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Manager Announcements
Company Announcements Office
Australian Securities Exchange
10th Floor, 20 Bond Street
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Via electronic lodgement

Solimar signs 2 well Guijarral Hills Farmout Agreement

- Farmout Agreement signed with US Investment Group
- Investment Group to fund most of the costs of two wells at Guijarral Hills
- Solimar aims to retain 35%-40% operated interest at completion of farmout
- Drilling scheduled to commence in August

Two well farmout drilling program at Guijarral Hills

Solimar Energy Limited (ASX:SGY) ("Solimar") has executed a Farmout Agreement with a Los Angeles based investment group to drill two wells to approximately 9,000 feet to evaluate mapped extensions of several oil reservoirs of the Guijarral Hills light oil field within Solimar's acreage.

Commencement of drilling is planned for August 2010 subject to completion of permitting and securing a suitable rig. There is not expected to be an issue with either of these matters. The farminee will fund most of the costs of the two wells through to completion casing (prior to testing) and Solimar aims to retain a 35% to 40% operated interest once the farmout is complete.

Solimar's preliminary mapping, previously announced on 19 January 2010, shows potential for up to 35 mmbbls of light oil in place (OIP) in the Company's 2,560 acre holding at Guijarral Hills. The well program is being designed to prove whether commercial flow rates and recoveries of oil are possible (plus 400 bopd per well is targeted) and if so quickly bring the project into production taking advantage of readily available local services and equipment.

The transaction is subject to completion of financing by the Farminee, which is expected to be confirmed within 30 days, and Solimar processing the required assignments of the farmout interests.

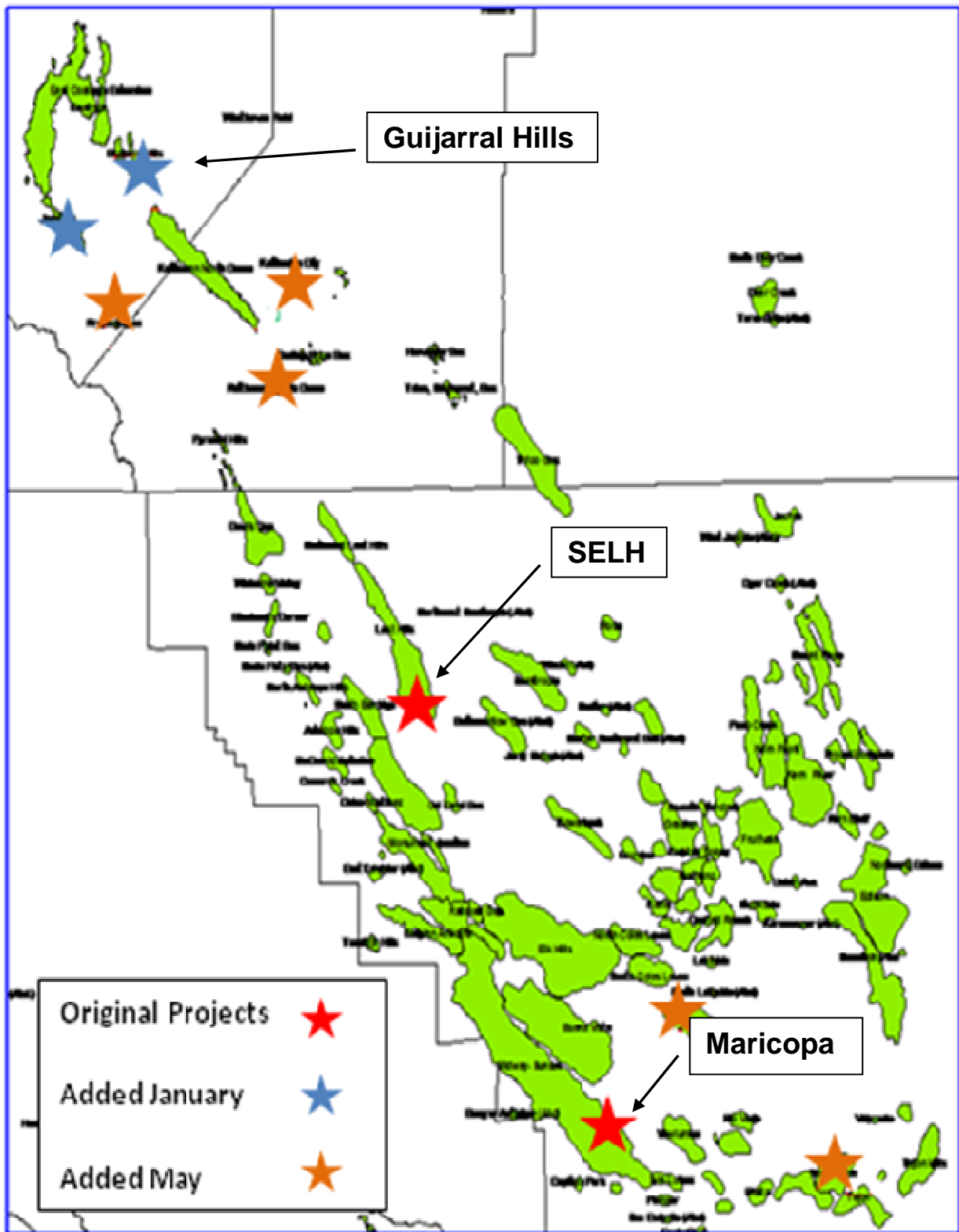
Commenting on the transaction, Solimar Executive Director John Begg said:

“Over the past 18 months Solimar has invested considerable effort towards consolidating our position in key projects. First the SELH gas project and, as just announced, Guijarral Hills and Jacalitos. Having these large operated positions gives the Company control and the ability to farmout and be carried through drilling activity. This is particularly important when managing the risk reward equation for projects where deeper, more expensive wells are required like Guijarral Hills. We expect this first farmout at Guijarral Hills to be followed within the next quarter by a farmout through drilling at Jacalitos as well. Altogether, with further drilling at SELH and Maricopa also in the planning stages 2010 will be a very active year for the Company.”

Yours sincerely

A handwritten signature in black ink, appearing to be 'John Begg', written in a cursive style.

John Begg
Executive Director
Solimar Energy Limited



Location of Solimar's Projects relative to the oil fields of the San Joaquin Basin