

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 doubt as to the action you should take, you have to 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
Charter House
13-15 Carteret Street
London SW1H 9DJ
Tel: +44 (0) 20 7222 4553
Fax: +44 (0) 20 7692 5524

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

Please find on page 3, notice of the first AGM of Salamander Energy Plc (the Company) to be held at 2pm on the 27th June 2007 at 1 Cornhill, London EC3V 3ND (Notice).

ACTION TO BE TAKEN BY SHAREHOLDERS

Please find enclosed:

- A Proxy Card for completion and return if you wish to appoint a proxy in connection with the AGM.
- A card entitled "Your Options" which sets out the options available to you in connection with future shareholder communications following the Company's request for your agreement to supply documents or information to you by means of website publication.

You should complete these cards as required, following the instructions printed on them. Please note the Proxy Card needs to be returned so as to be received by Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL by 2.00pm on Monday 25 June 2007.

EXPLANATORY NOTES

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

Resolution 1 concerns the receipt and adoption by members of the Accounts for the financial year ended 31 December 2006. The Accounts and Directors' Report were approved and signed on behalf of the Board on 23 March 2007.

Resolution 2 invites members to approve the Directors' Remuneration Report for the financial year ended 31 December 2006 which is set out on pages 31 to 34 of the Annual Report.

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 11 (inclusive) deal with the election of all of the Company's eight current directors who were appointed to the Board on the Company's IPO at the end of November and beginning of December 2006, replicating the board of Salamander Energy Limited (now Salamander Energy Group Limited) the Company's wholly owned subsidiary. In accordance with public company standard practices and good governance they are all now retiring and offering themselves for election by shareholders.

Biographical details of all Directors appear on page 22 of the Annual Report. The Board unanimously recommends the election of all directors proposed.

Resolution 12 seeks to give the directors authority to allot up to 29,534,850 un-issued ordinary shares, being up to an aggregate nominal amount of £2,953,485. This maximum amount represents one third of the nominal value of the Company's total issued share capital as at the date hereof. 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 2008. The directors consider that the authority proposed pursuant to resolution 12 is desirable to allow the Company to retain flexibility, although they have no present intention of exercising this authority.

Resolution 13 is to dis-apply statutory pre-emption rights in 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 shares 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 2008, to allot equity shares for cash, otherwise than by an issue offered pro rata to existing shareholders, up to a maximum nominal amount of £443,022, representing 5% of the nominal value of the Company's total issued share capital as at the date hereof. In addition, the resolution empowers the directors to deal with fractional entitlements and any particular problems arising in any territory on any offer made on a pro rata basis. The directors consider that it is appropriate for this authority and these powers to be granted to preserve maximum flexibility for the future.

Resolution 14 is to allow the Company to take advantage of the Companies Act 2006 ("the Act") rules for communications between the Company, its shareholders and others that came into force on 20 January 2007.

The key change made by the Act is that a shareholder is assumed to have agreed to the Company publishing documents and information on a website if certain conditions are met and procedures followed. Shareholders can, however, ask for a hard copy of any document at any time.

One of the conditions is that the Company's shareholders have resolved that the Company may send or supply documents or information to members by making them available on a website and Resolution 14 would, if passed, satisfy this condition. The resolution covers all documents or information that the Company may send to its shareholders. This includes, but is not limited to, annual accounts and reports, summary financial statements, notices of general meetings and other documents which the Company may be required to send to shareholders under the FSA's Listing Rules or other rules to which the Company is subject. The resolution supersedes any inconsistent provision in the Company's Articles of Association.

In the accompanying documents you will find further information relating to resolution 14 and a card entitled "Your Options" concerning future communications with you (the Options Card). You should note in particular, that:

- The Company is now requesting each shareholder's agreement to send or supply documents and/or information by means of website publication.
- If you do not respond within 28 days from the date of the AGM, you will be deemed to have agreed to this request but you will still be able to ask for a hard copy of any document or information from the Company at any time which will be supplied, free of charge, within 21 days of receiving your request.
- If you want either to be notified electronically of a website publication or wish to continue to receive all shareholder documents and information in paper copy, you should complete and return the Options Card in accordance with the instructions printed on it.

The new arrangements are expected to save considerable administrative, printing and postage costs, while preserving shareholders' rights to receive hard copy documents if they wish.

RECOMMENDATION

Your Directors believe that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommend that you vote in favour of them, as they propose to do so in respect of their own shareholdings.

Yours Sincerely,



MOIRA BUTCHER LLB
COMPANY SECRETARY
SALAMANDER ENERGY PLC
25 May 2007

SALAMANDER ENERGY PLC

(Incorporated in England and Wales with registered number 5934263)

NOTICE OF ANNUAL GENERAL MEETING 2007

Notice is hereby given that the Annual General Meeting ("AGM") of the Salamander Energy Plc ("the Company") will be held at 1 Cornhill, London, EC3V 3ND on 27th June 2007 at 2pm for the following purposes:

AS ROUTINE BUSINESS

To consider and, if thought fit, pass the following resolutions of which resolutions 1 to 11 will be proposed as ordinary resolutions:

1. That the report and accounts for the year ended 31 December 2006 be received and adopted.
2. That the directors' remuneration report for the year ended 31 December 2006 be received and 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 be elected as a director.
5. That Mr. Nick Cooper be elected as a director.
6. That Mr. Andrew Cochran be elected as a director.
7. That Mr. Mike Buck be elected as a director.
8. That Mr. Charles Jamieson be elected as a director.
9. That Mr. Robert Cathery be elected as a director.
10. That Mr. John Crowle be elected as a director.
11. That Mr Struan Robertson be elected as a director.

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, of which resolution 12 will be proposed as an ordinary resolution and resolutions 13 and 14 will be proposed as special resolutions:

12. That with reference to Articles 12 to 15 inclusive of the Company's Articles of Association ("the Articles") and in substitution for any existing authority pursuant to section 80 of the Companies Act 1985 ("the Act") (so that expressions used in this resolution shall bear the same meanings as in that section and the Articles), but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company are generally and unconditionally authorised to allot relevant securities of the Company up to an aggregate nominal amount of £2,953,485 (representing approximately one third of the issued ordinary share capital of the Company) on such terms as the Directors of the Company think fit, such authority to expire on the conclusion of the next annual general meeting of the Company (unless previously revoked or varied by the Company in general meeting), save that the Company, pursuant to the authority granted by this resolution and before its expiry, may enter into a contract to allot relevant securities after such expiry.

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13. THAT, (subject to the passing of resolution 12 in the Company's Notice of Annual General Meeting 2007 ("the Resolution")) with reference to Articles 12 to 15 inclusive of the Company's Articles of Association and in substitution for any existing power under section 95 of the Companies Act 1985 ("the Act"), but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company are generally empowered (pursuant to section 95 of the Act) to allot securities (within the meaning of section 94(2) to section 94(3A) of the Act) for cash pursuant to the authority conferred on them by the Resolution as if section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to:
- (a) the allotment of equity securities in connection with a rights issue, open offer or other offer or issue of such securities by way of rights to or in favour of the holders of ordinary shares in the capital of the Company on the register of members at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of all the holders of such ordinary shares are proportionate (as nearly as practicable) to the respective numbers of such ordinary shares held or deemed to be held by them on any such record date(s) provided that the Directors may make such exclusions or other arrangements in respect of overseas holders of ordinary shares and in respect of fractional entitlements or legal or practical problems arising in connection with the laws of, or requirements of any regulatory body or stock exchange in, any territory as they may consider necessary or convenient; and
 - (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £443,022
- and shall expire on the conclusion of the next annual general meeting of the Company (unless previously revoked or varied by the Company in general meeting), save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require securities to be allotted after the expiry of such power and the Directors of the Company may allot securities in pursuance of such an offer or agreement as if such power had not expired.
14. That, the Company may send or supply any document or information that is required or authorised to be sent or supplied to a member or any other person by the Company by a provision of the Companies Acts (as defined in section 2 of the Companies Act 2006 (the "2006 Act")), or pursuant to the Company's Articles of Association or to any other rules or regulations to which the Company may be subject, by making it available on a website, and the provisions of the 2006 Act which apply to sending or supplying a document or information required or authorised to be sent or supplied by the Companies Acts (as defined in section 2 of the 2006 Act) by making it available on a website shall, the necessary changes having been made, also apply to sending or supplying any document or information required or authorised to be sent by the Company's Articles or Association or any other rules or regulations to which the Company may be subject by making it available on a website and this resolution shall supersede any provision in the Company's Articles of Association to the extent that it is inconsistent with this resolution.

By order of the Board
MOIRA BUTCHER
COMPANY SECRETARY

REGISTERED OFFICE OF THE COMPANY:
13-15 CARTERET STREET
LONDON SW1H 9DJ
25 May 2007

NOTES:

1. A member entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy (or proxies) to attend and, on a poll, to vote in his place. A proxy need not be a member of the company.
2. A form of proxy is enclosed. To be effective, it must be deposited at the office of the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL ("the Registrars") or received via the Sharevote service (see note 3 below) or lodged using the CREST proxy voting service (see note 6 below) 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) 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 Reference Number, Card ID and Account Number set out on the form of proxy enclosed. If more than one proxy appointment per member is returned, either by paper or by electronic communication, those received last by the Registrars before the time for receipt of proxies will take precedence. 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. 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 register of directors' interests in ordinary shares of the Company;
 - the non-executive directors' letters of appointment; and
 - the Company's memorandum of association and articles of association.
5. 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 25th June 2007 (or if the meeting is adjourned, members registered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting) shall be entitled to attend 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 25th June 2007 (or, if the meeting is adjourned, within 48 hours of the time fixed for the adjourned meeting) shall be disregarded in determining the rights of any person to attend 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.

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6. 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 27th June 2007 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 (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo'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 the latest time(s) for receipt of proxy appointments specified in the notice of meeting. 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 CRESTCo 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 providers(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.

7. This Notice of Annual General Meeting should be read in conjunction with the explanatory notes in the accompanying letter.

