the time. The prospect is located one mile from the billion barrel oil Ventura Avenue oil field.

Solimar Energy - Ventura History

The Ventura South Flank well commenced drilling in early May 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. A decision was then made to sidetrack the well. The sidetrack well reached a target depth of 9,910 feet and electric logs were run. No commercial hydrocarbons were discovered in the sidetrack well. The data collected from this well combined with the data from the original South Flank well has recently been analysed in detail, incorporating data from the old Sexton well which is discussed above.

The Ventura South Flank Prospect covers an area of approx 1,900 acres located one mile south of the producing Ventura Avenue Field (100km north of Los Angeles). Despite the prospectivity, complicated land ownership has hindered exploration activity until now. The location of the prospect is geologically similar, yet separated from the Ventura Avenue Field by the east-west trending Ventura Fault.

The initial Walter Sexton well drilled in 1935 was overlooked for nearly 70 years until a recent technical review. A combination of antiquated drilling and completion practices, lack of modern equipment and technology, inadequate financing, and lack of operational expertise at this depth is believed to have led to the failure of the earlier well.

The Ventura Avenue Field in Ventura County, California was originally discovered in 1919 and has since produced more than 900 million barrels of crude oil from over 800 successful wells. The Ventura Avenue Field has a large concentration of oil per acre foot, relative to other oil fields. Typical wells in the field have produced over one million barrels of oil with initial production rates of 400 to 500 barrels per day.

For further information regarding this announcement and Solimar Energy, please contact Peta Marriner, Manager Investor Relations on 0404 002 613 or via email: petam@solimarenergy.com.au.

Yours sincerely



Frank Petruzzelli
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Solimar Energy Limited