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Manager Announcements
Company Announcements Office
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Via electronic lodgement

Rig Contract Signed to Redrill the Ventura South Flank # 1 Well

Solimar Energy LLC (Solimar Energy), a wholly-owned subsidiary of Solimar Energy Limited (ASX: SGY), together with its Joint Venture partner, South Flank Energy, Inc. has signed a rig contract with Kenai Drilling to redrill the Ventura South Flank # 1 well (SF#1). The rig is scheduled to be on location early in the third quarter of calendar 2008. The original prognosis of the Ventura South Flank prospect is that it has a potential recoverable resource 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.

The current redrill plan from the SF#1 well calls for kicking off the original well bore at 3,400 feet and drilling to a targeted depth of 10,610 feet. It will take approximately 29 days to reach total depth.

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 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.

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 prospect is located one mile from the billion barrel oil Ventura Avenue oil field.

For further enquiries, please contact Peta Marriner, Manager Investor Relations, Solimar Energy Ltd on mobile: 0404 002 613 or; email: petam@solimarenergy.com.au.

Yours sincerely



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