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Via electronic lodgement

Update on Testing Program at Southeast Lost Hills

Solimar Energy Limited ("Solimar Energy") (ASX Code: SGY) announces that the testing on the Jack Hamar 1-13 well at the Southeast Lost Hills (SELH) Project is continuing and so far three zones of interest have been tested. The test results to date indicate some gas flows at low rates with some associated water production. This is similar to the testing results of the Jack Hamar 1-12 well in that no commercial gas rates have been established as yet. The recovery of gas has been encouraging and Solimar Energy is now carefully reviewing the results in order to implement a forward plan which includes ways to try and improve production rates.

The testing program at the SELH Project has moved on to the fourth well in the program at Jack Hamar 2-13 well where multiple potential gas bearing intervals will also be tested from the bottom up.

So far the testing at SELH has resulted in Jack Hamar 3-13 flowing gas at 633,000 cfpd over a 48 hour testing period at a tubing pressure of 1,185 psi on a 6/64 inch choke. The pressure build-up data for this well is undergoing further analysis.

The Jack Hamar wells are part of the SELH Project which is located in the San Joaquin Basin, California.

Solimar Energy is also working to commercialise the existing successfully tested Jack Hamar 3-13 well. Work is continuing on a pipeline connection to the Jack Hamar wells. Details are being completed on connection points and the required permits. Terms are also being finalised with a buyer of the gas.

The aim of testing the SELH operation is to confirm commercially viable production rates from these wells and to better ascertain the reserves potential. Solimar Energy believes there is potential for a substantial gas accumulation in the shallow Pliocene reservoirs throughout the

SELH acreage. The commercial development potential of the project is enhanced by strong gas demand in the area, local infrastructure and high gas prices.

Solimar Energy's wholly-owned US subsidiary, Livingstone Energy, Inc., is Operator in a 50/50 joint venture with Nuenco NL (ASX Code: NEO) in the SELH project.

About the Southeast Lost Hills (SELH) Project

SELH is located in the San Joaquin Basin, California, along the southern flank of the large Lost Hills Anticline. The Lost Hills structure is a large feature that has already produced in excess of 400 million barrels of oil equivalent ("MMboe") to date to the north of the Jack Hamar discovery.

The SELH gas accumulation is a combination structural stratigraphic trap. The reservoir targets are shallow Pliocene sands that pinch out around the flanks of the Lost Hills Anticline. Seismic amplitude anomalies are associated with the presence of these hydrocarbons. This is a shallow play, with target depths of not greater than 4,000 feet, hence the commercial development costs will be relatively low.

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,

A handwritten signature in black ink that reads "Frank Petruzzelli". The signature is written in a cursive, flowing style.

Frank Petruzzelli
Chairman
Solimar Energy Limited

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