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

First Gas from the Kambuna Field

Salamander Energy plc, an independent upstream oil and gas exploration and production company focused on Asia, is pleased to announce the start up of production from its operated Kambuna gas-condensate field in the Glagah-Kambuna TAC of Pertamina EP, offshore North Sumatra. Salamander has a 50% interest in the Kambuna field.

Following the mechanical completion and commissioning of all facilities, initial production began from the Kambuna-4 well, which was opened up on 5th August, delivering gas and condensate to the onshore receiving facilities at Pangkalan Brandan, North Sumatra. Commercial sales began on 11th August, with gas being introduced to the pipeline system for transportation to the Belawan Power Plant.

After start up, production is targeted to build to an initial plateau of 40 million standard cubic feet per day (MMscfd) of dry gas and approximately 4,000 barrels of condensate per day. Upon completion of the on-going upgrade and refurbishment of the Pertamina LPG plant at Pangkalan Brandan, up to an additional 10% of gas will be produced so that LPG can be extracted from the gas stream.

As the productive capacity of the three production wells has been demonstrated to be comfortably in excess of 100 MMscfd and with capacity in the pipeline and processing infrastructure for additional gas supply, the Kambuna partners, Salamander and Serica Energy plc, intend to market additional quantities of gas following receipt of regulatory approval to do so.

The Kambuna gas will be predominantly used for power generation to supply electricity to the city of Medan, North Sumatra. The existing gas sales agreements with PLN and Pertiwi Nusantara equate to an average price of \$5.90/Mcf, escalated at 3% per annum. The blended price for Kambuna condensate will be set at the Katapa Arbei ICP which has historically traded at a slight premium to Brent.

James Menzies, CEO of Salamander Energy commented:

As operator, we are pleased to be bringing the Kambuna field on-stream, an important operational milestone for the Company, and which will contribute to the major step up in Group production and cash flow this year. Given the strong local demand for gas as reflected in the excellent pricing, we look forward to marketing additional gas volumes from the field.

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About Salamander

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.