Summary of Project Information (SPI)
Salamander 2011 Refinancing

Description of the Project

Salamander Energy plc (Salamander or the company) is a rapidly-growing junior oil and gas company exclusively focused on Southeast Asia. The company's strategy is to build a sustainable upstream business through leveraging its regional knowledge and relationships; maintaining a balanced portfolio of production, development, appraisal and exploration assets; enforcing strict capital allocation discipline; and pursuing targeted acquisitions in addition to organic-led growth. Since its foundation in early 2005, Salamander has developed a broad set of assets, including producing and near-production interests in Indonesia and Thailand as well as exploration and appraisal properties in Indonesia, Thailand, Vietnam, Lao PDR and the Philippines. The company reported net proved and probable reserves of 66.3 million barrels of oil equivalent ("boe") and average daily production of 20,000 boe, of which about 34% is gas.

Salamander is an existing client of IFC. IFC supported its growth through both debt and equity investments over the last few years. IFC has been requested to continue to support the Company's growth by providing up to $75 million debt financing in the forms of both senior and junior lending facilities. The financing will help fund the Company's planned 2011-2013 investment program that is primarily expected to cover the capital and operating expenditure needs of the following producing and near-production assets:

- the E5-N and EU-1 Concessions (Sinphuhorm) and the Block B8/38 Concession (Bualuang) in Thailand; and
- the Offshore North West Java (ONWJ), South East Sumatra (SES) Production Sharing Contracts, and the Glagah Kambuna Technical Assistance Contract in Indonesia.

The project will include the drilling of new wells in existing fields, the selective workover of existing wells and the construction of gas processing facilities and other field infrastructure. The project will also include the refinancing of existing indebtedness and other general corporate uses. Salamander expects that the project will help it to increase its production to reach 30,000 boe per day by 2013.

Project Sponsor and Major Shareholder of the Project Company

Salamander is largely owned by institutional investors, including FinVenturesUK (a wholly owned subsidiary of Standard Chartered), Phineus Partners, RS Investments, Artemis, Floriline, Legal and General and BlackRock. The company is listed on the London Stock Exchange.

Project Cost and Amount and Nature of IFC Investment

The total cost of the project is estimated to be at least at $448 million. IFC will provide financing in the form of senior and junior lending facilities for a total amount of up to $75 million. The remaining cost will be covered by internal cash generation and financing from other sources.

Location of Project and Description of Site

The location of the Company's producing and near-production assets is as follows:

- E5-N and EU-1 Concessions - onshore in the Khorat Plateau in northeast Thailand;

- Block B8/38 Concession is located offshore in the Gulf of Thailand;
- ONWJ PSC is located in the Ardjuna Sub-Basin offshore northwest the island of Java, Indonesia;
- SES PSC is located in the Java sea off the south-eastern coast of Sumatra, Indonesia; and
- Glagah Kambuna – offshore north Sumatra, Indonesia.

Salamander maintains corporate headquarters in London, and operational offices in Singapore, Jakarta, Ho Chi Minh City, Bangkok and Vientiane.

Governance Risks Assessment

It is expected that benefits from the project will accrue to different levels of government in Indonesia and Thailand in the form of royalties and taxes. In evaluating this project, IFC took into consideration the value of the project's benefits and governance and other risks to these benefits. In particular, it utilized a range of governance assessment methodologies, including but not limited to Transparency International's Corruption Perceptions Index and the World Bank Institute's Governance Indicators, as well as the current relationship between Indonesia/Thailand and the World Bank Group ("WBG"). Thailand has been relatively strong in terms of transparency and ease of doing business in the East Asia and Pacific region, and for the past several years, the WBG has been partnering with Thai public and private institutions on a range of important developmental challenges, including governance and public sector reform. Indonesia is in progress of implementing EITI and is working towards its first EITI report. The WBG's assistance to Indonesia emphasizes engagements with government counterparts and other stakeholders who are committed to addressing critical governance and institutional challenges.

On balance, given the governance context, the expected development impact and the projected benefits, IFC believes that this is a project which it should support.

Expected Development Impact

- Enhanced Availability of a Cleaner Fuel: The Project will support the development of natural gas reserves. The increased availability of natural gas will promote the use of a cleaner fuel, given that natural gas has much lower carbon emissions than coal which is frequently the alternative fuel for power generation in Southeast Asia.

- Preservation and Creation of Employment: The Project will have a sustaining impact on existing employment levels in producing assets and will contribute to the creation of new jobs in assets about to enter into production. Salamander staff positions are generally remunerated at a 25%-30% premium to other comparable employment. The percentage of nationals in managerial positions tends to be high, mostly above 75%.

- Contribution to Central and Local Government Revenues: The project will increase production and generate significant fiscal receipts from a combination of royalties (8-12.5%), corporate taxes (41.5%-50.0%), production sharing (42%-73%) and obligations to supply domestic consumers at below-market prices. A material portion of these - approximately 15% of royalties in Thailand and 15-30% of total government payments in Indonesia - is expected to ultimately accrue to the regions where the oil and gas activities are undertaken.

- Generating Additional Business for Local and National Suppliers: The project is expected to have a positive impact on national and regional economic activity through the purchasing of equipment, products and services. For example, in 2009 contracts worth more than US$121 million were sourced from regional and national suppliers.

- Promoting Competition and Development of Marginal Feilds: The project promotes competition in the oil and gas sector through the growth of one of very few independent exploration and production companies exclusively focused on Southeast Asia. The participation of smaller privately-owned companies is important to the industry, as they often focus on reserves deemed too small to be of interest to the majors and the national oil companies which dominate the sector in Southeast Asia, and deliver production and recovery rates which tend to be above industry averages.

- Development in Frontier Regions: One of the Company's major assets, the Sinphuhorm Gas Field, is in the Northeast part of Thailand, a region that is by far the poorest and has been excluded from much of Thailand's growth. Salamander's spending on local purchases is expected to have a positive impact on the regional economic activity, help to increase the income of the local people and promote an inclusive growth.

Going forward, the following indicators will be tracked (i) gas production; (ii) employment; (iii) tax payments and other revenues to host governments; (iv) domestic purchase; (v) community development outlays.

IFC Expected Additionality

- E&S Risk Management and Best Practice: With IFC's assistance, the company has set up a corporate-wide Environmental and Social Management System consistent with IFC's Performance Standard and has expanded its HSE implementation capacity. Through this proposed financing, IFC is expected to continue to provide value added services to improve the company's environmental and social performance. This is particularly important, as the company is assuming an operatorship role in an increasing number of projects, and is increasingly focused on the management of environmental, social and reputational risks, as well as the opportunities to enhance value through appropriate responses in these areas.

- Provision/mobilization of financing: As a young upstream company with robust growth plans, Salamander requires considerable capital and yet has limited financial resources. By providing financing to Salamander, IFC is significantly increasing Salamander's chances of successfully pursuing its development plans.

- Political Risk Mitigation: Salamander has identified political and regulatory risks among certain key factors which could affect its business in Southeast Asia. The company believes IFC's presence as a key long-term stakeholder offers certain protection against arbitrary political action through its reputation and special relationship with governments in the region.

Environmental and Social Issues B-Limited:

This is a refinancing of existing IFC investments in the Company which are all IFC Category B. Since the portfolio assets and footprint being refinanced has not changed and the scale of operations has not materially changed, the refinancing is also given a B Category. Category B projects according to IFC’s Environmental and Social Review Procedure are those that result in a limited number of specific environmental and social impacts that can be avoided or mitigated by adhering to industry recognized standards, guidelines and design criteria. The existing Salamander operated portfolio consists of both exploration, development and production assets.

Salamander has a Corporate Social Responsibility (CSR) Policy and a Health, Safety and Environment (HSE) Policy which commit Salamander to conduct all its operations in compliance with applicable laws, recognized international standards and best practice which includes the safety and health of employees, protection of the environment and that the interests of the communities are respected in areas where Salamander operates.

Under the umbrella of the HSE Policy, the environmental or social impacts arising from current and planned assets are being, and will be mitigated and managed in accordance with national regulatory requirements and IFC's Performance Standards within Salamander's overarching corporate Health, Safety and Environment Management System (HSEMS) framework.

The existing Salamander operated assets, which are the focus of this investment (the Borrowing Base Assets) are not anticipated to result in any significant adverse environmental and social impacts. In 2008 Salamander presented plans to address the environmental and social impacts at its operated assets, and IFC has monitored progress through regular supervision. Implementation of the Environmental and Social Action Plan (ESAP) which has been updated will ensure these assets continue to remain in compliance with IFC Performance Standards and its Environmental Health Safety (EHS) guidelines.

Salamander may wish to acquire additional assets and acreage in the future for inclusion in the Borrowing Base. Salamander screens all prospective assets to establish the requirements for compliance with the IFC Performance Standards. As required, IFC may undertake additional supplementary appraisal missions to further characterize the environmental and social risk of proposed asset acquisitions prior to giving approval for inclusion within the current BBA facility.

Salamander will periodically review and update its CSR and HSE Policies commensurate with its operational risks and expanding portfolio. Prior to full field development and production of new assets where Salamander is the operator, Salamander will prepare and publicly disclose a full ESIA and an ESAP consistent with IFC's Performance Standards for all future assets where Salamander is the operator.

For the non-operated assets included in the BBA portfolio, the operators which include Hess, Pertamina and CNOOC have good HSE Management Systems in place and conduct their operations in accordance with national laws, regulations and good international industry practice.

<u>For inquiries and comments about the project contact:</u>

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<u>Local Access of Project Document</u>

Environmental documentation will be made available at the following locations:

Salamander Energy Thailand
17th Floor, Unit 1702 , Q.House Lumpini Building,
No.1 South Sathorn Road , Tungmahamek
Sathorn , Bangkok 10120
Thailand

Salamander Energy Indonesia
15th Floor, Jakarta Stock Exchange Building,
Suite 1502,
Tower 2
Jln Jenderal Sudirman Kav 52-53
Jakarta 12190
Indonesia

Salamander Energy Singapore
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