ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 21 MAY 2007

SALINAS RAISES $6M FOR SAN ARDO AREA GROWTH OPPORTUNITIES

Salinas Energy Limited ("Salinas") is pleased to announce that it has raised $6 million through the issue of 15 million shares at 40 cents per share, principally to international and domestic clients of Argonaut and Patersons Securities Limited.

The placement is being made pursuant to the Company's 15% placement capacity and represents just over half of the available capacity available to the Company pursuant to ASX Listing Rule 7.1.

The placement will allow Salinas to aggressively pursue its ongoing developments in the San Ardo area in addition to pursuing other opportunities identified in the Salinas Basin, one of the Company's two core areas onshore Southern California.

Salinas Managing Director, John Begg stated:

"The next few months will be an exciting and active time for the Company with the building and commissioning of our North San Ardo facilities, the commencement of other projects in the area and the completion of our regional study in the San Joaquin Basin. We are actively expanding our business in the San Ardo area and the additional funds raised through this placement will allow us to accelerate that process without compromising the progress of our existing projects. "

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