



18 May 2009

**Salamander Energy plc
("Salamander")**

Interim Management Statement

Salamander Energy plc, an independent upstream oil and gas exploration and production company focused on Asia, today issues an Interim Management Statement relating to the period from 1 January 2009 to 15 May 2009.

Highlights

- Completed phase two drilling programme on the Bualuang oil field
- Signed gas sales agreement for the Kambuna field development
- Average production in April reached 11,500 boepd and on track to rise to annual average of 15,000-17,000 boepd by end of year
- Active exploration and appraisal drilling starting with the South Sebuku exploration well later this month

Operations

In May 2009 Salamander announced the completion of its phase two drilling programme on the Bualuang oil field, Gulf of Thailand. This comprised an exploration well, two horizontal producers and a water disposal well.

The exploration well, BA-11P was completed in April 2009 and encountered a 32 metre oil column in the main, T4 reservoir sandstones. This represents the thickest penetration to date in the Bualuang field and a preliminary net pay count in this interval is c. 25 metres.

Three additional sandstones were encountered above the T4 reservoir and were found to be oil-bearing, with some 7 metres of net pay over this interval. At the deeper objective below the T4 reservoir, 8 metres of net oil pay was intersected in the T2 oligocene syn-rift section. Crude oil samples have been taken from this interval and analysis shows this to be a 33 degree API oil, while the main T4 reservoir on the Bualuang field is 27 degree API.

On completion of wireline logging and fluid sampling the BA-11P well was plugged and steered into the top of the T4 reservoir as well BA-11H, the first horizontal producer on the Bualuang field.

The BA-11H well, along with the other horizontal producer, BA-12H, were completed in a crestal area of the field and consist of 250 metre horizontal sections in a target zone 2-3 metres below top reservoir. Both wells have now been brought on-stream and tested at over 18,000 barrels of oil per day ("bopd"). The two wells are now being choked back to produce at a rate of c. 14,000 bopd as we manage the reservoir to optimise reserves recovery.

The Kambuna field development, offshore North Sumatra, Indonesia continues to progress. The gas sales agreement with Pertiwi was signed in May and the remaining gas sales agreement with PLN is expected to be signed in the coming weeks. The multi-phase pipeline from the field to the processing facilities onshore at Pangkalan Branden has been completed. The early production system continues to be fitted out and assembled in Batam ahead of transportation to the Pangkalan Branden site. Production is expected to start up around the mid-year.

Portfolio Development

In March Salamander announced that it had signed Production Sharing Contract ("PSC") for Block 31, offshore southern Vietnam. Salamander is the operator of the PSC with a 60% working interest.

Block 31 covers an area of over 5,000 sq-km and is adjacent to and outboard of Salamander's operated Block Cuu Long River Delta 01 ("DBSCL-01") PSC. Recently acquired 2D seismic data across the acreage indicates the presence of a high quality oil-prone lacustrine source rock and multiple play types. The company is continuing to process this data with a view to drilling in Q1 2010.

Balance Sheet

After concluding the annual redetermination of the Group's Reserves Based Lending Facility, the Group drew down a further \$16 million in early 2009. As of 30 April 2009, total borrowings under the facility amounted to \$176 million. The period saw continued development expenditure on both the second phase of development drilling on the Bualuang asset and on the final stages of the Kambuna gas development, Indonesia. Total available funds as of 31 March 2009 were \$104 million and net debt was \$72 million.

Corporate Governance

On 15 May 2009 the Group announced that, following the placing of 3i's equity interest in Salamander, Mike Sibson had resigned as a Director of the Company.

Outlook

Salamander has focussed its 2009 capex budget on firstly delivering the Bualuang and Kambuna development programs and resultant production and cash flow growth, and secondly on its 2009 exploration and appraisal campaign and preparations for an extensive 2010 drilling campaign. The Group is making strong progress on both of these objectives.

Average production for the month of April was 11,500 boepd, and as a result of the Bualuang and Kambuna development activity this is forecast to rise to an annual average of 15,000-17,000 boepd for the full year 2009.

Preparations for the Group's 2009 E&A drilling are at an advanced stage. The South Sebuku-2 exploration well, East Kalimantan, Indonesia is expected to spud later this month. The Phu-Kheng-1 exploration well in northeast Thailand is expected to spud in June 2009 with the Si That-3 well to be drilled back to back utilising the same rig.

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Salamander Energy Background

Salamander is an independent, FTSE 250, upstream oil and gas exploration and production company focused on Asia. Since its formation, Salamander has built a balanced portfolio of production, development and exploration assets with interests located in Indonesia, Thailand, Vietnam, Lao PDR and the Philippines. In 2008 the Company averaged 9,600 boepd of production.