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Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000
Via electronic lodgement

Update on Production Testing of the South Buckeye 1-18 Well

Solimar Energy Limited ("Solimar Energy") (ASX Code: SGY) wishes to advise that production testing of the South Buckeye 1-18 well has commenced. The primary objectives in the Forbes interval were perforated. After swabbing, the well flowed high quality gas but not at commercial flow rates due most likely to a tight reservoir section in this location. The joint venture partners are now evaluating the possibility of "fracking" the perforated intervals across this tight section.

The well has other shallower potential gas bearing sections which are also being evaluated for possible testing in the near future.

Background to the Forbes Gas Project and the South Buckeye Well

The Forbes Gas Project is located in the Sacramento Basin, which is located in the northern part of California (inland from San Francisco). Within this project, Solimar Energy's wholly-owned subsidiary, Livingstone Energy Inc., owns 50% of the South Buckeye 1-18 well. The operator, Orchard Petroleum Inc., owns the other 50% interest in this well.

The South Buckeye 1-18 well was spudded on 24 October 2006 and encountered gas in one of the objectives between 9,315 feet and 9,345 feet. Based on the electric logging of the well, there appeared to be approximately 10 to 15 feet of net pay in this Forbes formation interval. The amount of net pay encountered in this well was consistent with Forbes formation gas producing wells located in the area. The decision was made to set pipe and complete the South Buckeye 1-18 well.

The Forbes sandstone area, in which the Forbes Gas Project is located, is a proven gas province. By industry standards, drilling in the Forbes sandstone area is relatively shallow and low cost.

For further information regarding this announcement and Solimar Energy, please contact Peta Marriner, Manager Investor Relations.
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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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