



Salinas
Energy Limited

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 11 NOVEMBER 2009

SALINAS ACQUIRES 100% OF PARIS VALLEY PROJECT EXPECTS TO COMMENCE DRILLING IN DECEMBER 2009

Salinas Energy Limited ("Salinas") is pleased to announce it has entered into an agreement with Nations Petroleum USA LLC ("Nations") to acquire Nations Petroleum (Paris Valley) LLC which will in turn provide Salinas with a 100% interest in the Paris Valley Oil Field re-development project in Monterey County, California. Upon closing of this transaction, on or about November 30 2009, Salinas will own a 100% working interest in the project and will be the project Operator.

Salinas previously entered into a farm-in agreement with Nations to earn a 50% interest in the project in return for funding an extensive work programme. After detailed analysis and further negotiation, Salinas and Nations have entered into this new transaction to allow Salinas to acquire a 100% interest in the project in return for providing Nations with an overriding royalty on all future production from the project.

The project covers an area of approximately 3,000 acres (~1,214 hectares). Based on the existing well data Salinas estimates that there could be approximately 132 million barrels of oil in place in two compartments, with a third compartment providing potential exploration upside. Drilling of the first vertical appraisal well is expected to commence during December 2009. This first well will collect samples of oil and reservoir which are currently unavailable. New data from this well will enable more accurate estimates of recoverable reserves and will form the basis of a preliminary field development plan. Salinas also has all necessary approvals for drilling up to five additional wells from two locations to further evaluate the project.

The Paris Valley Oil Field was originally discovered in 1922. Between discovery and 1978 various attempts to develop the field have met with only limited success, however recent studies carried out by Salinas suggest that the combination of improved technologies and higher oil prices create suitable conditions for profitable field development.

The oil in Paris Valley is heavy (10° to 11° API) and is trapped in relatively shallow reservoirs at a depth of approximately 800ft (~245m). It is considered likely that the field development plan will incorporate secondary recovery techniques such as steam injection from start-up of production. Husky Oil successfully tested steam injection in the mid 1970's but low crude prices precluded economic field development at that time.

Independent third party engineering and geological studies suggest that the Paris Valley Field can be subdivided into three compartments. Two of these compartments, Central Paris Valley and North Paris Valley, have been drilled and contain proven oil reserves while the third, South Paris Valley, offers exploration upside:

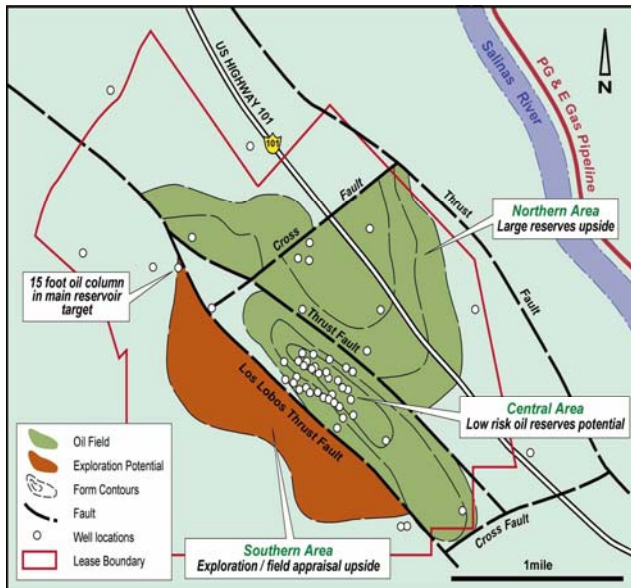
- The Central Paris Valley area has been delineated by 24 vertical wells. Previous third party independent estimates indicate this area contains 18 million barrels of oil in place, of which 9.1 million barrels would be classified as 2P recoverable reserves;
- The North Paris Valley area has been delineated by 10 vertical wells. Salinas estimates that this compartment could contain approximately 114 million barrels of oil in place of which some 34 million barrels could be recoverable; and

- The South Paris Valley area is a large fault bounded three way dip closure, up dip from a well drilled in 1948 that encountered a 15ft (~4.5m) oil column at the target horizon.

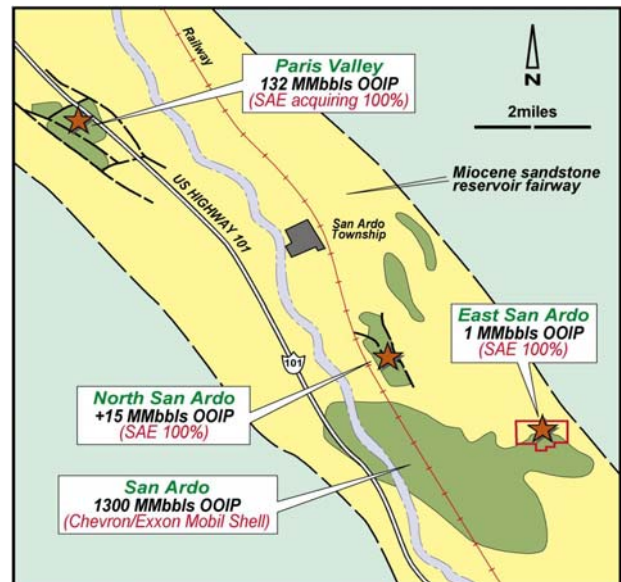
Commenting on the acquisition and impending work program Salinas' Managing Director Ken Charsinsky said:

"We look forward to testing our concept for economic development of the field. We believe that today's strong commodity prices, coupled with the appropriate use of new technologies, will be the key to unlocking the economic value this project has to offer. The resource potential of this play is material to Salinas and we look forward to commencing drilling operations early next month."

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Detailed map showing the Paris Valley Project where Salinas has entered into an agreement with Nations Petroleum to acquire 100% of the project.



Salinas Basin project map including Salinas' producing North San Ardo oil field relative to the Paris Valley oil field re-development.