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Via electronic lodgement

Update on Testing Program at Southeast Lost Hills

Solimar Energy Limited ("Solimar Energy") (ASX Code: SGY) announces that the testing on the Jack Hamar 1-12 well has been completed over three intervals of interest. The test results from the upper perforations indicate gas flows at low rates with water. This section of the well is being swabbed down to produce water from the zone in an attempt to flow gas at higher rates. No other gas flows were tested at lower perforations.

The testing program at SELH has moved on to the Jack Hamar 1-13 well where multiple potential gas bearing intervals will also be tested from the bottom up. Currently, this well testing program involves the rig running tubing to clean out the hole in preparation to perforate and to test the deeper zone. This is the second of three wells to be tested. The remaining well to be tested is Jack Hamar 2-13.

A fourth well, Jack Hamar 3-13, was tested in December 2007 and flowed gas at 633,000 cfpd over a 48 hour testing period at a tubing pressure of 1,185 psi on a 6/64 inch choke. The pressure build-up data for this well is undergoing further analysis.

The Jack Hamar wells are part of the Southeast Lost Hills (SELH) Project which is located in the San Joaquin Basin, California.

The new extensive testing programs for each of the wells will firstly involve perforating the lowest prospective interval and, if productive, an extensive flow test will begin in preparation for commercial production. A total of 10 intervals have been targeted for testing in the three wells. These reservoir targets are shallow Pliocene sands that pinch out around the flanks of the Lost Hills Anticline. The target intervals to be tested are not greater than 4,000 feet in depth.

Solimar is also working to commercialise the existing successfully tested well Jack Hamar 3-13 as well as any new production from the current testing operation. Work is continuing on a pipeline connection to the Jack Hamar wells. Details are being completed on connection points and the required permits. Terms are also being finalised with a buyer of the gas.

The aim of testing the SELH operation is to confirm commercially viable production rates from these wells and to better ascertain the reserves potential. Solimar Energy believes there is potential for a substantial gas accumulation in the shallow Pliocene reservoirs. The commercial development potential of the project is enhanced by strong gas demand in the area, local infrastructure and high gas prices.

Solimar Energy's wholly-owned US subsidiary, Livingstone Energy, Inc., is Operator in a 50/50 joint venture with Nuenco NL (ASX Code: NEO) in the SELH project.

About the Southeast Lost Hills (SELH) Project

SELH is located in the San Joaquin Basin, California, along the southern flank of the large Lost Hills Anticline. The Lost Hills structure is a large feature that has already produced in excess of 400 million barrels of oil equivalent ("MMboe") to date to the north of the Jack Hamar discovery.

The SELH gas accumulation is a combination structural stratigraphic trap. The reservoir targets are shallow Pliocene sands that pinch out around the flanks of the Lost Hills Anticline. Seismic amplitude anomalies are associated with the presence of these hydrocarbons. This is a shallow play, with target depths of not greater than 4,000 feet, hence the commercial development costs will be relatively low.

For further information regarding this announcement and Solimar Energy, please contact Peta Marriner, Manager Investor Relations on 0404 002 613 or via email: petam@solimarenergy.com.au.

Yours sincerely,



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