

SALAMANDER ENERGY PLC

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

AGM / Interim Management Statement

Salamander Energy plc, the Asia focussed independent oil and gas exploration and production company, issues the following Interim Management Statement in conjunction with the Group's Annual General Meeting that will be held later this afternoon. The statement covers the period from 1 January 2010 to 10 May 2010.

Operations

Exploration and Appraisal

Salamander has an active drilling programme in 2010 with 11 further E&A wells targeting 290 MMboe of net unrisked resource 70 MMboe of net risked resource.

In Q1 2010 Salamander completed two wells in its non-operated acreage, onshore Northeast Thailand. In February 2010 Salamander announced that the Si That-3 well in Block L13/48 had been suspended as the permeable horizons in the Pha Nok Khao carbonates had been encountered below closure in the Si That structure. This was followed by the announcement in April 2010 that the Phu Kheng-1 well had been abandoned after the targeted interval failed to flow after completion of fracturing operations.

The 2010 exploration programme commenced in April with the spud of the Bang Nouan-1 well, Lao PDR. The well is currently suspended pending testing of the Kuchinarai clastic section where preliminary analysis of the log data indicates the presence of up to 25 metres of potential net gas pay.

Preparations for the next phase of the programme remain on schedule. The PetroVietnam Driller-1 jack-up rig that will be used to drill the Tom Su Lua-1X and Tom Hum Xanh-1X wells is expected to be handed over to Salamander in mid-June. The Neptune Explorer drillship that will drill the Angklung-1 well in the Bontang PSC, Indonesia, is expected to be on location between June and July.

In Block B8/38, Gulf of Thailand, Salamander has completed a 3D seismic survey ahead of planned exploration drilling in H2 2010. It has also finished the initial processing of the high resolution 3D seismic in Block L15/50, onshore Northeast Thailand, and interpretation is underway ahead of appraisal drilling in H2 2010.

Production and Development

Management remain confident in the Group's ability to meet its forecast of between 17,000 and 18,000 boepd average daily production for 2010.

Development drilling operations on the Bualuang oil field, Gulf of Thailand, commenced in April and the three horizontal producers have now been successfully brought on-stream and tested at the upper end of pre-drill expectations. These wells will be choked back to produce at rates for optimal field management and reserves recovery.

The Kambuna field, offshore North Sumatra, reached full DCQ in April before subsequently being reduced to 20 MMscfd for a period of two weeks to enable maintenance work to be completed on one of the pipelines. This maintenance work has since been completed and the pipeline is now fully operational.

Average daily production during May to date has been 16,500 boepd and on 6 May the Group produced a record daily volume of 19,800 boepd.

Portfolio Development

In March 2010 Salamander announced that it had completed a farm in to Block 101-100/04, Offshore Northern Vietnam. Salamander has acquired a 50% operated interest in the licence with the current licence holders having an option to maintain a 50% interest post drilling upon payment of the promoted costs and a carry on the drilling of two appraisal wells. Block 101-100/04 is located in the Hanoi Trough, a basin which is at the early stages of exploration. There are over 500 sq. km of existing 3D seismic and the Cat Ba oil prospect, a large prospect with a mean prospective resource of 138 MMbo, will be drilled in 2011.

Balance Sheet

In March the Group completed a \$100 MM convertible bond offering. The proceeds of this fundraising will be used to allow the Group to react promptly to opportunities to broaden and diversify its Asian portfolio.

Total available funds as of 31 March were \$170.2 million and net debt was \$108.3 million.

Outlook

In its 2009 Annual Financial Results statement on 18 March the Group provided a production forecast of between 17,000 and 18,000 boepd average daily production for 2010; confirmed a 12 well E&A drilling programme for 2010; and stated that the Group was seeking opportunities to broaden the portfolio. The Group remains comfortable with its production estimate for 2010 and the drilling programme remains on track with 11 further exploration and appraisal wells planned between now and the end of the year. The schedule for 2011 is starting to take shape and it is expected that there will be a similar

level of activity as in 2010. The Group continues to evaluate possible opportunities to develop the portfolio further.

With production growth and a high impact exploration programme accelerating through the second half of the year, the outlook for the future remains positive. With a strong financial position, particularly following the convertible bond offering in March, the Group is well placed to fund this development during what is an exciting phase for the business.

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