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

Spudding of Phu Kheng-1 Exploration Well

Salamander Energy plc, the Asia focussed independent oil and gas exploration and production company, announces the spudding of the Phu Kheng-1 exploration well in Block L27/43, Khorat Basin, Northeast Thailand. Salamander holds a 27.2% interest in Block L27/43.

The Phu Kheng-1 well is targeting gas in the Jurassic and Triassic sandstones of the Phu Kradung and Nam Phong formations. The mean gross pre-drill estimate of prospective recoverable gas resources is approximately 1 Tcf.

The well will be drilled by the MB Century 26 rig and is planned to a total depth of 2,070 metres sub-sea. It is forecast to take approximately 40 days to drill on a dry-hole basis. Dependent upon the evaluation of drilling and log data from the Phu Kheng-1 well the L27/43 partners plan to mobilise a well testing spread including hydraulic fracture stimulation equipment to be utilized for the Phu Kheng-1 well and the Si That-3 appraisal well, which is to be drilled back to back with Phu Kheng-1.

James Menzies, Chief Executive of Salamander, commented:

"Phu Kheng-1 has the potential to open up a new play in the Khorat basin, where Salamander is the leading acreage holder. It is the second well of our current E&A campaign that is targeting in excess of 90 MMboe of net prospective resources. We are also continuing to mature an extensive drilling programme for 2010 that will see exploration drilling in Vietnam, Lao PDR, Thailand and Indonesia."

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About Salamander

Salamander is an Asia focussed, independent, FTSE 250, upstream oil and gas exploration and production company. Salamander has a balanced portfolio of

production, development and exploration assets with interests located in Indonesia, Thailand, Vietnam, Lao PDR and the Philippines.