

---

Salamander Energy plc

# Half Year Results 2010

---

26<sup>th</sup> August 2010



# Disclaimer

These materials are strictly confidential, and are being supplied to you solely for your information and for use at this presentation. These materials may not be reproduced in any form, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, by any medium or for any purpose. Failure to comply with this restriction may constitute a violation of applicable securities laws.

The presentation and these materials do not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, or any offer to underwrite or otherwise acquire any securities, nor shall any part of these materials or the fact of their distribution or communication form the basis of, or be relied on in connection with, any contract, commitment or investment decision whatsoever in relation thereto. The information included in the presentation and these materials is subject to updating, completion, revision and amendment, and such information may change materially. No person is under any obligation to update or keep current the information contained in the presentation and these materials, and any opinions expressed in relation thereto are subject to change without notice.

The presentation and materials do not constitute an offer of securities for sale in the United States or in any other jurisdiction. Securities will not be registered under the US Securities Act of 1933 (the "Securities Act"), and may not be offered or sold in the United States absent registration or an exemption from registration. The distribution of these materials in other jurisdictions may also be restricted by law, and persons into whose possession these materials come should inform themselves about, and observe, any such restrictions.

This presentation includes forward-looking statements that reflect the Company's intentions, beliefs or current expectations. Forward-looking statements involve all matters that are not historical fact. The Company has tried to identify those forward-looking statements by using the words "may", "will", "would", "should", "expect", "intend", "estimate", "anticipate", "project", "believe", "seek", "plan", "predict", "continue" and similar expressions or their negatives. Such statements are made on the basis of assumptions and expectations that the Company currently believes are reasonable, but could prove to be wrong. Such forward-looking statements are subject to risks, uncertainties and assumptions and other factors that could cause the Company's actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to: changing business or other market conditions, general economic conditions, and the Company's ability to respond to trends in its industry. Additional factors could cause actual results, performance or achievements to differ materially. The Company and each of its directors, officers, employees and advisors expressly disclaim any obligation or undertaking to release any update of or revisions to any forward-looking statements in the presentation or these materials, and any change in the Company's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable law or regulation.

By attending the presentation or by accepting any copy of the materials presented, you agree to be bound by the foregoing limitations.

# 2010 Half Year Results Highlights

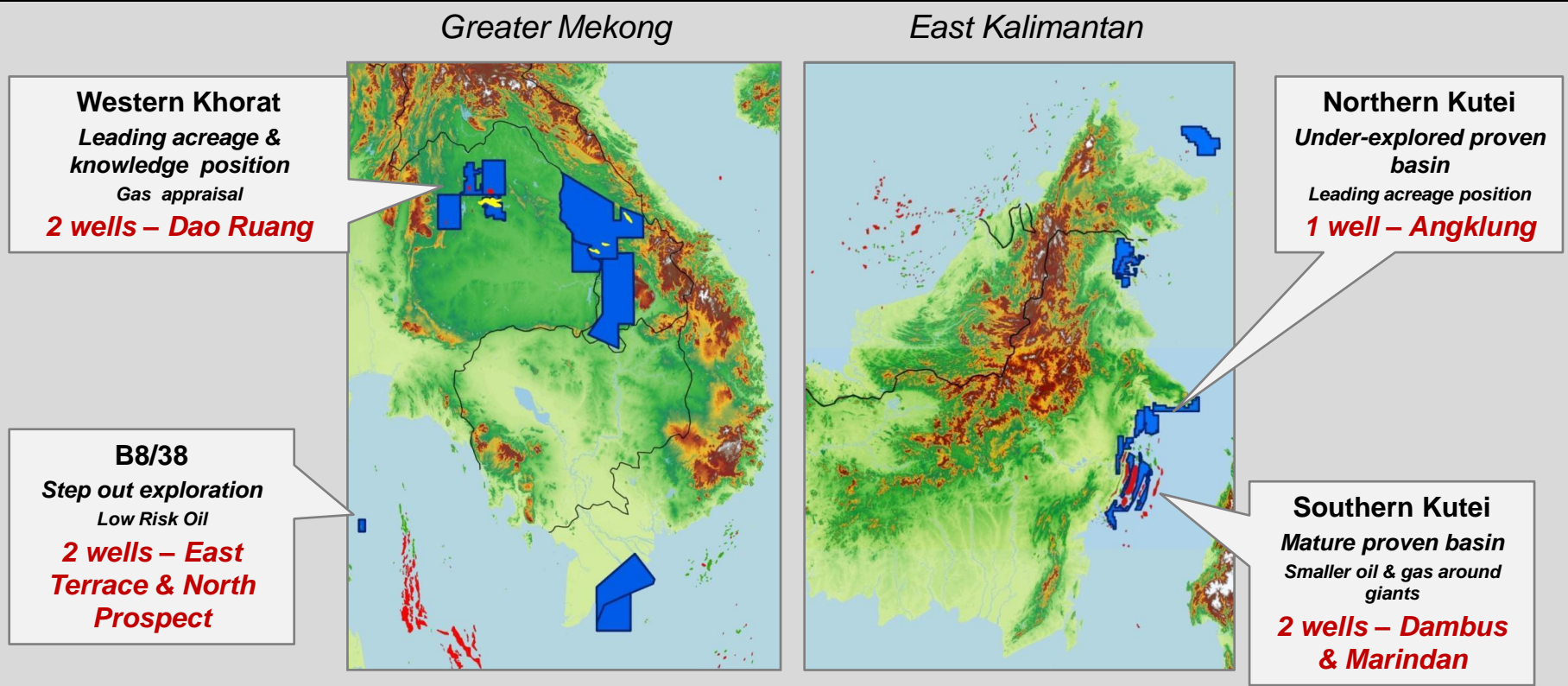
## Further Growth in Production, Revenue & Cash Flow

- Daily average production rate up 25% to 16 Mboepd (1H'09: 12.8 Mboepd)
- Revenue up over 70% to \$133.5 MM (1H'09: \$40.5 MM)
- Operating cash flow up 56% to \$63.2 MM (1H'09: \$40.5 MM)
- Net debt down 17% to \$98.2 MM (FY'09: \$119.3 MM)
- Cash and cash equivalents of \$168.8 MM (FY'09: \$59.2 MM)

## Continued Expansion of Asian Focused Portfolio

- Four deals: Indonesia, Thailand and Vietnam
- Increased exposure to:
  - Bualuang oil field
  - Tutung & South Sebuku gas-condensate discoveries, East Kalimantan;
  - North Kutei prospects including Angklung & Bedug
  - B8/38 low risk step-out targets
- New acreage Haiphong sub-basin, offshore Northern Vietnam
- \$100 MM convertible bond raised: funded for further farm-ins / acquisitions

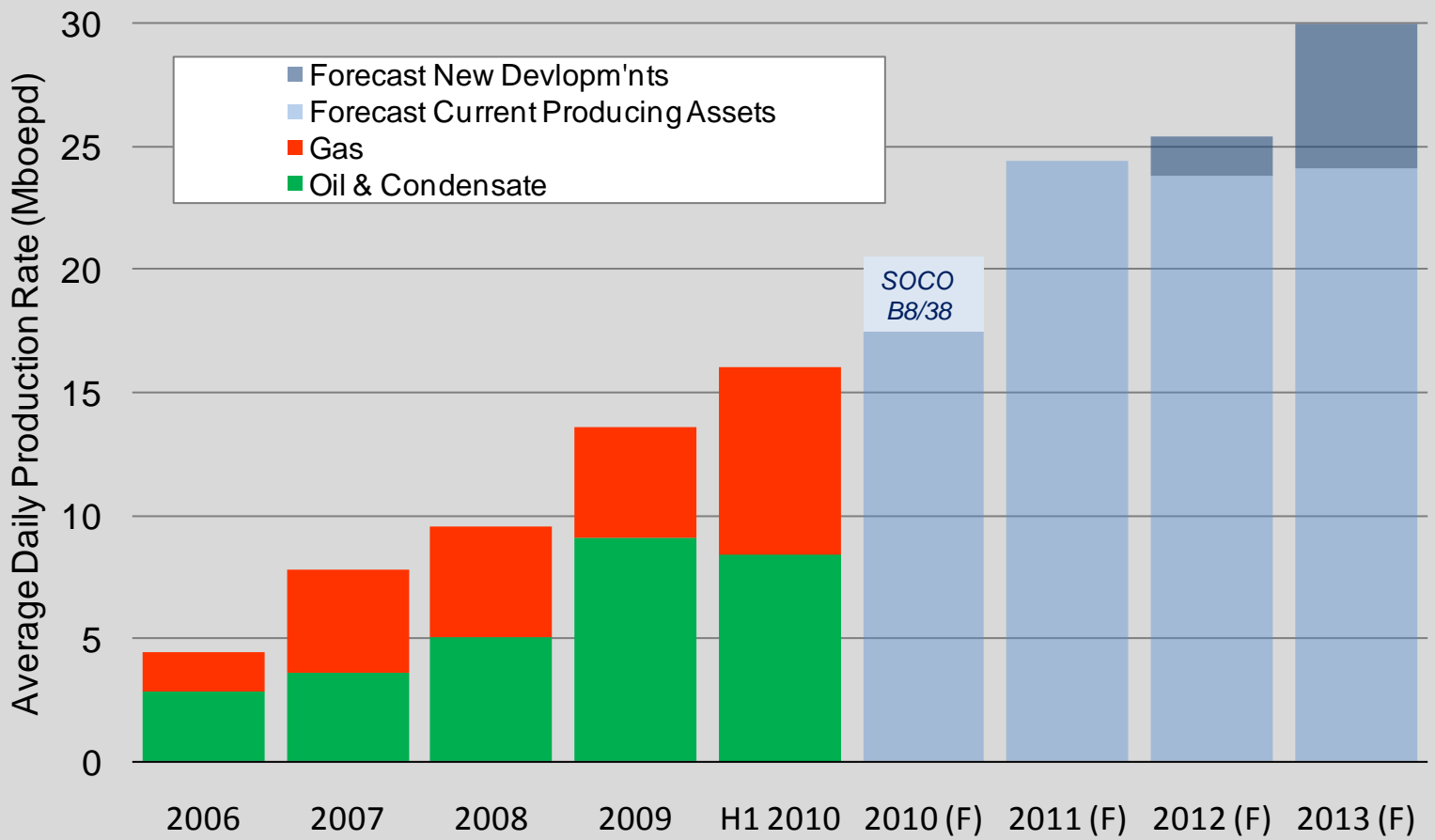
# Outlook: Exploration Switches To Proven Basins



- Dambus to spud imminently: 180 MMboe of potential, 20% CoS
- To be followed by Angklung & Marindan prospects
- 270 MMboe of unrisks prospective resource targeted, 66 MMboe risks resource potential
- Fully funded for organic programme and to pursue opportunities for inorganic growth
- Visibility on further growth: to 30,000 boepd of production in 2013 from current portfolio

# Growth Momentum To Continue

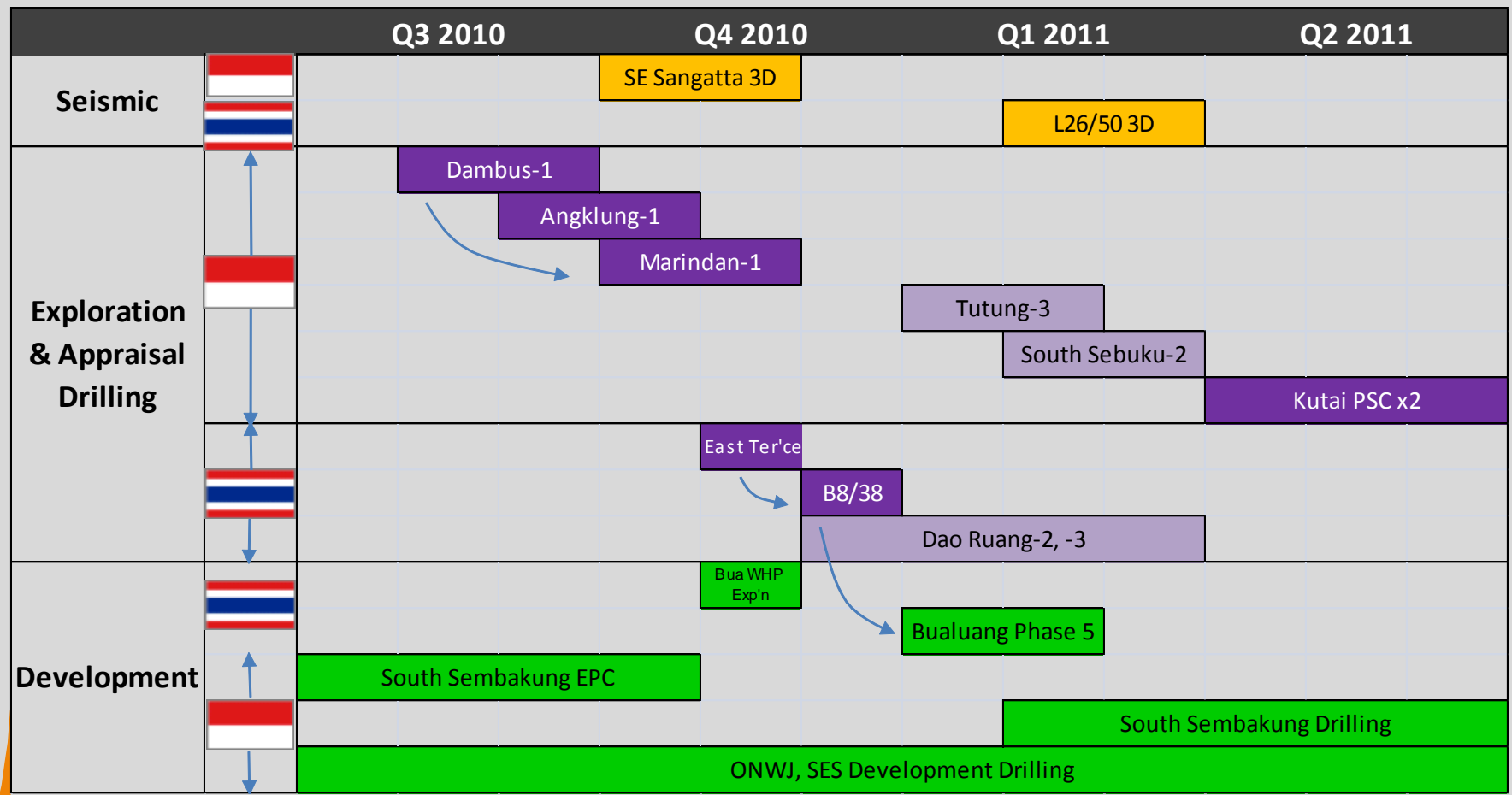
Mid-term target of 30,000 boepd



- Growth forecast from current fields & discoveries
- Increased equity & control of key B8/38 asset
- East Kalimantan gas-condensate developments on-stream 2012/2013



# Work Programme



*Further 2011 Exploration Drilling Planned*

- SE Sangatta, Bontang & Simenggaris PSCs, Indonesia
- Block 101-100/04, Vietnam
- Bang Hiang oil prospect, Lao PDR
- B8/38, Gulf of Thailand



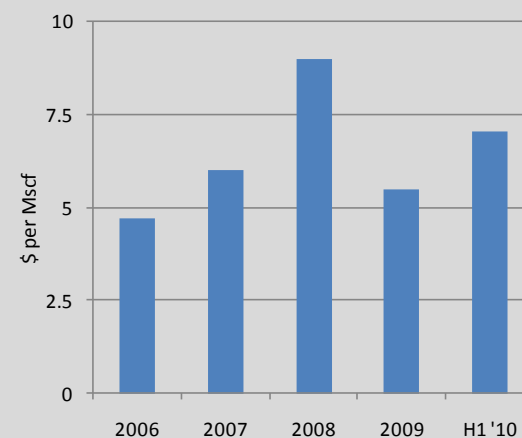
# Financial Highlights

Strong revenue and cash flow growth, profitability hit by exceptional charges

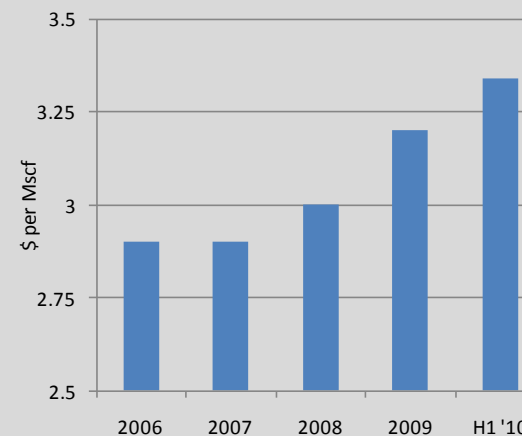
	YoY Change	H1 2010	H1 2009
Production (Mboepd)	25%	16.0	12.8
Realised Prices			
- Oil (\$ per bbl)	41%	61.1	43.3
- Gas (\$ per Mscf)	30%	4.8	3.7
Revenue (\$ MM)	73%	133.5	77.1
Operating Cashflow (\$ MM)	56%	63.2	40.5
EBITDAX (\$ MM)	68%	64.5	38.5
Pre-tax (loss) (\$ MM)	n/m	(90.3)	(5.8)
Adjusted pre-tax profit / (loss)* (\$' MM)	303%	11.8	(5.8)
Net debt / (cash) (\$ MM)	n/m	98.2	103
Total Capex (\$ MM)	n/m	12.6	66.1

*\*adjusted for non-cash impairments charges of \$61 MM and exploration write off of \$41.1 MM*

Thai Gas Realisations

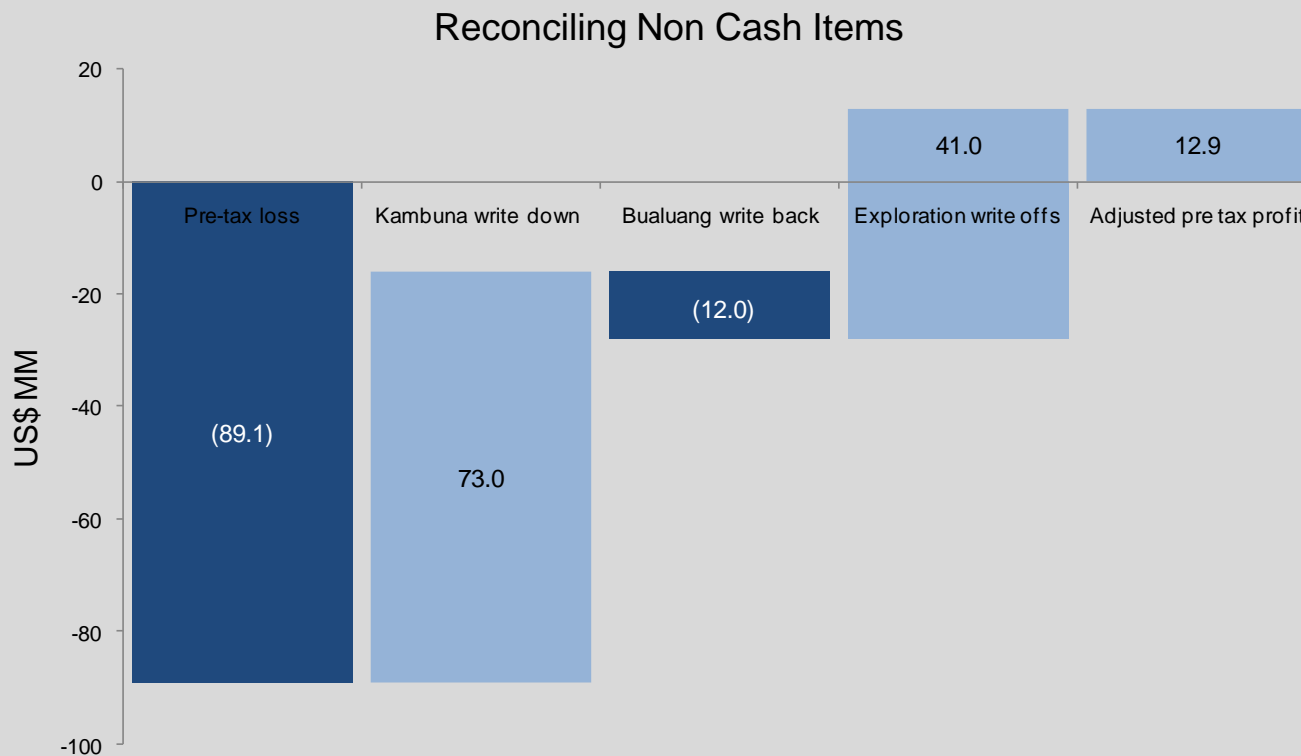


Indonesian Gas Realisations



# Underlying Business Profitable

## Reconciling non-cash items; look through to underlying profitability



### E&A Spend

- Only \$3.2 MM spent on E&A capex in H1
- Farm down to Origin
- Mitigates financial exposure against high risk wells

### Exploration Write Off:

- Phu Kheng
- Si That
- Bang Nouan
- SC41
- DBSCL-01 seismic

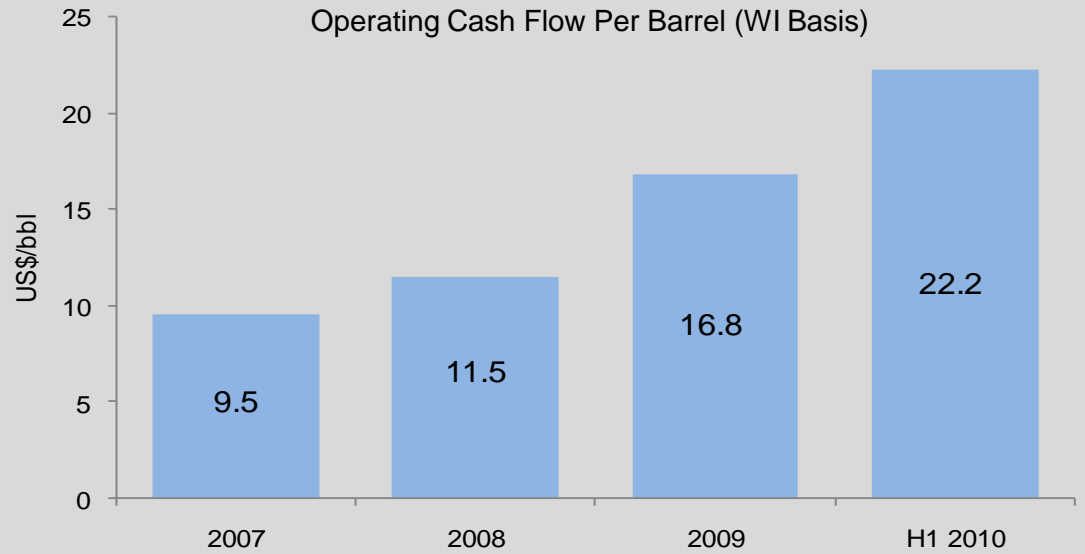
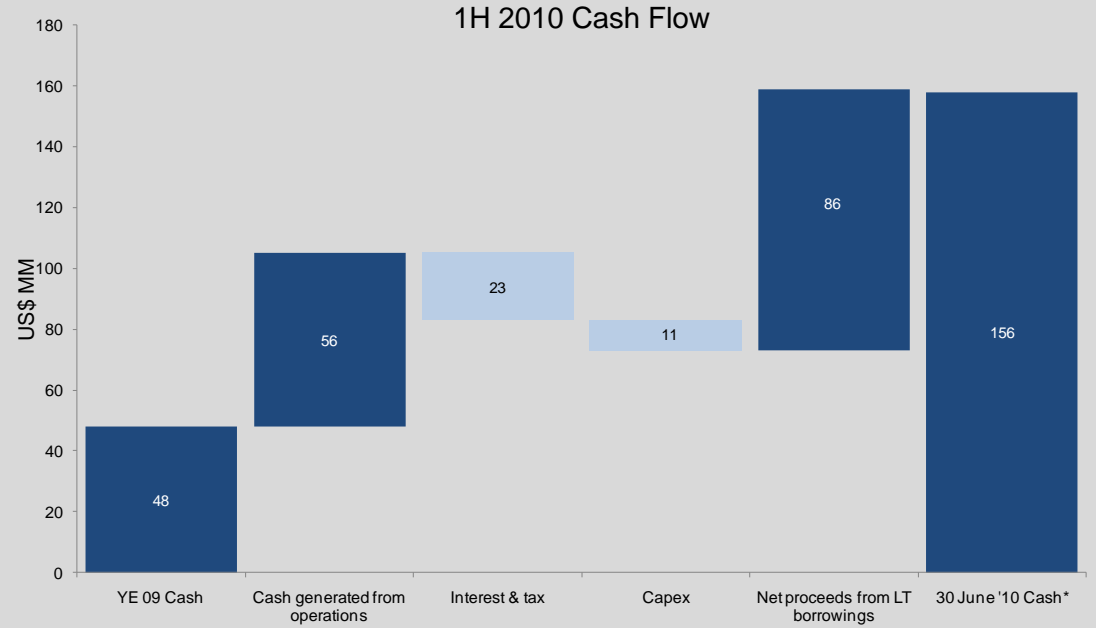
# Producing Portfolio Strongly Cash Generative

## Financial Position Strengthened

- Active portfolio management
- Farm down of high risk wells
- \$100 MM Convertible bond issue
- Full year capex forecast c. \$110 MM

## Record Cash Flow

- Operating cashflow up 56% to \$63.2 MM
- Increased gas realisations
- Operating cashflow per bbl increasing



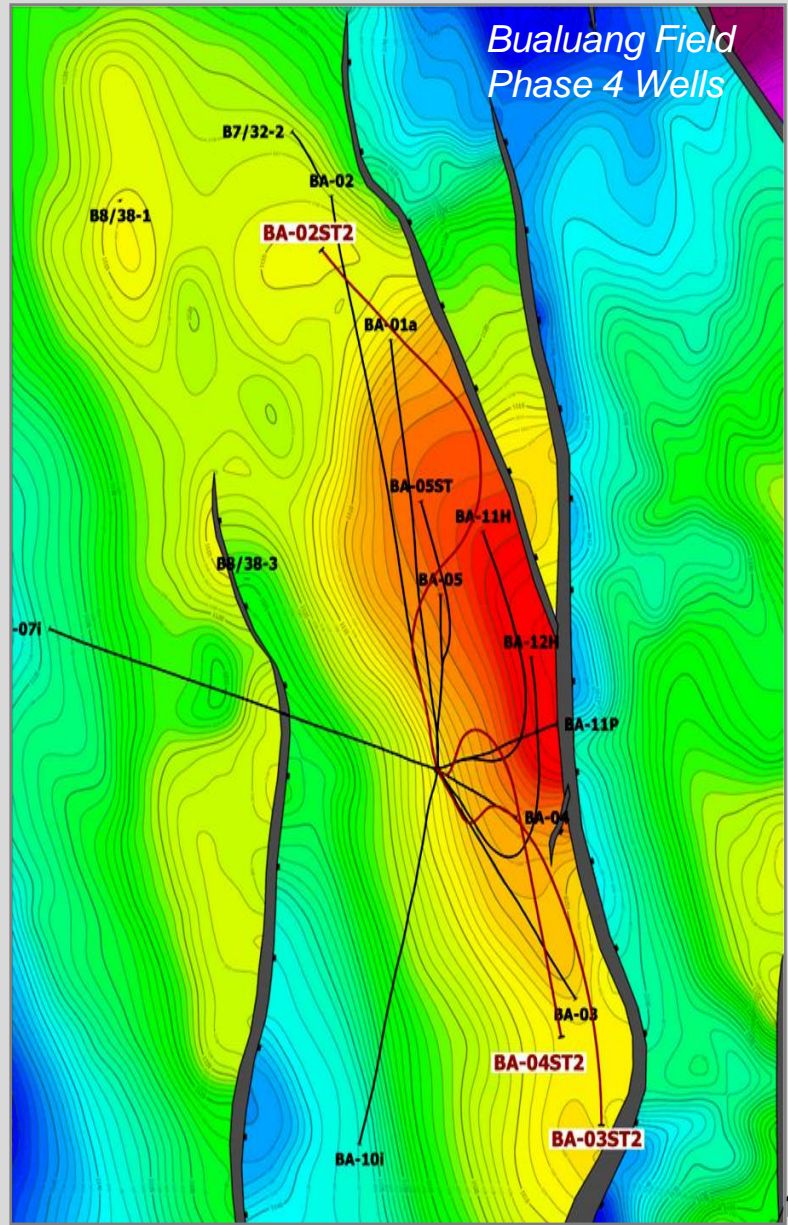
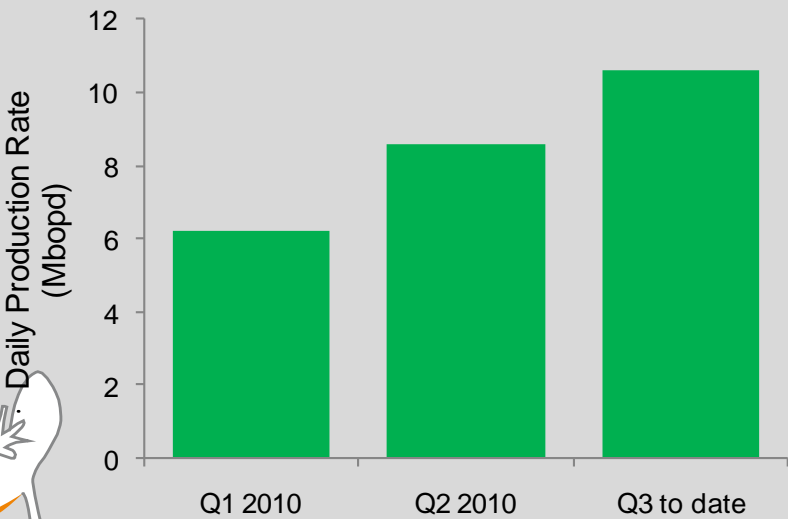
# Bualuang Phase 4 Completed

Over 5 MMbo produced - FPSO uptime ~98% - Excellent HSE stats

## Successful Phase 4 Work Programme

- Conversion of original slant wells to short horizontals in main T4 reservoir
- BA-02, -03, -04 converted, geo-steered through 600 – 800 m horizontal sections; completed with expandable sand screens
- Drilling time of c. 14 days per well
- Productivity Indices ~2-4x original slant wells
- Shallow T5 sand present and oil bearing in all wells

## Production Stabilised At Over 10 Mbopd



# Further Development Envisaged: Topside Expansion & Further Drilling

## Sand control & in flow control key to success

### Well Head Platform Expansion

- Additional 2 slots, deck space for pumps
- Q4'10 activity, cost \$2.7 MM
- Accommodate Phase 5 drilling

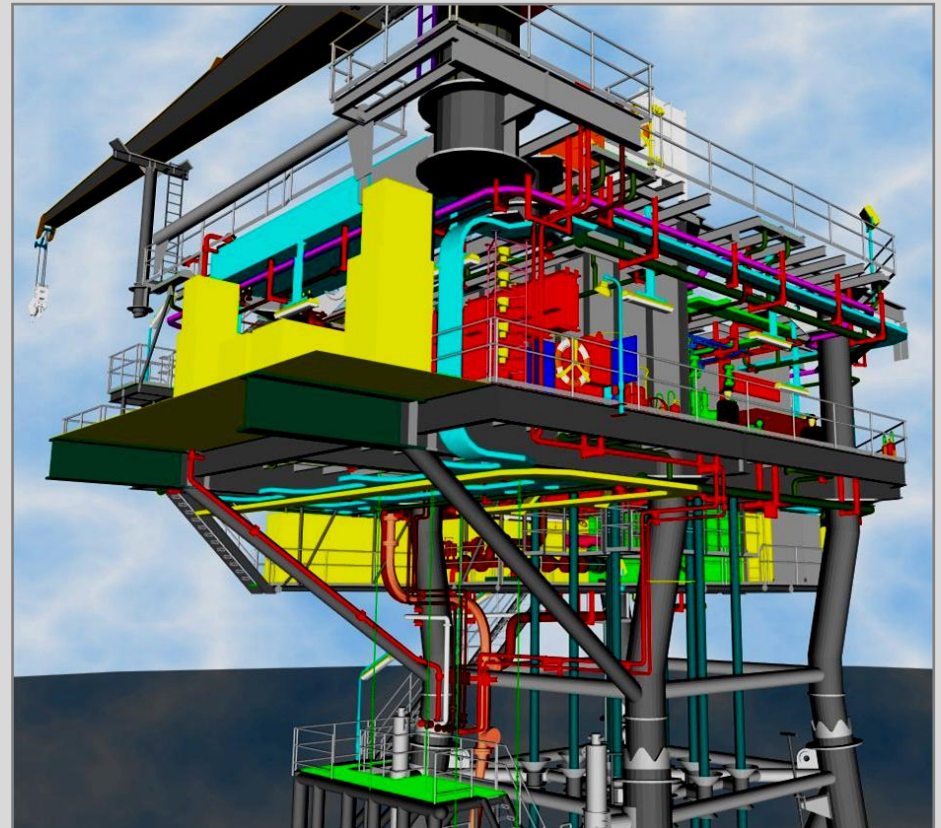
### Phase 5 Drilling Q4'10 / Q1'11

- 3 side tracks, 2 new wells
- 4,500 m of new hole, 75 day drilling programme
- Take 2011 average production rate to ~11,000 bopd

### Future Development Phases

- Bravo WHP for installation 2012
- Further development drilling - skimming network of wells to drain oil column
- Enhanced recovery from further drilling – reserves upgrade potential

### *Bualuang Well Head Platform Expansion*



# Kambuna Field Delivers DCQ, Suffers Reserve Re-statement

## Field Ramped Up to Full DCQ

- Field now producing at full DCQ, ~40 MMscfd since May 2010
- Production plateau for 3 years
- Facilities to be completed Q4'10, gross forward capex ~\$20 MM

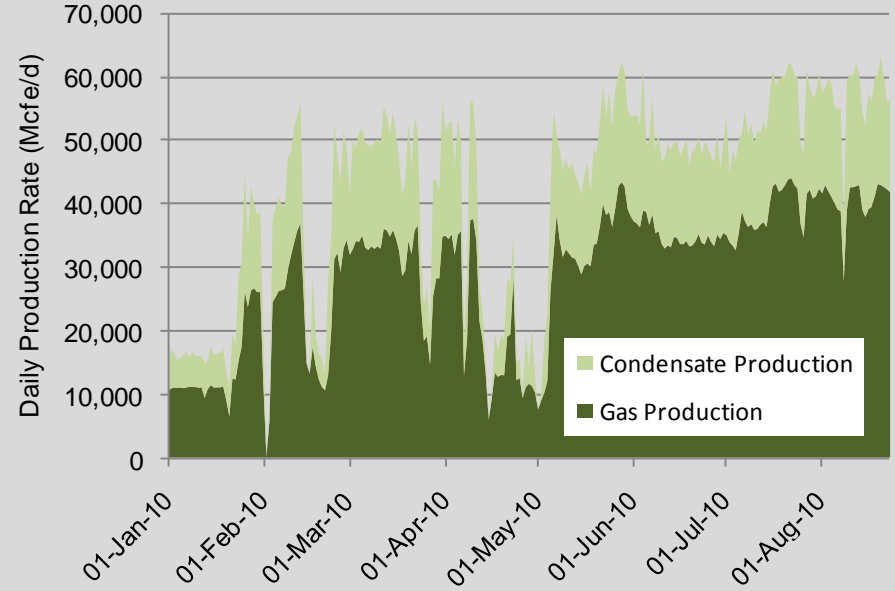
## Reserves Restated: Move From G&G to P/Z Assessment

- Downgrade of 7.5 MMboe, ~11% of Group 2P reserves
- Net Entitlement reserves reduced by 1.8 MMboe
- Peripheral reservoir may contribute resources later in field life
- No immediate impact on production / cash flow, compression facilities to be installed in 2011

## Commercialising Contingent Resource a Priority

- c.55 Bcf of contingent resources associated with the field
- Potential to exploit Peutu & Baong formations to be assessed, exploration prospectivity under review

Kambuna Field Production Profile YTD



	Net Salamander Working Interest Basis		
	As @1.1.10 (MMboe)	Restated (MMboe)	Delta (MMboe)
Proved	10	4.3	-5.7
Proved + Probable	16.6	9.1	-7.5
Proved + Probable + Possi	26.7	13.6	-13.1
2C Contingent Resources	2.5	8.2	5.7

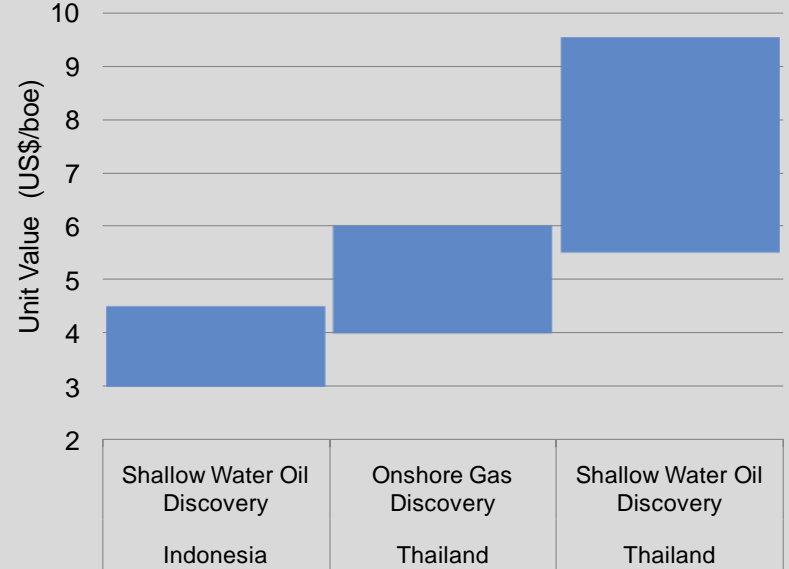
*Volumes associated with Peutu formation moved from reserves to resources*

# Upcoming Drilling Programme Focused On Proven Basins

Prospect	Licence	HC Phase	Gross Mean Resource (MMboe)	Chance of Success (%)	Equity (%)	Net Resource (MMboe)	Net Risked Resource (MMboe)
Dambus	Kutai PSC, Indonesia	Offshore Oil & Gas	180	20%	23.4%	42.1	8.4
Angklung	Bontang PSC, Indonesia	Offshore Oil & Gas	125	24%	100%	125.0	30.0
Marindan	Kutai PSC, Indonesia	Offshore Gas	150	15%	23.4%	35.1	5.3
Dao Ruang	L15/50, Thailand	Onshore Gas	94	30%	50%	47.0	14.1
Bualuang East Terrace	B8/38, Thailand	Offshore Oil	7	66%	100%	7.0	4.6
Bualuang North	B8/38, Thailand	Offshore Oil	16	25%	100%	16.0	4.0
<b>TOTAL</b>						<b>272.2</b>	<b>66.4</b>

- Differing fiscal regimes PSC v Tax & Royalty
- Increased exposure lower risk B8/32 prospects
- Smaller Thai targets comparable in value to larger Indonesian prospects

Indicative Value Of A Discovered Barrel



Discovered unit values sourced from WoodMac data & management estimates. Based on fields 50 -100 MMboe, \$80 Brent

# Near Term Drilling: Kutai PSC

## First cycle relinquishments around giant fields

### Prolific Kutei Basin

- Over 2 billion barrels of oil and 20 Tcf produced
- Current production of over 2 Bcf per day, but in steep decline
- Reserve position dominated by Chevron, TOTAL, BP, ENI

### Extensive Infrastructure & Data

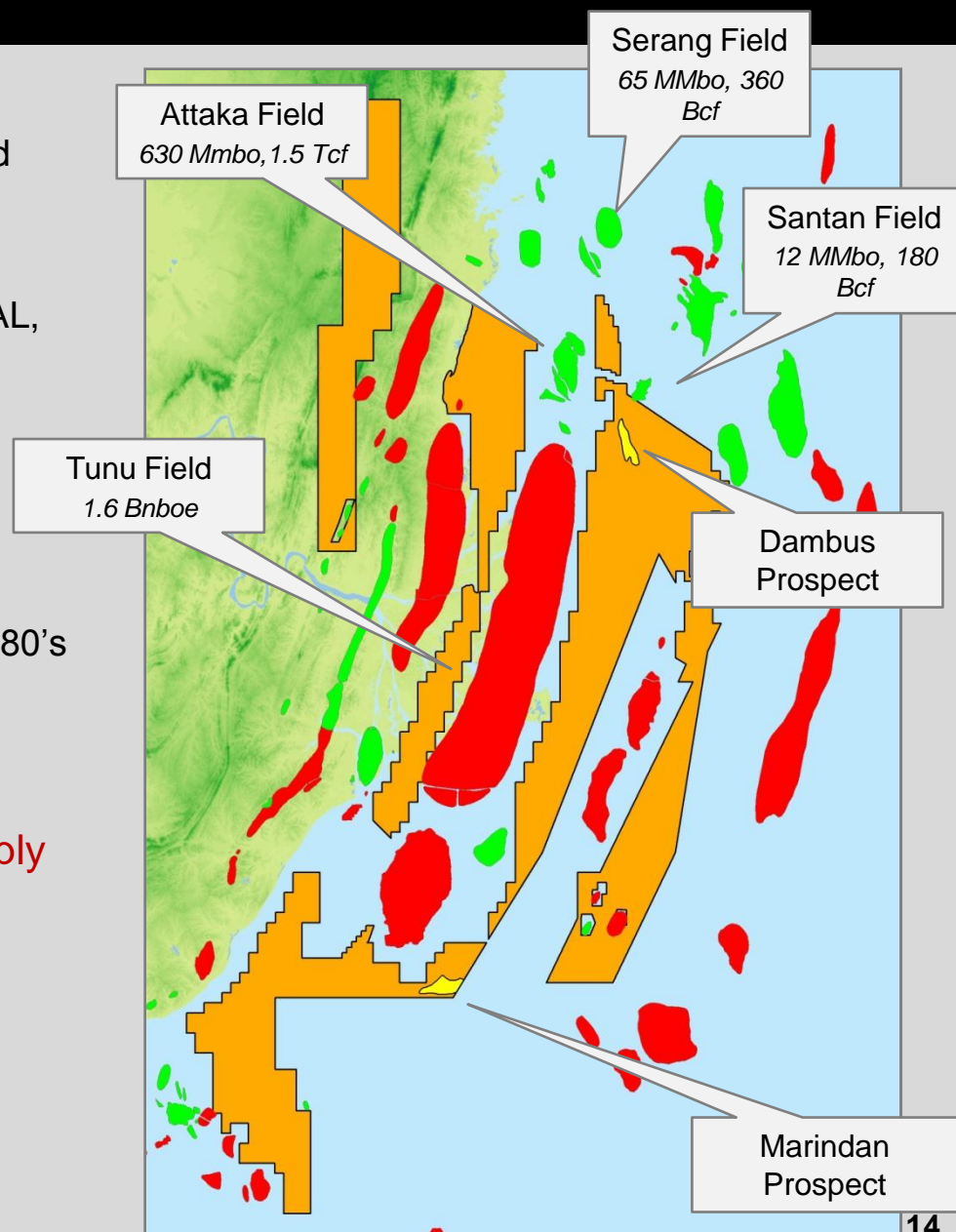
- Giant fields discovered in 1970's & 80's
- Both oil & gas infrastructure well developed
- 3D seismic acquired extensively since the mid-80's
- Over 2,000 sq km of pre-existing 3D over Kutai PSC, additional 180 sq km acquired

### Export & Domestic Options For Gas: All Supply Constrained

- Bontang LNG has excess capacity (3 Bcf/d capacity v ~2 Bcf/d supply)
- Domestic options include power, ammonia, methanol, urea

• Kaltim complex around Bontang industrial area

- Balikpapan industrial area around refinery



# Dambus Prospect, Kutai PSC (23.4%)

180 MMboe prospect, 20% CoS, spudding August 2010

## Robust Structural Trap

- Three way dip + fault closure
- Areal closure of up to 17 sq km
- Multiple targets in stacked Upper Miocene deltaic sequences
- Direct analogue Serang field, 35 km along strike to north west

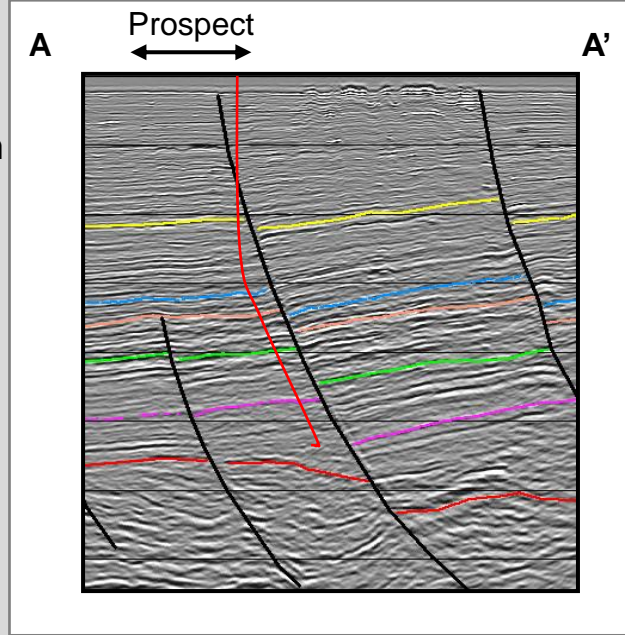
## Material Target Size

- Potential for oil and/or gas
- Mean prospective resource 130 MMbo + 300 Bcf, upgraded following technical review
- CoS 1 in 5

## Follow Up Potential

- Neighbouring prospects Lantang East, Mangkok South with stacked pay potential

Dambus Structure



Serang Field

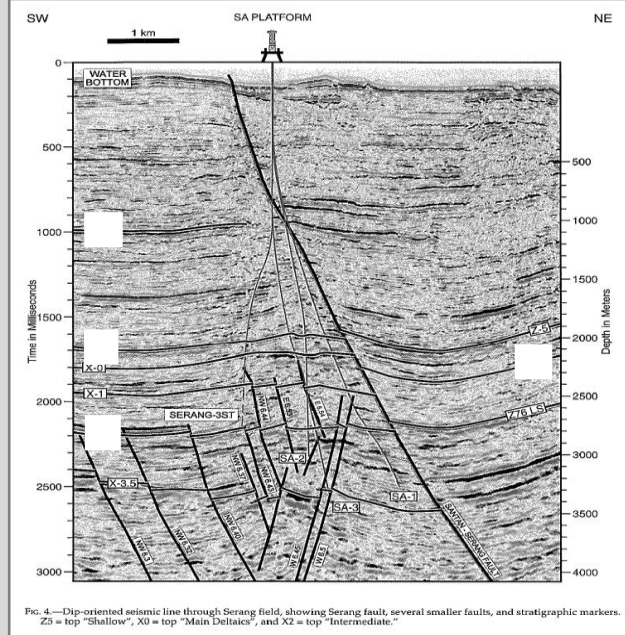
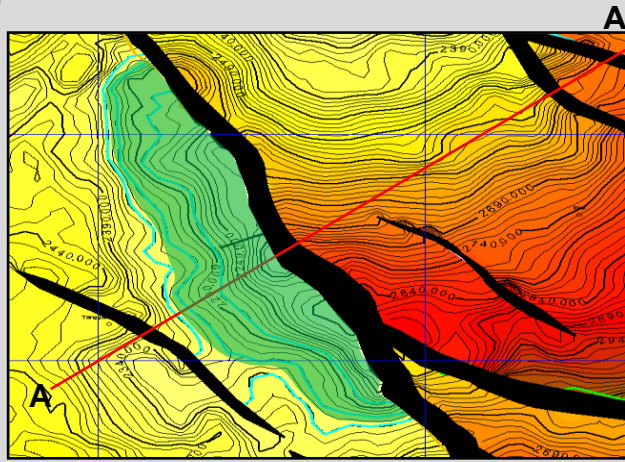


FIG. 4—Dip-oriented seismic line through Serang field, showing Serang fault, several smaller faults, and stratigraphic markers. Z5 = top "Shallow", X0 = top "Main Deltaics", and X2 = top "Intermediate."



## Direct Analogue: Serang Field

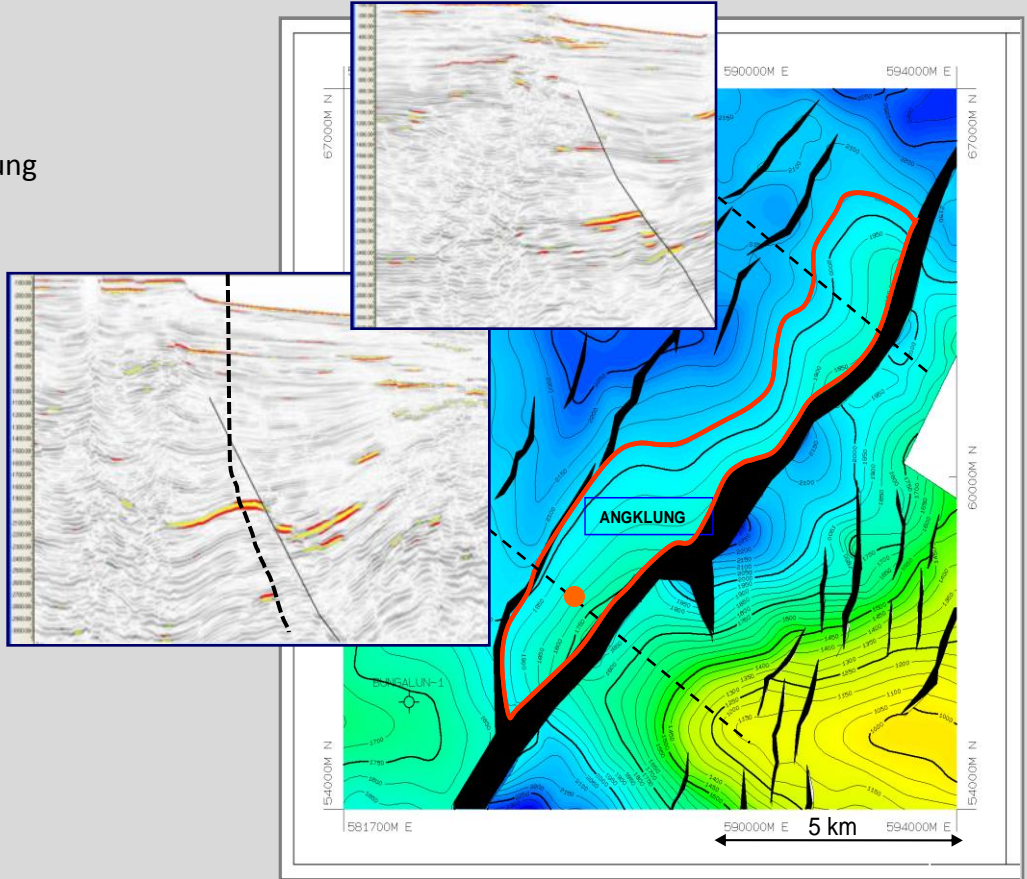
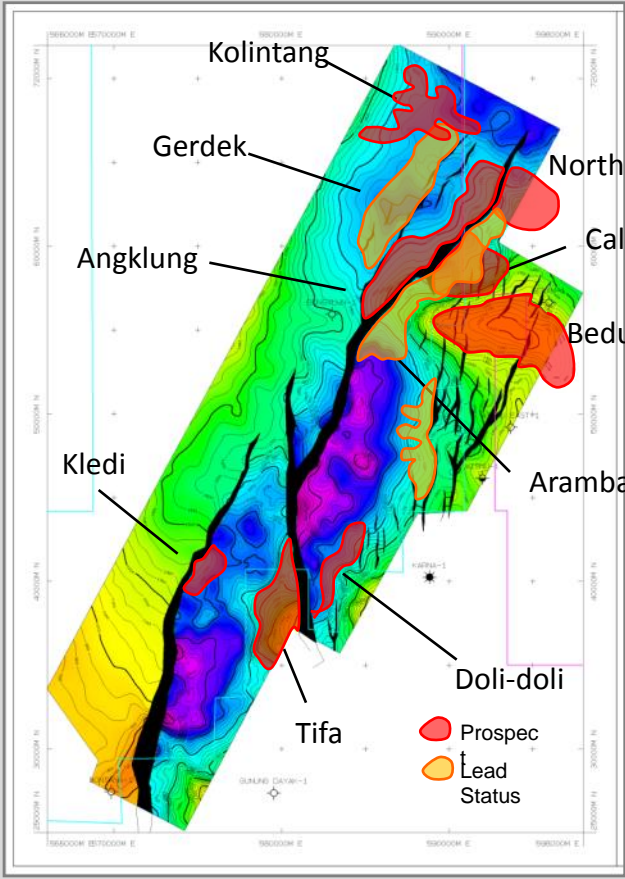
- 3 way dip, 1 way fault closure, 5 sq km
- Stacked sequences, 55 reservoirs
- 800 m column height
- 108 MMbo + 700 Bcf STOIIP

# Angklung Prospect, Bontang PSC (100%), Indonesia

Rig mobilising September 2010

Bontang 3D Area: Prospect & Lead Inventory

Angklung Prospect & Depth Converted Seismic



- Extensive PSDM 3D seismic database, across two operated blocks
- Maturing prospect inventory
- Oil & gas potential

- Angklung footwall structure > 20 sq. km
- Mean prospective resource 125 MMboe, geological CoS 24%
- Amplitude support on PSDM seismic cube

# 2010 Half Year Results Summary

## Continued Growth in Production & Cash Flow, Portfolio Expansion

- Daily average production rate up 25% to 16 Mboepd
- Revenue up over 70% to \$133.5 MM , Operating cash flow up 56% to \$63.2 MM
- Deals to deepen & broaden portfolio, increasing exposure to gas discoveries in Indonesia, oil production in Thailand and new acreage in Vietnam

## First Half Disappointments

- Failure of high risk wells in frontier basins
- Kambuna reserves downgrade

## Strong Balance Sheet, Fully Funded For Growth

- Net debt reduced 17% to \$98.2 MM
- Cash and cash equivalents of \$168 MM
- Full year capex of \$110 MM

## Outlook: Exploration Programme Continues, Production To Grow Further

- Drilling in proven basins: North & South Kutei, Indonesia; B8/38 and West Khorat, Thailand
- Average over 20,000 boepd for full year, mid-term target of 30,000 boepd from existing asset base