

SALAMANDER ENERGY PLC

5th Floor, 21 Palmer Street, London, SW1H 0AD
Telephone: - 020 7960 1580 Fax: - 020 7692 5524



20 July 2010

Salamander Energy plc ("Salamander")

Salamander to acquire remaining 40% interest in Block B8/38 licence

Salamander Energy plc, the Asia focussed independent oil and gas exploration and production company, today announces that its subsidiary, Salamander Bualuang, has reached agreement with SOCO International to purchase SOCO Thailand, LLC. SOCO Thailand, LLC owns SOCO Thailand, which holds a 40% interest in the B8/38 licence in the Gulf of Thailand.

Salamander currently owns 60% of the B8/38 licence, which contains the Bualuang oil field, and is the operator of the field. As of 31 December 2009, the estimated gross proved and probable reserves in the Bualuang oil field amounted to approximately 22.5 million barrels of oil (MMbo). Three horizontal development wells were completed in H1 2010, and the field is forecast to produce approximately 8,500 barrels of oil per day (bopd) on average in 2010, in line with expectations.

The transaction has an effective date of 1 January 2010. The consideration for the acquisition is US\$105 million in cash, less a working capital adjustment for the period from the effective date to closing and certain other effective date adjustments. In addition, a \$1 million contingent cash payment will be made upon production of a million barrels of oil from any new discovery made within the B8/38 licence area, and located five kilometres or more from the existing Bualuang oil field. The transaction is scheduled to complete during August 2010.

For the 12 months ended 31 December 2009, on an IFRS basis, SOCO Thailand generated revenues of approximately US\$62 million and profit before taxation of approximately US\$39 million. Gross assets of SOCO Thailand, as at 31 December 2009, were approximately US\$40 million.

Due to the size of this transaction, the acquisition constitutes a Class 1 transaction for Salamander and is therefore conditional upon receiving approval from shareholders. The acquisition will also be conditional on the approval of SOCO shareholders.

The transaction has a clear strategic and financial rationale. In particular the acquisition:

- increases Salamander's proforma proved and probable reserves as at 31 December 2009 by 9 MMbo to 73.8 MMboe;
- further grows production; on completion of the deal Salamander's average daily production in 2010, will increase to over 20,000 barrels of oil equivalent per day;

- increases Salamander's exposure to low cost, low risk and high value exploration in the B8/38 licence, over which 3D seismic data has recently been acquired;
- provides cash flow growth to underpin the Group's exploration and appraisal activities;
- provides increased flexibility to further develop the asset and grow future value through control of 100% of the B8/38 licence.

Salamander will finance the proposed acquisition through a combination of cash and a new \$90 million, 18 month Bridge facility provided by Standard Chartered Bank and BNP Paribas.

A Circular will be sent to shareholders in due course and a General Meeting is expected to take place in August 2010.

James Menzies, Chief Executive of Salamander, said:

"This transaction represents a deepening of our interests in an asset we already operate and which we know well. We see scope for further exploiting the Bualuang oil field and the attractive, low risk exploration potential in the B8/38 licence. We have recently acquired 3D seismic data over the licence and we plan to start drilling in the fourth quarter of 2010. The increased interest in B8/38 licence provides us with enhanced current production and cash flow, future growth and more material exposure to upside in the acreage."

Conference Call

Management will host a conference call for analysts this morning at 8.00 a.m. A replay of this call will be available on the company website www.salamander-energy.com later today.

Enquiries:

Salamander Energy

James Menzies, Chief Executive Officer
Geoff Callow, Head of Corporate Affairs

020 7960 1580

Oriel Securities

Natalie Fortescue
Jonathan Walker

020 7710 7600

Brunswick Group LLP

Patrick Handley
Nina Soon

020 7404 5959

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.