



566 Elizabeth Street
Melbourne Victoria 3000

Tel: +61-3-9347-2409
Fax: +61-3-9349-1186
www.solimarenergy.com.au

22 October 2008

Manager Announcements
Company Announcements Office
Australian Securities Exchange
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Update on the Sesnon Fee #7 Redrill No.1 Well at the Aliso Canyon Prospect

The Sesnon Fee #7 Redrill No.1 well has reached a total depth of 10,222 feet without encountering commercial hydrocarbons and a decision has been made to plug and abandon the well. The Joint Venture Partners will evaluate the data from the Redrill Program to further their understanding of the geology of the Aliso Canyon Prospect.

Solimar Energy, having successfully raised capital in early October 2008, is now focussing on progressing its current projects which consist of three oil and gas accumulations at the: Maricopa (oil); Southeast Lost Hills (gas); and Silverthread (oil) Projects. These accumulations will form the basis of production growth over the coming months.

The Maricopa Project is now producing oil from two wells which is being sold to the Kern Oil & Refining Co. The Southeast Lost Hills gas field is expected to commence production, and to sell its first gas, by the end of November 2008. Additional wells are also scheduled to be drilled at the Southeast Lost Hills Project early next year. The Silverthread Project is also producing minor amounts of oil but is still under evaluation. More work is expected to be carried out at this project over the coming months. An independent evaluation is being carried out by a third party on the future work program at the Silverthread Project.

These projects are expected to form a strong production base for the company.

Partners in the Aliso Canyon Prospect (and their respective working interests) are:

US Utility Company (Operator):	50.0%
Trio Petroleum:	25.0%
Solimar Energy Limited (ASX Code: SGY):	12.0%
Sunset Energy Limited (ASX Code: SEY):	8.0%
Other Partners:	5.0%

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

Forward Looking Statements

This announcement contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause the actual results to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserves and resources estimates, loss of market, industry competition, environmental risks, physical risks, legislative changes, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.