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Manager Announcements
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Via electronic lodgement

Update on the Redrill of the Ventura South Flank #1 Well

Update—Ventura South Flank # 1 Well

- The Ventura South Flank #1 Well is currently drilling ahead at 6,885 feet (as at 6:00am 7 September 2008, Pacific Coast Time, USA) and is on schedule to reach its targeted depth of 10,610 feet within the next two weeks.
- The original prognosis for the Ventura South Flank prospect is that it has estimated potential recoverable resources of 10-20 million barrels of oil and several billion cubic feet of gas.
- Solimar Energy has a 16.5% working interest in the well and as such it represents a potential high impact event for the company.

Background to the Ventura South Flank Project

Solimar Energy, together with its Joint Venture partners, completed an evaluation of the data obtained in and around the Ventura South Flank oil and gas exploration prospect in the Ventura Basin, California. The evaluation included analysing the data from the drilling done by Solimar Energy and its partners in mid 2007 as well as the more recent data obtained from re-entering the old Walter Sexton well (WS#1) drilled in 1935. The evaluation included generating a 3-D geological model which demonstrated the two Ventura South Flank (SF#1) boreholes drilled in 2007 were apparently separated from the oil and gas reservoir described in the WS#1 well in the 1930's by a combination of the faulting seen in the SF#1 well and the fault system identified in the seismic interpretation.

The Ventura South Flank Prospect is being drilled as a follow up to the 1935 Walter Sexton well that encountered strong oil and gas shows but was never completed due to the technical complexities of drilling such a well in the 1930's. At the time the Walter Sexton well was drilled it was amongst the deepest wells drilled in the world at close to 10,000 feet on a complex structure. The well encountered over 800 feet of oil and gas shows in a high pressure gas environment that ultimately forced its abandonment after many years of drilling and testing due to the technical limitations at the time.

The re-entry of the 1935 WS#1 well was challenging but it provided extremely valuable data in determining the anticipated bottom hole location of the original 1935 well which had strong oil and gas indications that has now helped to identify the new drilling target. It is interesting to note that while the recent work was being undertaken in the old WS#1 well bore, evidence of oil and gas was observed which provides further encouragement for the re-drill.

For further information regarding this announcement and Solimar Energy, please contact Andrew Gould on (03) 9347 2409 or via email: andrewg@solimarenergy.com.au.

Yours sincerely



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.

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