

25 January 2010

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

Gas Indications encountered at Almond Grove

Solimar Energy Limited ("Solimar") (ASX Code: SGY) advises that the Almond Grove 4-13 well has drilled to 3,092 feet. The well did encounter a number of zones with high gas readings and at 3,092 feet there was a gas influx into the well bore. This required the drilling mud to be increased to over 14 lbs per gallon to control the well.

Subsequent to these operations the drill string became stuck and attempts are currently being made to free it.

The Almond Grove 4-13 is an important well for the Southeast Lost Hills gas project in which the Company is targeting a recoverable gas resource of 40 Bcf with upside for over 100 Bcf in the large acreage position (over 5,000 acres) that the Company holds over the gas play.

The well is located over 1 kilometer from Solimar's current gas producing facilities and if successful, will immediately be tied into this existing infrastructure.

Solimar has a 100% interest in the Southeast Lost Hills gas project.

Yours sincerely

A handwritten signature in black ink that reads "Frank Petruzzelli".

Frank Petruzzelli
Chairman
Solimar Energy Limited