



ABN 42 112 256 649

566 Elizabeth Street  
Melbourne Victoria 3000

Tel: +61-3-9347-2409

Fax: +61-3-9349-1186

[www.solimarenergy.com.au](http://www.solimarenergy.com.au)

**3 June 2008**

Manager Announcements  
Company Announcements Office  
Australian Securities Exchange  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

### **Oil Discovery at the Silverthread Project**

#### **Highlights**

- Solimar Energy announces that the Nesbit #5 exploration well at the Silverthread Project has encountered approximately 800 feet of potentially oil bearing section in the Saugus Formation.
- The net hydrocarbon column is approximately 280 feet.
- Further evaluation of the data and production testing is required to determine the size and commercial significance of this discovery.
- Solimar Energy has secured an 18.5% interest in a further 200 acres (limited down to the depth of the Saugus Formation) which adjoins the Nesbitt Lease.

#### **Update on the Nesbitt #5 Well**

Solimar Energy Limited ("Solimar Energy") (ASX Code: SGY) is pleased to announce that the Nesbit #5 exploration well has encountered approximately 800 feet of potentially oil bearing section in the Saugus Formation. The net hydrocarbon column is approximately 280 feet.

The Nesbitt #5 well at the Silverthread Project in the Ventura Basin, California reached the target depth of 7,134 feet at 1830 hours on 31 May 2008 (Pacific Coast Time, USA). Wireline logs have now been obtained across the Saugus Sandstone reservoir at around 3,200 to 4,000 feet (measured depth) and the Upper and Lower Mohnian Sandstone (Monterey Formation) reservoir at around 7,000 feet. Wireline logging results and initial core examination indicate the Saugus Formation is hydrocarbon bearing and the Upper and Lower Mohnian Sandstones are non-hydrocarbon bearing. The Saugus Formation is recognised as an oil producing sandstone in the immediate area of the Silverthread Project.

Forward operations will involve casing and completing the upper section of the well across the Saugus Formation where the discovery has been made and performing production testing operations. These operations are expected to occur by the end of June 2008.

At this stage it is too early to make any definitive comments about the size and commercial significance of this discovery. The potential oil bearing accumulation is interpreted to be a steeply dipping formation sealed against a fault. An extensive side wall coring operation, combined with dip meter logging analysis and production testing over the coming weeks will provide a better indication of the discovery potential. It is important to understand that this area is very rugged and geologically complicated with no seismic survey coverage. Exploration is controlled by surface geology, well control and analogue data.

As a result of the discovery, both Solimar Energy and Sunset Energy have agreed with the Operator, Mirada Petroleum, to expand the acreage position into the adjoining lease, with a depth limitation down through the Saugus Formation. In exchange for an interest in a further 200 acres, Solimar Energy will slightly reduce its equity position from 20% to 18.5% over the new acreage position. Solimar Energy retains its 20% interest in the original Nesbitt lease. Subsequent drilling on either lease will be on a working interest basis with no further promote paid beyond the current well.

The Chairman of Solimar Energy, Mr Frank Petruzzelli, said "Based on our preliminary assessment to date, it appears that the Nesbit #5 well contains a substantial oil column. However we are still in the process of evaluating data and conducting production testing operations. Until such time as these operations are completed it is difficult to ascertain the commercial significance of this discovery with any degree of certainty. We are also pleased that we have been able to expand our acreage position in the Silverthread area via the acquisition of an adjoining lease, where we believe the potential discovery may extend into this lease area."

### **Background to the Silverthread Project**

Solimar Energy has a 18.5 to 20% working interest in the Silverthread Project, which is located in the prolific Ojai oil and gas producing area in the Ventura Basin, about 100 kilometres northwest of Los Angeles, California (refer to Figure 1). This area contains several producing fields which include Silverthread, Sisar Creek, Lion Mountain, Sulphur Mountain and Sulphur Crest.

### **Partners in the Silverthread Project (and their respective working interests) are:**

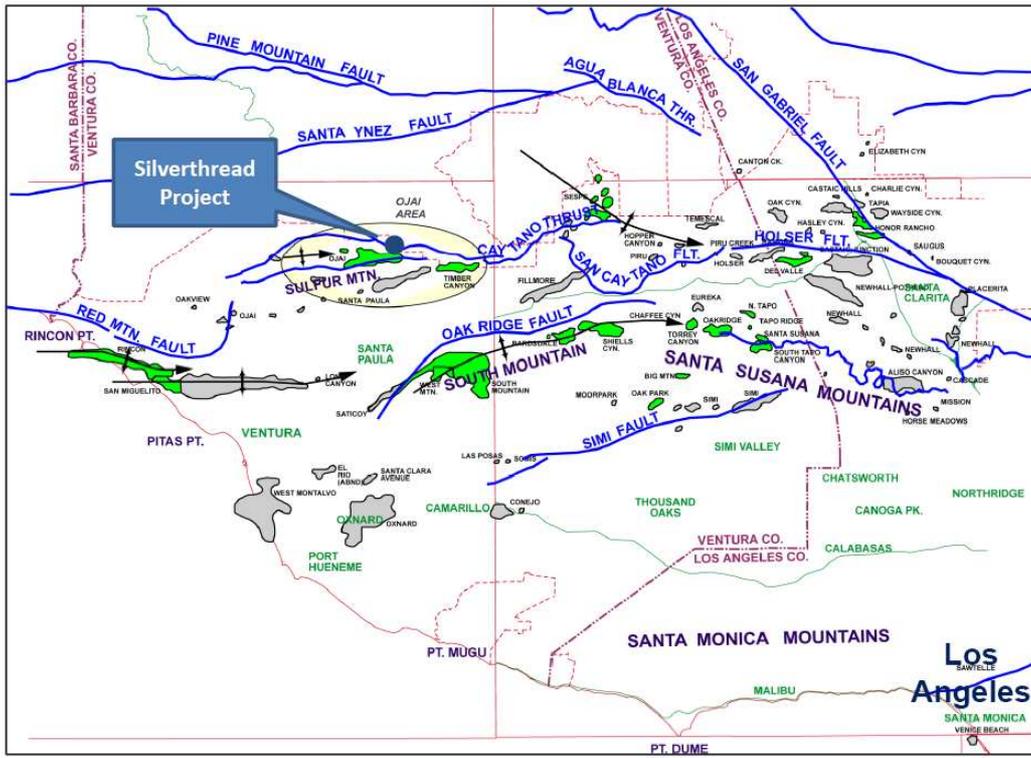
Mirada Petroleum Inc. (Operator) and Partners:	63.0% to 60.0%
Solimar Energy Limited (ASX Code: SGY):	18.5% to 20.0%
Sunset Energy Limited (ASX Code: SEY):	18.5% to 20.0%

Yours sincerely,



Frank Petruzzelli  
**Chairman**  
Solimar Energy Limited

Figure 1. Silverthread Project Location (upper Ojai Oil Field)



The geological information included in this announcement has been reviewed and signed off by **Mr Dale Kunitomi (B.S. (Geology)** University of California, Los Angeles), a qualified geologist with over 40 years experience, mostly involving oil and gas exploration and development geology in California. Mr Kunitomi is employed as a consultant by Solimar Energy, LLC.

**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.

For further information please contact: **SOLIMAR ENERGY LIMITED**  
 Registered Office: 566 Elizabeth Street, Melbourne, Victoria 3000  
 Telephone: +61 3 9347 2409; Facsimile: +61 3 9349 1186; [www.solimarenergy.com.au](http://www.solimarenergy.com.au)