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Solimar Energy Sells First Oil Production

Highlights

- Solimar Energy and its partner, Sunset Energy, have sold their first shipment of oil from the Wellington Maricopa #6 well at the Maricopa Project in the San Joaquin Basin, California.
- The first shipments of Maricopa oil, totalling 507 barrels of 20.6 API gravity, were sold last week to Kern Oil & Refining Co. at over US\$110 per barrel. Solimar Energy's share is fifty percent.
- The production and sale of this oil is an important milestone for Solimar Energy as the company has transitioned from being an oil and gas explorer to also becoming a producer.
- Oil and gas sales from the project will bring in cash flows to support Solimar Energy's growing exploration and development program.
- A rig is being sought to drill the Wellington Maricopa #7 well which is targeted for the third quarter, calendar 2008.
- Several additional drilling locations have been identified in the Maricopa Project which will form the basis of a long-term drilling campaign in the area to further increase production.

Sale of First Oil Production

Solimar Energy Limited ("Solimar Energy") (ASX Code: SGY) is pleased to announce the production and sale of oil from the Wellington Maricopa #6 well at the Maricopa Project in the San Joaquin Basin in California.

The first shipments of Maricopa oil, totalling 507 barrels of 20.6 API gravity, were sold last week to Kern Oil & Refining Co. at over US\$110 per barrel. Solimar Energy's share is fifty percent.

The Wellington Maricopa #6 well is currently producing oil at an average daily rate of 35 barrels of oil per day. Gas production which has been flared until recently is being depressed within the formation until a gas pipeline can be established or the gas pressure impacts oil production.

The successful production and sale of oil from the first well at the Maricopa Project will result in a follow-up well being drilled as soon as a rig can be contracted at the Wellington Maricopa #7 location which has already been permitted. Additional follow-up locations in the Project have also been identified, including approximately up to 3 vertical well locations and possibly 2 horizontal locations. In addition there is another 80 acres that may have further potential for subsequent follow-up drilling.

The Chairman of Solimar Energy, Frank Petruzzelli, said that “the sale of oil from the Wellington Maricopa #6 well is an important milestone for Solimar Energy. This is the first oil production and sales by the Company which has now transitioned from an oil and gas explorer to an explorer and producer in California. We have a contract to sell the oil produced from the Maricopa Project and we are moving ahead with a highly successful producing asset. The Board of Solimar Energy is very pleased with the progress being made at the Company’s operations in California, which are managed by Steve McLean, Vice President Operation.”

“We still have a great deal of work to do, commercialising the gas discoveries at the Wellington Maricopa #6 well and the Jack Hamar 3-13 well at Southeast Lost Hills, and re-drilling the Ventura South Flank #1 well in the third quarter of calendar 2008. We are not short of opportunities to capitalise on the high oil and gas prices, which are over US\$10 per mcf in California. Sales of the liquids and gas from these projects will bring in cash flows to support Solimar Energy’s growing exploration and development program in California,” said Mr Petruzzelli.

About the Maricopa Project

Solimar Energy currently has a 50% interest in a 120 acre lease located two miles east of the town of Maricopa within the southeast end of the Midway-Sunset Oil Field. The Midway Sunset field is one of the largest onshore oil fields in the world with reserves in excess of 3 billion barrels. The lease already contains five wells completed as producers with close to 1 million barrels being produced from the lease and some 2.2 million barrels from immediate adjoining leases since 1930.

The joint venture has identified several other well locations on the lease. The wells will be drilled on what is believed to be the undrained portion of the lease between previously producing wells. In addition, a horizontal well may be drilled in the centre of the lease which has had no previous drilling or producing activity.

Solimar Energy has a 50% interest and is operator of the Maricopa Project. Sunset Energy (ASX Code: SEY) also has 50% interest in the project.

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

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