



**14 November 2008**

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

**Interim Management Statement**

Salamander Energy plc, an independent upstream oil and gas exploration and production company focused on Asia, today issues its second Interim Management Statement as required by the UK Listing Authority's Disclosure and Transparency Rules. This statement relates to the period from 1 July 2008 to 13 November 2008.

*Operations*

In August 2008, Salamander announced first oil production from the Bualuang Oil Field in Block B8/38, Gulf of Thailand. In September 2008, Salamander announced that production to date had outperformed expectations and as a result the Group's average daily production forecast for 2008 was increased from circa 9,000 boepd to circa 10,000 boepd. Reservoir performance has exceeded expectations and a second development drilling campaign on the Bualuang field is now planned for Q2 2009.

In September 2008, after assuming operatorship of the Glagah-Kambuna TAC, offshore North Sumatra, Indonesia, Salamander completed a reassessment of the Kambuna field development status. This highlighted that the level of work required to refurbish the existing facilities at Pangkalan Brandan will constrain initial production levels. First gas was therefore reforecast to April 2009 with full production by September 2009.

The South Sembakung gas and condensate field in the Simmengarlis PSC, Indonesia received Plan of Development approval from the Indonesian authorities in August 2008. Development drilling and construction activity is expected to commence during 2009 with first gas in 2011.

During the period Salamander drilled the Tutung Alpha-2 appraisal well in the Bontang PSC, Indonesia and the Lumba Lumba-1 exploration well in SC41, offshore Philippines. Reservoir studies are being carried out following the appraisal drilling at Tutung ahead of reviewing development options and commerciality. The Lumba Lumba-1 well was unsuccessful and costs associated with this well will be written off at year end as announced in the interim results statement in August 2008.

*Portfolio Development*

Salamander substantially broadened and deepened its asset portfolio during the period, having increased its interest in two existing licenses and entered three new licenses.

On 10 July 2008, Salamander announced an agreed transaction with Serica Energy whereby Salamander acquired an additional 15% interest in, and assumed operatorship of, the Glagah-Kambuna TAC, offshore North Sumatra, Indonesia. Following this transaction Salamander holds a 50% interest in this license. As part of this transaction, Salamander also gained a 23.4% interest in the Kutai PSC, Kutei Basin, Indonesia. The total consideration for this transaction was \$50.75 million plus a \$2 million contribution to historic costs on the Kutai PSC.

Salamander further expanded its position in Indonesia's Kutei Basin through the acquisition in July 2008 of an additional 20% interest in the Bontang PSC. Salamander now has a 90% operated interest in this PSC.

In October 2008 Salamander was provisionally awarded another licence in the Kutei Basin, the South East Sangatta PSC, as part of the 2008 MIGAS licensing round. Salamander has a 49% operated interest in this block. These additional Kutei Basin licences reaffirm Salamander's leading acreage position in one of Indonesia's most prolific basins and consolidate a core strategic area for the company.

In September 2008, Salamander received approval from the Government of Vietnam for its application for Block 31. This PSC lies adjacent to the offshore portion of Salamander's existing operated Cuu Long River Delta Block-01. With the terms agreed and this approval in hand, Salamander anticipates signing this new PSC late in the fourth quarter 2008.

At the end of September 2008, Salamander announced a proposed offer to acquire Serica Energy plc. This offer was rejected by the Board of Serica Energy plc and was subsequently withdrawn in October 2008.

### *Balance Sheet*

A \$200 million Placing and Open Offer was announced on 16 July 2008 and completed on 8 August 2008. This equity offering followed the establishment of a \$200 million seven year Reserve Base Lending facility in June 2008. The growing levels of operating cash flow together with these financings place the Company in an extremely healthy and robust financial position.

Average daily production, net to Salamander, since the start of September 2008 has been approximately 13,000 boepd. The Group's daily average production forecast is expected to increase by 60% in 2009 to approximately 16,000 boepd. Cash flows associated with the increased production levels will further strengthen the balance sheet.

### *Corporate Governance*

On 16<sup>th</sup> October Salamander announced the appointment of Mike Sibson as a non-executive director of the Company. Mike is currently a Director in 3i's Oil, Gas and Power team based in Aberdeen. Mike started his career as a drilling engineer with Shell before moving to 3i in 2000 where he has been involved in 3i's other E&P investments

including Venture Production plc, Delta Hydrocarbons BV and Energy Development Partners Ltd.

### *Outlook*

Salamander's fully funded 2009 drilling program is expected to comprise eight exploration and appraisal wells, together with further development drilling in the Bualuang field, B8/38, Thailand, and the Southeast Sumatra and Offshore Northwest Java PSCs, Indonesia. Seven of the E&A wells are solely or jointly operated by Salamander.

Preparations have progressed for the PhuKheng and Si-That wells in northeast Thailand. Drilling locations have been selected but due to a delay in the processing and approval of environmental permits by the Thai authorities, the first of these wells is now expected to spud early in 2009. The access and well site for the South Sebuku exploration well in the Bengara-1 PSC, East Kalimantan, Indonesia, is being prepared and this well is now expected to spud in January 2009. The first of the wells on the Bontang PSC is likely to target a prospect called Angklung and Salamander will be acquiring further 3D seismic on the Angklung cluster of prospects prior to year-end in order to high grade the potential drilling locations.

A fully funded development programme will run throughout 2009 on the Company's operated Bualuang and Kambuna fields, and on the South Sembakung field.

Overall, Salamander is well placed going forward, with a strong balance sheet and a clear strategy to exploit the Company's geologically diverse, but regionally focused, portfolio following a period of rapid growth achieved through an active corporate development programme. The drilling programme has the potential to build significant value over the next year, whilst the Company's financial position will remain robust as production levels increase through new developments coming onstream.

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## **Salamander Energy Background**

Salamander is an independent upstream oil and gas exploration and production company focused on Asia. Salamander has built a balanced portfolio of production, development and exploration assets with full cycle businesses in Indonesia and Thailand, and exploration activities in Vietnam, Laos and the Philippines.

Salamander has a clear strategy of acquiring and developing high quality oil and gas producing assets that provide potential near-term value and cash flow growth, and of exploring in proven, but under-explored and overlooked frontier basins. Its current assets are located in South East Asian basins where Salamander believes it can further exploit its geological knowledge.