

Not for release in the United States, Canada or Japan

18 March 2010

Salamander Energy plc
(the “Company” or “Group”)

Successful completion of US\$100 million convertible bond offering

Salamander Energy plc announces that it has successfully completed the offering (the “Offering”) of US\$100 million of senior, unsecured convertible bonds due 2015 (the “Bonds”).

The Bonds will be issued at 100 per cent of their principal amount and will have a coupon of 5.00% per annum, payable semi-annually in arrear. The initial conversion price is GBP3.637 per share, representing a premium of 37.5% to the volume weighted average price of the Company’s ordinary shares on the London Stock Exchange between launch and pricing, translated at a GBP-USD exchange rate of 1.529. If all of the Bonds were to be converted into new ordinary shares at the aforementioned conversion price, 18.0 million new ordinary shares would be issued.

The net proceeds of the Offering will be used to allow the Group to react promptly to opportunities to broaden and diversify its Asian portfolio. As a first step, the Group today announced one such transaction that involved agreement to acquire a 50% interest in and operatorship of Block 101-100/04, Offshore Northern Vietnam.

Under the terms of the Offering, there will be a 90-day lock-up period on issuances or sales of shares or equity-linked securities by the Company, subject to certain customary exceptions.

Settlement and delivery of the Bonds is expected to take place no later than 30 March 2010.

Application will be made to list the Bonds on the official list of the United Kingdom Listing Authority and to admit the Bonds to trading on the London Stock Exchange’s Professional Securities Market. The Company’s ordinary shares are listed on the London Stock Exchange.

The Bonds were placed through an accelerated bookbuilt placement with institutional investors (outside the United States) conducted by Goldman Sachs International, acting as sole Bookrunner in connection with the Offering. EQL Capital and Oriel Securities are acting as Joint Lead Managers.

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