



ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 14 MAY 2007

SALINAS SECURES ADDITIONAL OIL FIELD IN THE SAN ARDO AREA

Salinas Energy is pleased to announce that it has secured the right to develop another oil field in the San Ardo area. Subject to completion of due diligence, Salinas will acquire 100% and operatorship of the McCool Oil Field in return for carrying out a pre agreed work program.

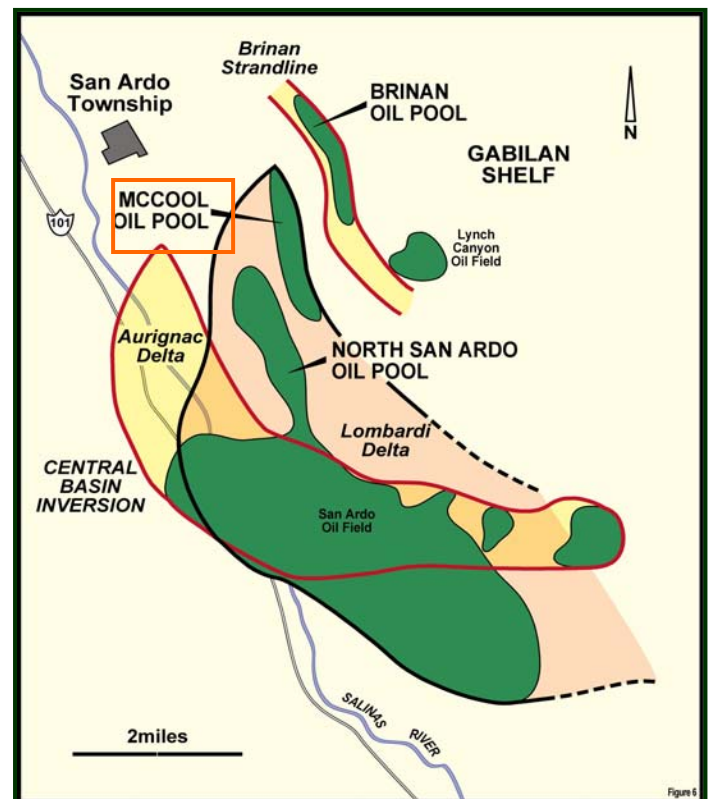
The McCool field has potential for recoverable oil reserves of approximately 1.0 million barrels.

Like North San Ardo, the McCool field had previously been in production but was abandoned in the 1980's when oil prices were low.

The committed work program will require Salinas to carry out workovers of the existing wells and drill a horizontal well on the field to earn its interest.

The selling party will receive a royalty and a 25% net profit interest in the project. Total applicable royalties will be consistent with Salinas' other California projects.

The McCool field is located less than a mile from Salinas' North San Ardo (NSA) oil development where the Company is in the process of installing a production facility capable of handling over 2,000 bopd. The oil in McCool is a similar heavy crude and contained in the same Lombardi Sandstone reservoir.



Commenting on the transaction, Salinas' Managing Director John Begg said:

"Our strategy is to leverage the skills and facilities we are building in the San Ardo area to increase our reserves, production and cash flow. The McCool field is in line of sight from our NSA facilities and our evaluation so far indicates it's a good candidate for development with horizontal wells. We are achieving excellent results by applying these technologies at NSA and recently production tested a horizontal well at high rates".

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