



11 May 2009

**Salamander Energy plc
("Salamander" or the "Group")**

Operational Update

Salamander Energy plc, the Asia focussed independent oil and gas exploration and production company, announces the successful completion of the recent drilling programme on its operated Bualuang oil field, offshore Gulf of Thailand.

The Vantage Emerald Driller jack up rig arrived on location on 26th March for the drilling campaign on the Bualuang field comprising an exploration well, two horizontal producers and a water disposal well. Following the completion of operations, the rig departed from site on May 1st.

Both horizontal wells, BA-11H and BA-12H, have been completed in the crestal area of the field with downhole electric submersible pumps and expandable sand screens. Both wells consist of approximately 250 metre horizontal sections in a target zone 2 – 3 metres below top reservoir. Both have now been brought on-stream and the pump rates increased slowly to bed in the sand screens, clean up the wells and determine well productivity, which is significantly ahead of pre-drill estimates in both cases.

Production rates have been tested at over 18,000 barrels of oil per day ("bopd"), however the two horizontal producers are to be choked back to produce at a rate of circa 14,000 bopd, which is the optimal rate for reservoir management and reserves recovery.

James Menzies, Chief Executive of Salamander, commented:

"The successful completion of this Salamander operated drilling programme has resulted in a step change in production from the Bualuang oil field from these highly productive horizontal wells, from circa 6,000 bopd to over 14,000 bopd. Their performance will be monitored and incorporated into full field dynamic modelling, to better understand the ultimate recoverable reserves of the field.

"We are also working to deliver first gas & condensate from our operated Kambuna field, offshore North Sumatra, Indonesia. The field is due to come on-stream around the middle of the year, and will be a contributor to the forecast jump of over 56% in average Group production to between 15,000 – 17,000 boepd for 2009."

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About Salamander

Salamander is an Asia focussed, independent, FTSE 250, upstream oil and gas exploration and production company. Salamander has a balanced portfolio of production, development and exploration assets with interests located in Indonesia, Thailand, Vietnam, Lao PDR and the Philippines.