

NOTICE OF ANNUAL GENERAL MEETING & ACCOMPANYING CIRCULAR

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- **Please note this is an important document and requires your immediate attention.**
 - **If you are in any doubt as to the action you should take, you should contact an appropriate independent adviser immediately.**
 - **If you have sold or otherwise transferred all of your shares in Salamander Energy plc you should forward this document together with the accompanying form of proxy as soon as possible to the purchaser or transferee, or the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.**



SALAMANDER ENERGY PLC

LONDON OFFICE
5th Floor
21 Palmer Street
London SW1H 0AD

Company Number: 5934263

DEAR SHAREHOLDER,**ANNUAL GENERAL MEETING (AGM)**

Please find on page 3 the Notice of the second AGM of Salamander Energy plc (the Company) to be held at 2pm on Monday 30th June 2008 at 1 Cornhill, London EC3V 3ND.

ACTION TO BE TAKEN BY SHAREHOLDERS

Please find enclosed a Proxy Card for completion and return in the envelope provided, if you wish to appoint a proxy to represent you at the AGM (or at any adjournment thereof).

Please note the Proxy Card needs to be returned so as to be received by the Company's registrar (Equiniti Ltd, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL) by 2.00pm on Saturday 28th June 2008.

EXPLANATORY NOTES

The following information may assist your consideration of the resolutions set out in the AGM Notice:

Resolution 1 concerns the receipt and adoption by shareholders of the Company's Annual Report and Accounts for the financial year ended 31 December 2007. The Accounts and Directors' Report were approved and signed on behalf of the Board on 26 March 2008.

Resolution 2 invites members to approve the Directors' Remuneration Report for the financial year ended 31 December 2007 which is set out on pages 29 to 33 of the Annual Report for 2007 enclosed with this Circular.

Resolution 3 concerns the re-appointment of Deloitte & Touche LLP as auditors of the Company and the authorisation of the Board to fix their remuneration.

Resolutions 4 to 8 (inclusive) deal with the re-election of five Directors. Michael Pavia and James Coleman were each appointed by the Board as a Non-executive Director on 9 July 2007 and 8 May 2008 respectively and, in accordance with the Company's Articles of Association, offer themselves for re-election by shareholders. The Articles also require that one-third of the remaining Board members (or the number nearest to one-third) retire by rotation and offer themselves for re-election at the AGM, which this year will be James Menzies, Nick Cooper and Struan Robertson.

James Coleman was appointed by the Board as a Non-executive Director on 8 May 2008 for a term of one year, subject to satisfactory performance and the requirements of the Company's Articles of Association to offer himself for re-appointment at the AGM. The Directors consider he will bring to the Board an extensive range of international corporate and commercial experience in the energy and resources sector. His biographical details are as follows:

James Coleman, a Canadian citizen aged 57, is a senior partner and former chairman of the international law firm of Macleod Dixon based in Calgary and was a board member of GFI Oil & Gas Corporation until that company was acquired by Salamander on 17 March 2008. He is currently a Non-executive Director of Anterra Energy Inc, and a Non-executive Chairman of Arawak Energy Ltd, Sulliden Exploration Inc, Energold Drilling Inc and Gold Reserve Inc - all publicly quoted companies in Canada.

Biographical details of all other Directors appear on pages 10 and 11 of the Annual Report. The Board unanimously recommends the election of all Directors proposed.

Resolution 9 seeks to give the Directors authority to allot up to 42,437,880 unissued ordinary shares, being up to an aggregate nominal amount of £4,243,788. This maximum amount represents one third of the Company's total issued share capital of 119,447,921 ordinary shares as at the date hereof, plus the outstanding options granted over 2,621,913 ordinary shares under the Company's performance share plan for employees (including Executive Directors). Also at this date the Company holds no shares in treasury. The authority conferred by this resolution will expire at the conclusion of the Company's Annual General Meeting in 2009. The Directors consider that the authority proposed pursuant to this resolution is desirable to allow the Company to retain maximum flexibility for the future, although they have no specific plans for exercising this authority.

Resolution 10 is to disapply statutory pre-emption rights in respect of issues of equity securities. Section 89 of the Companies Act 1985 gives all shareholders the right to participate on a pro rata basis in all issues of equity securities (as defined in Section 94 of the Companies Act 1985) for cash, unless they agree that this right should be set aside. The effect of this resolution is to empower the Directors, until the conclusion of the Company's Annual General Meeting in 2009, to allot equity securities for cash, otherwise than by an issue offered pro rata to existing shareholders, up to a maximum nominal amount of £597,239, representing 5% of the nominal value of the Company's total issued share capital as at the date hereof. The Directors consider that it is appropriate for this authority and these powers to be granted to preserve maximum flexibility for the future.

Resolution 11 is to adopt new Articles of Association (the "New Articles") in order to update the Company's existing Articles of Association (the "Existing Articles") primarily to take account of changes in English company law brought about by the Companies Act 2006. That Act is being implemented in phases with a further phase coming into force on 1 October 2008. Accordingly the adoption of the New Articles will not become effective until that date.

Set out in the Appendix are summary explanations of those changes introduced in the New Articles which are considered to be of most interest to shareholders. Other changes, which are of a minor, technical or clarifying nature have not been mentioned. The New Articles showing all the changes to the Existing Articles are available for inspection, as noted on page 4 of this document.

RECOMMENDATION

Your Board believes that the resolutions to be proposed at the AGM will assist in promoting the success of the Company for the benefit of its shareholders as a whole. Accordingly, your Board unanimously recommends that you vote in favour of all the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings amounting in aggregate to approximately 5.75% of the Company's total issued share capital.

Yours sincerely,



MARTIN SMITH MBA FCIS
GROUP COMPANY SECRETARY
SALAMANDER ENERGY PLC
16 MAY 2008

SALAMANDER ENERGY PLC

(Incorporated in England and Wales with registered number 5934263)

NOTICE OF ANNUAL GENERAL MEETING 2008

Notice is hereby given that the Annual General Meeting ("AGM") of Salamander Energy plc ("the Company") will be held at 1 Cornhill, London EC3V 3ND on Monday 30th June 2008 at 2pm to transact the following business:

ORDINARY RESOLUTIONS

1. That the report and accounts for the year ended 31 December 2007 be received and adopted.
2. That the directors' remuneration report for the year ended 31 December 2007 be approved.
3. That Deloitte & Touche LLP be re-appointed as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and that their remuneration be such sum as shall be mutually agreed between them and the directors of the Company.
4. That Mr. James Menzies, who retires by rotation, be re-elected as a director.
5. That Mr. Nick Cooper, who retires by rotation, be re-elected as a director.
6. That Mr. Struan Robertson, who retires by rotation, be re-elected as a director.
7. That Mr. Michael Pavia, who was appointed by the directors since the last AGM, be re-elected as a director.
8. That Mr. James Coleman, who was appointed by the directors since the last AGM, be re-elected as a director.
9. That the authority conferred on the directors by Article 12 of the Company's Articles of Association be renewed for a period expiring at the conclusion of the next AGM of the Company (unless previously revoked or varied by the Company in general meeting) and for that period the section 80 amount is £4,243,788.

SPECIAL RESOLUTIONS

10. That the power conferred on the directors by Article 13 of the Company's Articles of Association be renewed for a period expiring at the conclusion of the next AGM of the Company (unless previously revoked or varied by the Company in general meeting) and for that period the section 89 amount is £597,239.
11. That the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company with effect from 1 October 2008, in substitution for, and to the exclusion of, the existing Articles of Association.

By order of the Board

MARTIN SMITH MBA FCIS
GROUP COMPANY SECRETARY

REGISTERED OFFICE OF THE COMPANY:
21 PALMER STREET
LONDON SW1H 0AD
16 MAY 2008

APPENDIX

NOTES ON AGM MATTERS:

1. A member entitled to attend and vote at the meeting convened by the notice set out in this document is entitled to appoint a proxy to attend, speak and vote in his place. A proxy need not be a member of the Company. A member of the Company may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares.
2. A form of proxy is enclosed. To be effective, it must be deposited at the office of the Company's registrars, Equiniti Ltd, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL ("the Registrars") or received via the Sharevote service (see note 3) or lodged using the CREST proxy voting service (see note 7) so as to be received (in any such case) not later than 48 hours before the time appointed for holding the annual general meeting or any adjournment(s) thereof.

Only holders of ordinary shares are entitled to attend (in person or by proxy), speak and vote at the meeting. Completion of the proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.

3. Members may register their proxy appointments or voting electronically via the www.sharevote.co.uk website, where full details of the procedure are given. Members will need the Voting ID, Task ID and Shareholder Reference Number set out on the form of proxy enclosed. A proxy form lodged electronically will be invalid unless it is lodged at the electronic address specified in this note 3 by the latest time for receipt of proxy appointments specified in note 2. Alternatively, if Members are registered with the Equiniti online portfolio service "Shareview.co.uk", by logging on with a User ID and Pin, clicking Company Meetings and following the on-screen instructions.

Members are advised to read the terms and conditions of use carefully. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged. The Company will not accept any communication that is found to contain a computer virus.

4. In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the Annual General Meeting so that (i) if a corporate shareholder has appointed the Chairman of the Annual General Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the Annual General Meeting, then on a poll those corporate representatives will give voting directions to

the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the Annual General Meeting but the corporate shareholder has not appointed the Chairman of the Annual General Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives - www.icsa.org.uk - for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above. Corporate representatives who have been appointed to attend the Annual General Meeting are asked to register with the staff of the Registrars present at the Annual General Meeting as early as possible prior to the beginning of the Annual General Meeting in order to assist them with administration of the voting process set out above.

5. There will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding public holidays) from the date of this notice until the date of the meeting and at the place of the meeting for at least 15 minutes prior to the meeting and during the meeting, copies of the following documents:
 - the non-executive directors' letters of appointment; and
 - the Company's proposed new articles of association showing all the changes to the existing articles of association.
6. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 6.00pm on Saturday 28th June 2008 (or if the meeting is adjourned, members registered on the Company's register of members not later than 6.00pm, 2 days prior to the time fixed for the adjourned meeting) shall be entitled to attend, speak and vote at the meeting in respect of shares registered in their name at that time. Changes to entries on the register of members after 6.00pm on 28th June 2008 (or, if the meeting is adjourned, after 6.00pm, 2 days prior to the time fixed for the adjourned meeting) shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting, notwithstanding any provisions in any enactment, the articles of association of the Company or any other instrument to the contrary.

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 30th June 2008 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate Crest message ("CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA01) by 2.00pm on 28th June 2008. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members, and where applicable their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may have a right, under an agreement between him and the member by whom he was nominated, to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

The statements in this document regarding the rights of members in relation to the appointment of proxies do not apply to Nominated Persons. The rights of members described in this document can only be exercised by members of the Company.

9. As at the date hereof, the Company's issued share capital consists of 119,447,921 ordinary shares, carrying one vote each. Therefore, since the Company holds no treasury shares, the total voting rights in the Company as at the date hereof are 119,447,921.
10. If the Company receives requests from members under section 527(1) of the Companies Act 2006, and the conditions set out in section 527(2) of the Companies Act 2006 are met, the Company shall be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting that the members propose to raise at the Annual General Meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
11. You may not use any electronic address provided either in this Notice of meeting or in any related documents to communicate with the Company for any purposes other than those expressly stated.

NOTES OF MAIN CHANGES INTRODUCED IN NEW ARTICLES:

A. Articles which duplicate statutory provisions

Provisions in the Existing Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006. Certain examples of such provisions include provisions as to the form of resolutions, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

B. Form of resolution

The Existing Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being amended as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

The Existing Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

C. Convening general meetings

The provisions in the Existing Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular a general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required and the chairman of a general meeting no longer has a casting vote.

D. Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Existing Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions.

E. Age of directors on appointment

The Existing Articles contain a provision requiring a director's age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the director is proposed to be elected or re-elected. Such provision could now fall foul of

the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

F. Directors' interests

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

G. Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The Company has been able to take advantage of the new provisions relating to website communications since the Company's AGM in 2007, at which a resolution was passed authorising the Company to publish on a website all documents and information that the Company may send to its shareholders, provided certain conditions are met and procedures are followed. This resolution superseded any inconsistent provisions in the Existing Articles. The New Articles contain provisions relating to electronic and website communications which reflect the Companies Act 2006 and the Company's approach since the passing of the resolution at the AGM in 2007.

