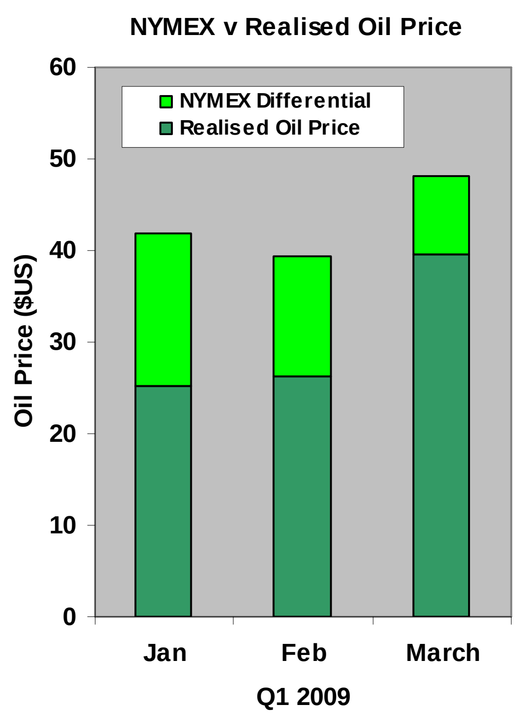
ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 30 APRIL 2009

MARCH QUARTER HIGHLIGHTS

- **Strategic review commenced following major cost reduction program**
- **Expression of interest received from a third party to acquire a selection of Salinas' assets**
- **North San Ardo production currently producing around 400 bopd**
- **Major capital expenditures at NSA now complete**
- **No health, safety or environment incidents during the quarter**
- **Cash of $3.8 million with no debt**
- **Working capital increased by 32% since 31 December 2008**

PRODUCTION AND REVENUE SUMMARY

	Mar 09 Qtr	Dec 08 Qtr	Sept 08 Qtr	Financial YTD
Production (bbls)	42,461	55,555	78,649	176,665
Average Daily Production (bopd)	472	604	855	645
Revenues ($US)	$1.3M	$2.4M	$8.1M	$11.8M
Average Price per bbl ($US)	$29.88	$41.59	$103.54	$66.63
Operating Cost per bbl ($US)	$9.83	$12.75	$8.05	$10.31



OVERVIEW

As foreshadowed in the previous quarterly report, the Company's financial results for the March 2009 quarter were significantly down on previous quarters due to a combination of lower oil production rates and a significant reduction in the net oil price achieved for North San Ardo (NSA) crude, particularly in January and February.

However the Company was able to adapt to the changed environment quickly and a material cost reduction program was implemented which ensured that Salinas remained in a financially robust position as at 31 March 2009. Salinas expects to be operationally cash flow positive for the remainder of the financial year assuming oil prices remain at or about current levels. Net cash on hand at the end of the quarter was $3.8 million.

The Company has recently received an expression of interest to acquire a selection of its Californian assets. The Company is seriously considering any proposals that add value to shareholders. With the changed economic environment, the Board has needed to address the Company's strategy of pursuing and developing heavy oil projects which are not necessarily economic at current oil prices. This may result in a change in strategy over the coming months with respect to future capital expenditures.

As part of the overall strategy review, management and the Board are reviewing Salinas' current asset portfolio which will result in an overall reduction in its acreage position in California, thereby reducing ongoing lease costs whilst increasing the focus on the more prospective leases the Company currently holds together with selected new venture opportunities. The Company continues to actively pursue partners to exploit the priority prospective leases whilst keeping tight control of exploration expenditures.

PROJECTS

Salinas Basin

North San Ardo Oil Field – (Salinas 100%)

Revenues declined significantly in the last quarter due to lower oil prices and reduced production levels. Remedial well work in April is expected to increase production at NSA; April production is around 400 bopd. As illustrated with the oil price graph, the gap between quoted NYMEX prices and what Salinas receives from the local refineries has reduced significantly from 40% in January to closer to the historical average of around 17% in March. April received prices are expected to be around the US$40/bbl level generating around US$450,000 in revenue, an improvement over January and February despite lower sales volumes.

Month	**Barrels***	**Average BOPD**	**Sales Revenue ($US)**
March	12,973	418	519,872
February	13,117	468	343,885
January	16,371	528	411,599
March Qtr Total	**42,461**	**472**	**1,275,356**
Prior Quarter	55,555	604	2,369,917

* These are gross sales volumes which are less than production volumes and have been corrected for temperature and BS&W.

Both capital expenditure and operating costs have been reduced significantly from previous months as various cost reduction measures have taken effect, but also increased efficiencies of the NSA production facility which is now complete. Operating unit cost per bbl has reduced from US$12.75/bbl in the previous quarter to US$9.83/bbl this quarter. In addition to these operating costs, the Company pays royalties of up to 22% of revenues to mineral rights owners and other royalty holders.

Paris Valley Oil Field – (Salinas earning 50%)

Final permitting for the drilling of the Company's first well to be sited on the large, northern compartment of the field, is scheduled to be granted on April 30, 2009 by Monterey County. There is no intention to commence activity at Paris Valley in the near term until economic conditions for the development of the field improve.

East San Ardo oil field extension project – (Salinas 100%)

Resulting from proprietary geologic mapping carried out internally, in June last year Salinas acquired a 332 acre lease over a mapped extension of the giant San Ardo oil field. The Company acquired the land at low cost and on attractive terms (it is subject to a 16.67% royalty burden as opposed to 22% at NSA).

A 2D seismic line was subsequently shot across the lease which helped to refine the mapping and has supported an upwards revision to the oil potential.

The Company estimates oil in place of up to 8.6 million barrels and a low cost vertical well to a depth of 2,000 feet is being planned to test the resource potential.

Exploration and Leasing Activity

Salinas is an active independent producer and operator of oil acreage in the Salinas basin and during the quarter increased the Company's land holdings to over 30,000 acres on trend and surrounding existing fields. Most of the acreage was acquired at relatively low cost by optioning the land with a commitment to convert to leases at a later date if the oil potential merits. A geological, geophysical and engineering evaluation of the land is planned over the next 6 to 12 months to document the potential and confirm drill targets. The cost of this program will be offset by the introduction of farmin partners.

San Joaquin Basin

Southern San Joaquin Acreage - (Salinas 100%)

The Company is maintaining a presence in the prospective leases that it holds in the Southern San Joaquin Basin, but will progressively release other less prospective leases as and when the lease renewals become due. Although the Company remains committed to the area, a number of smaller, deeper prospects under lease are uneconomic to drill in the current environment. Due to the holding costs that are incurred in the US, it is more appropriate to relinquish these leases than continue to pay rentals on a $/acre basis.

Salinas' core acreage in the Southern San Joaquin containing the Osso Bucco and Merlot prospects remain under lease and will be retained whilst farmout efforts continue.

New Ventures

Reduction of the Company's San Joaquin acreage is part of a strategy not just to reduce cost but to continually improve the quality of the portfolio. In this regard Salinas also maintains an active new venture program and is reviewing a number of opportunities in the San Joaquin Basin.

CORPORATE

The Company has received a number of approaches with respect to its Californian business and Salinas is actively engaging third parties who show a genuine interest in acquiring assets held by Salinas where a transaction will add value to Salinas' shareholders. At least one expression of interest is being considered by the Board at this time.

The Company has reduced its corporate overhead significantly during the last quarter and the Perth office has closed, but a representative presence will remain at the current address until further notice.

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