

MAGELLAN PETROLEUM CORP /DE/
Form PRER14A
May 24, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

(Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

Magellan Petroleum Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Magellan Petroleum Corporation
1775 Sherman Street, Suite 1950
Denver, Colorado 80203
_____, 2016

Dear Magellan Stockholders:

Magellan Petroleum Corporation (“Magellan” or the “Company”) has signed an Exchange Agreement (the “Exchange Agreement”) with One Stone Holdings II LP (“One Stone”) pursuant to which One Stone will transfer to the Company 100% of the outstanding shares of Magellan Series A convertible preferred stock, par value \$0.01 per share (the “Preferred Stock”), in consideration for the assignment to and assumption by One Stone of 100% of the outstanding membership interests in Nautilus Poplar LLC, a wholly owned subsidiary of the Company, and 51% of the outstanding common units in Utah CO2 LLC, a majority-owned subsidiary of the Company, as adjusted by the Cash Amount (as defined in the Exchange Agreement) (the “Exchange”). The Exchange, if consummated, will result in a sale to One Stone of all of Magellan’s interests in the Poplar field in Montana, which is owned by Nautilus Poplar LLC, in consideration for the Preferred Stock and the Cash Amount.

Magellan believes the Exchange will be beneficial to its stockholders. In order to complete the transactions contemplated by the Exchange Agreement, the Magellan stockholders must approve the Exchange and the other transactions contemplated by the Exchange Agreement at an annual and special meeting of stockholders to be held on _____, _____, 2016, at _____ a.m. local time in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203. In addition, at the annual and special stockholders’ meeting, you and the other stockholders will be asked to vote on (i) the election of the individual named as a director nominee in the enclosed proxy statement to the Company’s Board of Directors for a three-year term; (ii) a non-binding advisory resolution to approve the compensation of the Company’s named executive officers; and (iii) the ratification of the appointment of EKS&H LLLP as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2016.

This letter and the enclosed proxy statement are being furnished to you in connection with the solicitation of proxies by the Magellan Board of Directors. Only stockholders who hold shares of Magellan common stock or Preferred Stock at the close of business on _____, 2016, the record date for the annual and special meeting, are entitled to vote at the meeting. Attached to this letter is an important document, a proxy statement, containing detailed information about Magellan, One Stone, the proposed Exchange and the other transactions contemplated by the Exchange Agreement, as well as the other matters to be considered at the annual and special stockholders’ meeting. Magellan urges you to read this document carefully and in its entirety.

Magellan’s Board of Directors recommends that you vote (1) “FOR” the approval of the Exchange and the other transactions contemplated by the Exchange Agreement; (2) “FOR” the election of the individual named as a director nominee in the enclosed proxy statement to the Company’s Board of Directors for a three-year term; (3) “FOR” the approval, on a non-binding advisory basis, of the compensation of the Company’s named executive officers; and (4) “FOR” the ratification of the appointment of EKS&H LLLP as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2016.

Your vote is very important. Whether or not you plan to attend the annual and special meeting, please take the time to complete, sign, date, and return the enclosed proxy card. If you hold your shares in “street name,” you should instruct your broker how to vote in accordance with your voting instruction card.

Please review the proxy statement carefully. In particular, please carefully consider the matters discussed under “Risk Factors” beginning on page 18 of the proxy statement. You can also obtain other information about Magellan from documents it has filed with the U.S. Securities and Exchange Commission.

Sincerely yours,

MAGELLAN PETROLEUM CORPORATION

/s/ J. Robinson West

/s/ J. Thomas Wilson

J. Robinson West

J. Thomas Wilson

Chairman of the Board of Directors

President and Chief Executive Officer

Magellan Petroleum Corporation
1775 Sherman Street, Suite 1950
Denver, Colorado 80203

NOTICE OF ANNUAL AND SPECIAL MEETING OF STOCKHOLDERS

To be held on _____, 2016

To the Stockholders of Magellan Petroleum Corporation:

We will hold an annual and special meeting of the stockholders of Magellan Petroleum Corporation (“Magellan” or the “Company”), a Delaware corporation, on _____, _____, 2016, at _____ a.m. local time in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203, for the following purposes:

1. To approve the Exchange (as defined below) and the other transactions contemplated by the Exchange Agreement dated as of March 31, 2016 (the “Exchange Agreement”), between Magellan and One Stone Holdings II LP, a Delaware limited partnership (“One Stone”). Under the Exchange Agreement, One Stone will transfer to the Company 100% of the outstanding shares of Magellan Series A convertible preferred stock, par value \$0.01 per share (the “Preferred Stock”), in consideration for the assignment to and assumption by One Stone of 100% of the outstanding membership interests in Nautilus Poplar LLC, a Montana limited liability company and wholly owned subsidiary of the Company, and 51% of the outstanding common units in Utah CO2 LLC, a Delaware limited liability company and majority-owned subsidiary of the Company, as adjusted by the Cash Amount (as defined in the Exchange Agreement) (the “Exchange”);
2. To elect the individual named as a director nominee in the enclosed proxy statement to the Company’s Board of Directors for a three-year term;
3. To approve, on a non-binding advisory basis, the compensation of the Company’s named executive officers;
4. To ratify the appointment of EKS&H LLLP as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2016; and
5. To transact any other business as may properly come before the annual and special meeting or any adjournments or postponements of the meeting.

Only holders of record of Magellan common stock or Preferred Stock at the close of business on _____, 2016, the record date for the annual and special meeting, are entitled to notice of and to vote at the meeting or any adjournment or postponement of the meeting. The Exchange and the other proposed transactions contemplated by the Exchange Agreement cannot be completed unless Magellan stockholders approve the Exchange Agreement.

Proposal 1 will require the affirmative vote of the majority of the outstanding shares of Magellan common stock and Preferred Stock, voting together as a single class. Proposal 2 will require the affirmative vote of the plurality of the shares of Magellan common stock and Preferred Stock, voting together as a single class. Each of Proposals 3 and 4 will require the affirmative vote of a majority of the shares of Magellan common stock and Preferred Stock, voting together as a single class, present in person or represented by proxy at the annual and special meeting and entitled to vote on the matter.

Magellan's Board of Directors recommends that you vote (1) "FOR" the proposal to approve the Exchange and the other transactions contemplated by the Exchange Agreement; (2) "FOR" the proposal to elect the individual named as a director nominee in the enclosed proxy statement to the Company's Board of Directors for a three-year term; (3) "FOR" the approval, on a non-binding advisory basis, of the compensation of the Company's named executive officers; and (4) "FOR" the proposal to ratify the appointment of EKS&H LLLP as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2016.

To ensure your representation at the annual and special meeting, please complete and promptly mail your proxy card in the return envelope enclosed, or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card or voting instruction card. This will not prevent you from voting in person, but will help to secure a quorum for the annual and special meeting and avoid added solicitation costs. If your shares are held in "street name" by your broker or other nominee, only that holder can vote your shares, and the vote cannot be cast on any matter other than Proposal 4 unless you provide instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Your proxy may be revoked at any time before it is voted. Please review the proxy statement accompanying this notice for more complete information regarding the annual and special meeting.

By Order of the Board of Directors,

/s/ Antoine Lafargue

Antoine Lafargue, Corporate Secretary

_____, 2016

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Exchange or the Exchange Agreement or passed upon the fairness or merits of the Exchange, the Exchange Agreement or upon the accuracy or adequacy of the information contained in this proxy statement. Any representation to the contrary is a criminal offense.

YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL AND SPECIAL MEETING, PLEASE VOTE ALL PROXIES YOU RECEIVE. STOCKHOLDERS OF RECORD CAN VOTE ANY ONE OF THREE WAYS:

BY TELEPHONE: CALL THE TOLL-FREE NUMBER ON YOUR PROXY CARD TO VOTE BY PHONE;

VIA INTERNET: VISIT THE WEBSITE ON YOUR PROXY CARD TO VOTE VIA THE INTERNET; OR

BY MAIL: MARK, SIGN, DATE, AND MAIL YOUR PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

THE METHOD BY WHICH YOU DECIDE TO VOTE WILL NOT LIMIT YOUR RIGHT TO VOTE AT THE ANNUAL AND SPECIAL MEETING. IF YOU LATER DECIDE TO ATTEND THE ANNUAL AND SPECIAL MEETING IN PERSON, YOU MAY VOTE YOUR SHARES EVEN IF YOU HAVE PREVIOUSLY SUBMITTED A PROXY.

IF YOU HOLD YOUR SHARES THROUGH A BANK, BROKER OR OTHER NOMINEE, YOU MUST FOLLOW THE VOTING INSTRUCTIONS PROVIDED BY THE NOMINEE. IN ADDITION, YOU MUST OBTAIN A PROXY, EXECUTED IN YOUR FAVOR, FROM THE NOMINEE TO BE ABLE TO VOTE AT THE MEETING. YOU MAY BE ABLE TO VOTE VIA THE INTERNET OR BY TELEPHONE IN ACCORDANCE WITH THE INSTRUCTIONS THE NOMINEE PROVIDES.

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PRELIMINARY COPY—SUBJECT TO COMPLETION

Magellan Petroleum Corporation
1775 Sherman Street, Suite 1950
Denver, Colorado 80203

PROXY STATEMENT

Annual and Special Meeting of Stockholders to be Held on _____, 2016

The Magellan Petroleum Corporation (“Magellan” or the “Company”) Board of Directors (the “Board”) is soliciting the accompanying proxy for use in connection with an annual and special meeting of stockholders (the “Meeting”) to be held on _____, _____, 2016, at _____ a.m. local time in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203. The Board is soliciting the proxy in connection with the transactions contemplated by the Exchange Agreement (the “Exchange Agreement”), dated March 31, 2016, between Magellan and One Stone Holdings II LP, a Delaware limited partnership (“One Stone”) and certain other matters to be proposed at the Meeting as discussed below. The Board is seeking the Magellan stockholders’ approval of the proposals set forth in the accompanying letter and notice of annual and special meeting of stockholders, and in this proxy statement.

QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES
AND THE MEETING

The following questions and answers highlight only selected procedural information from this proxy statement. Magellan urges you to read carefully the remainder of this proxy statement because the questions and answers below do not contain all of the information that might be important to you with respect to the proposals that will be considered at the Meeting. Additional important information is also contained in the annexes to this proxy statement.

Q: Why am I receiving this proxy statement?

Magellan has entered into an Exchange Agreement with One Stone under which One Stone will transfer to Magellan 100% of the outstanding shares of Magellan Series A convertible preferred stock, par value \$0.01 per share (the “Preferred Stock”), in consideration for the assignment to and assumption by One Stone of 100% of the outstanding membership interests (the “Poplar Membership Interests”) in Nautilus Poplar LLC (“Poplar”), a Montana limited liability company and wholly owned subsidiary of Magellan, and 51% of the outstanding common units (the “Purchased Utah CO2 Common Units” and together with the Poplar Membership Interests, the “CO2 Business”) A: in Utah CO2 LLC (“Utah CO2”), a Delaware limited liability company and majority-owned subsidiary of Magellan, as adjusted by the Cash Amount (as defined in the Exchange Agreement) (the “Exchange”). The Exchange, if consummated, will result in a sale to One Stone of all of Magellan’s interest in the Poplar field, which is owned by Poplar, in consideration for the Preferred Stock and the Cash Amount. Magellan’s interest in the Poplar field may be considered to comprise substantially all of its assets. Therefore, in accordance with Delaware law, Magellan stockholders are being asked to vote to approve the Exchange and the other transactions contemplated by the Exchange Agreement.

In addition, Magellan stockholders are being asked at the Meeting to elect a director nominee, to vote on a non-binding proposal to approve the compensation of the Company’s named executive officers (“NEOs”) and to ratify the appointment of the Company’s independent registered public accounting firm.

Q: What are the principal conditions of the proposed Exchange?

The Exchange and the other transactions contemplated by the Exchange Agreement require the approval of A: Magellan stockholders. Magellan is holding the Meeting to obtain the requisite approval. The other principal conditions of the Exchange include the absence of any governmental injunction, judgment or ruling preventing

consummation of the transactions contemplated by the Exchange Agreement, the consent of West Texas State Bank to release a guaranty provided by Magellan of certain indebtedness of Poplar, the accuracy of each party's representations and warranties contained in the Exchange Agreement (subject to certain materiality qualifiers), and each party's compliance with its covenants and agreements contained in the Exchange Agreement in all material respects. For a description of the other terms and conditions of the Exchange, please see "The Exchange Agreement" beginning on page 43 of this proxy statement. A copy of the Exchange Agreement is attached to this proxy statement as Annex A.

Q: Will the proposed transactions result in a change in control of Magellan?

A: No. Magellan is transferring to One Stone substantially all of Magellan's interest in the Poplar field, which is owned by Poplar, in consideration for the Preferred Stock and the Cash Amount, but the ownership interests in Magellan are not changing hands (other than the transfer to Magellan of the Preferred Stock).

Q: Why is the Company proposing to sell at this time 100% of the outstanding membership interests in Poplar and the Purchased Utah CO2 Common Units, which together may be considered to comprise substantially all of Magellan's assets?

A: The dramatic decline in worldwide oil prices beginning in mid-2014 has had a variety of adverse effects on the Company, including by reducing revenues from Poplar's shallow conventional wells. The reduction in Poplar's revenues has caused liquidity constraints for the Company that the Exchange is intended, in part, to address. See "Background of the Exchange" for further details. In particular, the transfer of the West Texas State Bank loan and other liabilities associated with Poplar in the Exchange will substantially strengthen the Company's balance sheet and is expected to improve future liquidity. The special committee of the Board (the "Special Committee") believes that the Exchange and the monetization of some or all of the Company's remaining assets should allow the Company to continue to operate on a limited basis and satisfy its remaining financial obligations for a substantial period of time following the completion of the Exchange. See "Post-Exchange Business Strategy" for a description and discussion of the Company's remaining assets immediately following the Exchange.

The Special Committee also believes that Magellan's public platform is of potential additional value, which could be realized through a merger or similar business combination transaction with another company. Although the terms, timing, and availability of a possible post-Exchange merger or other business combination transaction are uncertain and subject to certain risks, the Special Committee believes that the Exchange may facilitate such a transaction, including by eliminating the Company's debt, the Preferred Stock, and virtually all liabilities associated with Poplar. The Exchange will position Magellan to focus on generating additional value for stockholders by monetizing the Company's international assets and pursuing business combination opportunities, possibly with private companies or international parties interested in accessing the U.S. capital markets. The Special Committee believes that completing the Exchange is likely a pre-condition to the successful completion of any such business combination.

Notwithstanding the proposed sale of what may be considered to comprise substantially all of the Company's assets, resulting in the Company having no substantial operations or ongoing revenue generating capabilities following the Exchange, management believes that following the Exchange, Magellan will not be a "shell company" as defined in Rule 12b-2 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), as it will retain significant non-cash assets for at least some period of time.

Q: What am I voting on?

A: You are voting on (1) a proposal to approve the Exchange and the other transactions contemplated by the Exchange Agreement; (2) a proposal to elect to the Board for a three-year term the individual named as a director nominee in this proxy statement; (3) a non-binding advisory resolution to approve the compensation of the Company's

NEOs; and (4) a proposal to ratify the appointment of EKS&H LLLP (“EKS&H”) as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2016.

Q: What vote of Magellan stockholders is required to approve these proposals?

In order for the proposals to be voted on at the Meeting, a “quorum” of the shares must be present. A quorum is 33 % of the issued and outstanding shares of Magellan common stock and Preferred Stock. All shares of Magellan common stock and Preferred Stock held by stockholders who are present in person or by proxy will count towards a quorum, including Magellan shares held by stockholders who are present in person at the Meeting but not voting, and Magellan shares for which Magellan has received proxies indicating that their holders have abstained. Shares of Magellan common stock and Preferred Stock held by stockholders who are not present in person or by proxy will not be counted towards a quorum.

The proposal regarding the Exchange and the other transactions contemplated by the Exchange Agreement will require the affirmative vote of the majority of the outstanding shares of Magellan common stock and Preferred Stock, voting together as a single class. Each of the proposals regarding (i) the compensation of the Company’s NEOs (by a non-binding advisory vote) and (ii) the appointment of EKS&H as the independent registered public accounting firm of the Company will require the affirmative vote of the majority of the shares of Magellan common stock and Preferred Stock, voting together as a single class, present in person or represented by proxy at the Meeting and entitled to vote on the matter. The proposal regarding the director election will require the affirmative vote of the plurality of the shares of Magellan common stock and Preferred Stock, voting together as a single class. See “The Meeting—Quorum Required; ‘Broker Non-Votes,’ Abstentions, and Withholding Authority” for a description of the effect of “broker non-votes,” abstentions, and “withhold” votes on the outcome of each vote.

Q: What additional actions must the parties take in connection with completing the Exchange?

Pursuant to the Exchange Agreement, on or before April 15, 2016, Magellan and One Stone must (i) enter into a Secured Promissory Note (the “Secured Promissory Note”) pursuant to which One Stone will make a loan to Magellan in the aggregate amount of \$625,000 (the “Loan Amount”) and (ii) simultaneously enter into a Pledge Agreement (the “Pledge Agreement”) pursuant to which Magellan will pledge, assign, and grant to One Stone a security interest in certain assets of Magellan as collateral for the loan. Magellan is required to use the borrowed amounts to satisfy transaction costs and pay certain outstanding accounts payable. On April 15, 2016, Magellan and One Stone entered into each of the Secured Promissory Note and the Pledge Agreement, copies of which are attached to this proxy statement as Annex B and Annex C, respectively.

In addition, if requested by One Stone, Magellan will (i) form a new Delaware limited liability company (“Newco”), contribute to Newco its membership interests in Poplar and Utah CO2, and contribute its interests in Newco to One Stone at the closing of the transaction and (ii) take or avoid taking certain other actions regarding tax structuring and tax elections.

Q: If the Exchange is completed, as of when will it be given economic effect?

A: If the Exchange is completed, the transfer of Poplar to One Stone will be given economic effect as of September 30, 2015 (the “Effective Date”).

Q: When will the Cash Amount be paid and how is it determined?

At closing, Magellan will pay One Stone cash in an amount equal to the Cash Amount if the Cash Amount is positive, or if the Cash Amount is negative, One Stone will pay the Company an amount equal to the absolute value of the Cash Amount. The Cash Amount equals (i) the Loan Amount plus (if positive) or minus (if negative) (ii) the net revenues and expenses attributable to Poplar after the Effective Date, minus (iii) any transaction costs One Stone has agreed to pay pursuant to the Exchange Agreement that have not been paid on or prior to closing

minus (iv) certain Poplar specified liabilities actually paid by the Company or Poplar prior to closing. At the closing of the transactions contemplated by the Exchange Agreement, the Loan Amount will be deemed to be paid in full as a portion of the exchange consideration, and no amounts under the Secured Promissory Note will be repaid by the Company. If the Exchange is not consummated, the Company will be required to repay this amount. Upon closing of the Exchange, One Stone will assume all assets and virtually all liabilities related to Poplar.

Q: How will One Stone vote the shares of Preferred Stock that it owns?

A: Pursuant to the Exchange Agreement, One Stone is required to vote all shares of Preferred Stock in favor of the proposal to approve the Exchange and the other transactions contemplated by the Exchange Agreement. In connection with the other proposals being considered at the Meeting, One Stone may vote its shares of Preferred Stock however it deems appropriate.

Q: Why am I being asked to cast a non-binding advisory vote on the compensation of the Company's NEOs?

A: In accordance with Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and U.S. Securities and Exchange Commission ("SEC") rules, Magellan stockholders are being asked to approve, on a non-binding advisory basis, the compensation of the Company's NEOs disclosed in this proxy statement, as disclosed in "Proposal 3—Non-Binding Advisory Resolution to Approve the Compensation of the Company's Named Executive Officers." This is commonly known as a "say-on-pay" vote, as it gives the stockholders the opportunity to communicate to the Compensation, Nominating and Governance Committee of the Board (the "CNG Committee") and the Board their views on the compensation of the Company's NEOs. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Company's NEOs and the compensation policies and practices described in this proxy statement.

Q: What will happen if stockholders do not approve the proposal regarding the compensation of the Company's NEOs?

A: The "say-on-pay" vote is advisory only and therefore is not binding on the Company, the CNG Committee, or the Board, and will not be construed as overruling a decision by, or creating or implying any fiduciary duty for, the Company, the CNG Committee, or the Board. Although the vote is non-binding, the CNG Committee, which is responsible for designing and administering the Company's executive compensation program, values the opinions expressed by stockholders in their vote on this proposal and will review the voting results, seek to determine the reasons for any significant negative voting, and take such feedback into consideration when making future compensation decisions for the Company's NEOs.

Q: When and where will the Meeting be held?

A: The Meeting will take place on _____, _____, 2016, at _____ a.m. local time in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203.

Q: Who can attend and vote at the Meeting?

A: Only holders of record of Magellan common stock and Preferred Stock at the close of business on _____, 2016, the record date for the Meeting, are entitled to vote at the Meeting or any adjournment or postponement of the Meeting. As of the record date, there were _____ shares of Magellan common stock and _____ shares of Preferred Stock issued and outstanding and entitled to vote at the Meeting. Each outstanding share of Magellan common stock and Preferred Stock (on an as-converted basis) on the record date is entitled to one vote on each matter properly brought before the Meeting.

Q: How may I vote at the Meeting?

A: You may vote using any of the following methods:

1. BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope provided. The named proxies

- will vote your stock according to your directions. If you submit a signed proxy card without indicating your vote, the person voting the proxy will vote your stock in favor of the proposals.

2. BY TELEPHONE: Call toll free _____

Vote your proxy 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Standard Time on _____, 2016.

Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions the voice provides you.

3. BY INTERNET: http://www._____

Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Standard Time on _____, 2016.

Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions to obtain your records and create an electronic ballot.

4. BY ATTENDING THE MEETING IN PERSON

If you hold your shares through a broker or other nominee, you must follow the voting instructions provided to you by your broker or nominee. In addition, to attend the Meeting, you must obtain a proxy, executed in your favor, from the broker or nominee to be able to vote at the Meeting.

Q: Can I revoke or change my proxy?

A: You may revoke your proxy at any time before the vote is taken at the Meeting. If you have not voted through a broker or other nominee, you may revoke your proxy by:

1. giving written notice of revocation no later than the commencement of the Meeting to Magellan's Corporate Secretary, Antoine Lafargue:

if before commencement of the Meeting on the date of the Meeting, by personal delivery to Antoine Lafargue in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203; and

if delivered before the date of the Meeting, to Antoine Lafargue at Magellan's offices, 1775 Sherman Street, Suite 1950, Denver, Colorado 80203;

2. delivering no later than the commencement of the Meeting a properly executed, later-dated proxy; or
3. voting in person at the Meeting; however, simply attending the Meeting without voting will not revoke an earlier proxy.

Voting by proxy will in no way limit your right to vote at the Meeting if you later decide to attend in person. If your stock is held in the name of a broker or other nominee, you must obtain a proxy, executed in your favor, to be able to vote at the Meeting, and must follow instructions provided to you by your broker or nominee to revoke or change your vote. If no direction is given and the proxy is validly executed, the stock represented by the proxy will be voted in favor of each proposal described herein. The persons authorized under the proxies will vote upon any other business that may properly come before the Meeting according to their best judgment to the same extent as the person delivering the proxy would be entitled to vote. Other than the matters described herein, Magellan does not anticipate that any matters will be raised at the Meeting.

Q: Who can help answer my questions?

A: If you have any questions about how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card, or if you have any questions about the proposals, you should contact the following:

Antoine Lafargue, Corporate Secretary

Magellan Petroleum Corporation

1775 Sherman Street, Suite 1950

Denver, Colorado 80203

Telephone: (720) 484-2400

SUMMARY

The following is a summary that highlights information contained in this proxy statement. This summary may not contain all of the information that may be important to you. For a more complete description of the Exchange Agreement and the transactions contemplated thereby, Magellan encourages you to read carefully this entire proxy statement, including the attached annexes.

The Parties to the Exchange Agreement Magellan Petroleum Corporation, a Delaware corporation; and
One Stone Holdings II LP, a Delaware limited partnership.

See “The Exchange Agreement” beginning on page 43.

Background of the development of CO₂-enhanced oil recovery (“CQ-EOR”) projects in the Rocky Mountain region.
the Parties Magellan common stock trades on the NASDAQ Capital Market (“NASDAQ”) under the trading symbol “MPET.”

One Stone is an affiliate of One Stone Energy Partners, L.P., a New York-based private equity firm focused on investments in the oil and gas industry. One Stone currently owns all of the outstanding Preferred Stock, which represents approximately 32.6% of the voting power of Magellan’s outstanding capital stock.

See “The Exchange—Background of the Exchange” beginning on page 25.

The Exchange One Stone will transfer to Magellan 100% of the outstanding shares of Preferred Stock, in consideration for the assignment to and assumption by One Stone of 100% of Magellan’s membership interests in Poplar (the “Poplar Membership Interests”) and 51% of the membership interests in Utah CO₂ (the “Purchased Utah CO₂ Common Units”), as adjusted by the Cash Amount (as defined in the Exchange Agreement). Poplar owns Magellan’s interest in the Poplar field, including a CQ-EOR project being developed at the field. Utah CO₂ is an early-stage venture created to develop CO₂-EOR projects in the State of Utah. Utah CO₂ does not currently have any assets or liabilities that are material to Magellan.

If requested by One Stone, Magellan will (i) form Newco, contribute to Newco the Poplar Membership Interests and the Purchased Utah CO₂ Common Units, and in lieu of transferring the Poplar Membership Interests and the Purchased Utah CO₂ Common Units directly to One Stone, transfer Newco to One Stone and (ii) take or avoid taking certain other actions regarding tax structuring and tax elections.

See “The Exchange Agreement” beginning on page 43.

Reasons for the Exchange	<p>Magellan believes that the Exchange will provide significant benefits for Magellan common stockholders, including the elimination of the Company's debt, the Preferred Stock, and virtually all liabilities associated with Poplar. The Exchange will position Magellan to focus on generating additional value for stockholders by monetizing the Company's international assets and pursuing business combination opportunities, possibly with private companies or international parties interested in accessing the U.S. capital markets.</p> <p>See "The Exchange—Background of the Exchange" beginning on page 25 and "Reasons for the Recommendation to Magellan Stockholders by the Magellan Board and Special Committee" beginning on page 29.</p>
Date, Time and Place of the Meeting	<p>_____, _____, 2016, at _____ a.m. local time in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203.</p>
Record Date	<p>Holders of record of Magellan common stock or Preferred Stock as of _____, 2016, are entitled to one vote per share on each matter brought before the Meeting.</p> <p>See "The Meeting—Date, Time and Place" on page 20.</p>
Proposals to be Considered at the Meeting	<p>(1) To approve the Exchange and the other transactions contemplated by the Exchange Agreement; (2) to elect to the Board for a three-year term the individual named as a director nominee in this proxy statement; (3) to approve, by a non-binding advisory vote, the compensation of the Company's NEOs; and (4) to ratify the appointment of EKS&H as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2016.</p> <p>See "The Meeting—Purpose; Other Matters" beginning on page 20.</p>
Recommendation of the Magellan Board	<p>"FOR" all four proposals to be considered at the Meeting.</p> <p>See "The Exchange—Reasons for the Recommendation to Magellan Stockholders by the Magellan Board and Special Committee" beginning on page 29.</p>
Regulatory Approvals	<p>None.</p>
Rights of Appraisal	<p>None.</p> <p>See "The Exchange—No Dissenters' or Appraisal Rights" beginning on page 42.</p>
Conditions to Completion of the Exchange	<p>Magellan stockholder approval of the Exchange and the other transactions contemplated by the Exchange Agreement;</p>

Absence of any governmental injunction, judgment or ruling preventing consummation of the transactions contemplated by the Exchange Agreement;

Consent of West Texas State Bank to release a guaranty provided by Magellan of certain indebtedness of Poplar; and

All representations and warranties of the parties shall be true and correct as of the closing of the Exchange (subject to certain materiality qualifiers) and all obligations of the parties to be accomplished at or prior to the closing have been completed.

See “The Exchange Agreement—Conditions to Closing” beginning on page 47.

Opinion of
Magellan’s
Financial
Advisor

Formed to conduct a strategic alternatives process for Magellan, the Special Committee retained Petrie Partners Securities, LLC (“Petrie”) to serve as Magellan’s financial advisor in connection with the Exchange and to provide the Special Committee (solely in its capacity as such) with an opinion with respect to the fairness, from a financial point of view, to Magellan of the Exchange Consideration. For purposes of Petrie’s opinion, the term “Consideration” means the Preferred Stock as adjusted by the Cash Amount. The full text of Petrie’s written opinion, dated March 30, 2016, is attached hereto as Annex D and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Petrie in preparing its opinion. This summary and the description of Petrie’s opinion are qualified in their entirety by reference to the full text of the opinion.

See “The Exchange—Opinion of Magellan’s Financial Advisor” beginning on page 32.

Termination
of the
Exchange
Agreement

By mutual written consent of the Board of Magellan and the board of managers of One Stone;

By either party if (i) the Exchange has not been completed by August 1, 2016, subject to certain conditions; (ii) if a governmental injunction, judgment or ruling preventing consummation of the transactions contemplated by the Exchange Agreement is in effect and becomes final and nonappealable, subject to certain exceptions; (iii) the Meeting has concluded and the Magellan stockholders have not approved the transactions contemplated by the Exchange Agreement; (iv) the other party has breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the Exchange Agreement and the breach either cannot be cured or is not cured within 30 days after notice, subject to certain exceptions.

By Magellan if the Magellan Board receives a “superior offer” and determines to accept the offer; however, One Stone will have the right to negotiate with the Magellan Board for a three business day period following notice from Magellan to One Stone of such superior offer prior to Magellan’s acceptance of such superior offer; and provided that if the Magellan Board terminates the Exchange Agreement and enters into a definitive agreement pursuant to a superior offer, Magellan will be obligated to pay a termination fee of \$750,000 to One Stone; and

By One Stone if the Magellan Board withdraws, modifies or qualifies, or proposes publicly to withdraw, modify or qualify, in a manner adverse to One Stone, its recommendation that stockholders approve the Exchange Agreement, or publicly recommends the approval or adoption of, or publicly approves or adopts, or proposes to publicly recommend, approve or adopt, any alternative proposal; and in which case, Magellan will be obligated to pay a termination fee of \$750,000 to One Stone.

See “The Exchange Agreement—Termination Fee” beginning on page 47.

U.S. Federal Income Tax Consequences Not taxable to Magellan stockholders.

See “U.S. Federal Income Tax Consequences” beginning on page 49.

Risk Factors In evaluating the proposals to be considered at the Meeting, holders of Magellan common stock and Preferred Stock should carefully read this proxy statement and especially consider the factors discussed in the section entitled “Risk Factors” beginning on page 18 of this proxy statement.

Share Ownership of Magellan Directors and Executive Officers 886,094 shares (including options to acquire 319,789 shares), or 14.6% of the outstanding Magellan common stock, on an as-converted basis.

Interests of Executive Officers and Directors of Magellan in the Exchange Certain of Magellan’s directors and officers may have interests that differ from, and may be in conflict with, those of the stockholders of Magellan with respect to the Exchange Agreement. In particular, (i) each of Magellan directors Vadim Gluzman and Robert I. Israel is a managing member of One Stone Energy Partners GP, L.L.C., a Delaware limited liability company and the general partner of One Stone; (ii) J. Thomas Wilson, the Company’s President and Chief Executive Officer and a director, has certain potential interests in the operations of Poplar; and (iii) each Magellan director owns shares of Magellan common stock. Each member of the Special Committee and the Board of Magellan was aware of these interests and considered them in making its recommendations in this proxy statement.

There is no compensation payable to any NEO that is based on or otherwise relates to the Exchange.

See "The Exchange-Interests of Magellan Executive Officers and Directors in the Exchange" beginning on page 45.

POST-EXCHANGE BUSINESS STRATEGY

We believe that Magellan's sources of value are embedded in the Company's portfolio of assets. Magellan's strategy is therefore focused on recovering shareholder value by realizing the value of its existing assets.

Immediately following the completion of the Exchange, and excluding the assets that are part of the Exchange, the Company's principal assets will consist of (i) its 100% interest in NT/P82, an offshore block in the Bonaparte Basin, Australia, (ii) approximately 8.2 million shares of the stock of Central Petroleum Limited ("Central Petroleum"), subject to any sales of such shares prior to closing, (iii) a 35% interest in Horse Hill Development Limited, which owns the Horse Hill-1 well in the Weald Basin, onshore United Kingdom, and (iv) 50% interests in Petroleum Exploration and Development Licenses 231, 234, and 243 in the Weald Basin, onshore United Kingdom. With respect to NT/P82, the terms of the offshore license require the Company to conduct a 600 km² 3-D seismic survey over the license area before the expiration date of the permit. On April 27, 2016, Magellan made an application to the National Offshore Petroleum Titles Administrator to amend certain terms of the license, including an 18-month extension of the first term of the license, which was due to expire on May 12, 2016, and a variation of the work commitment. The Company intends to continue its efforts to enter into a farmout agreement with potential partners or to sell its interests in the license. Although the Company has identified several prospects for the license, the Company has been unable in this market environment to finalize a farmout agreement with potential partners. With respect to the Company's interests in the licenses covering the Weald Basin, these licenses are due to expire on June 30, 2016, because the work commitment to drill a well, specifically at Broadford Bridge, has not been met. These licenses are also encumbered by pending litigation with the co-owner of these licenses, Celtique Energie Weald Limited ("Celtique Energie"). With respect to the Horse Hill-1 well, the recent publicly announced results of the flow tests are encouraging, but material risks remain before this well can be assessed as a producing well and reserves estimated.

Based on the preceding considerations, the Special Committee believes that while the monetization of some or all of these assets should allow Magellan to continue to operate on a limited basis and satisfy its remaining financial obligations for a substantial period of time following the completion of the Exchange, none is likely to provide ongoing revenue in the near term. The Special Committee recognizes that there are risks and uncertainties involved in attempting to monetize these assets. The Special Committee also believes that Magellan's public platform is of potential additional value which could be realized through a merger or similar business combination transaction with another company. The Special Committee believes that such a transaction could benefit the stockholders by (i) addressing the Company's current liquidity constraints, (ii) bringing new assets, a new strategy, and a new management team, and (iii) leveraging the Company's existing reporting infrastructure and simplified balance sheet. The Special Committee believes that this strategy can be executed in a timely manner and would permit Magellan's existing shareholders to benefit from the appreciation potential of the new combined entity. Following the Exchange, Magellan will have no debt and limited liabilities, and will therefore, the Special Committee believes, be attractive to private companies and international entities interested in gaining access to the U.S. capital markets.

In addition, to maximize its chances of executing this strategy and identifying an attractive business combination candidate, Magellan is actively seeking to monetize its interests in the Weald Basin licenses and the Horse Hill-1 well and any related assets. The Special Committee believes that converting these assets into cash will make Magellan more attractive to potential merger candidates as we de-risk and clarify the valuation of the Company's remaining assets. In pursuit of this strategy, on May 19, 2016, Magellan sold to Macquarie Bank Limited for AUD \$3.45 million all the Company's rights to certain bonus payments related to the Mereenie field located in the Amadeus Basin in Australia. The potential sale of the Company's interests in the Weald Basin and the related settlement of its litigation with Celtique Energie would further enhance the Company's profile by reducing the uncertainties

associated with those interests. The Company believes that the receipt of proceeds from the monetization of the above-listed assets could be accomplished in the relatively near future and could result in proceeds being received by the Company that are materially greater than the current equity market capitalization of the Company as of the date of this proxy statement, although the amount and timing of such proceeds, if any, are uncertain. The terms, timing, and availability of a possible post-Exchange merger or other business combination transaction are similarly uncertain and subject to numerous risks, including the risk that we will be unable to identify, negotiate, and complete a transaction with a suitable counterparty.

SELECTED UNAUDITED COMBINED FINANCIAL INFORMATION OF THE CO2 BUSINESS

Magellan is providing the following information to aid you in your analysis of the financial aspects of the Exchange. The following selected financial information is derived from Magellan's unaudited combined financial statements as of and for the nine months ended March 31, 2016 and 2015, and Magellan's audited financial statements as of and for the years ended June 30, 2015 and 2014. See "Unaudited Combined Financial Statements of the CO2 Business" beginning on page H-1.

(\$ in thousands)	Nine Months		Year Ended	
	Ended		June 30,	
	March 31,	March 31,	2015	2014
Revenue from oil production	2016	2015	2015	2014
	\$1,559	\$3,543	\$4,459	\$7,601
Net loss attributable to the CO2 Business	\$(13,718)	\$(1,972)	\$(21,034)	\$(1,019)

(\$ in thousands)	March 31, June 30,		
	2016	2015	2014
Total assets	\$24,248	\$37,130	\$48,161
Total liabilities	\$9,976	\$10,002	\$5,261

SELECTED UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth information relating to the Exchange (i) as if the Exchange had become effective on March 31, 2016, with respect to balance sheet data, (ii) as if the Exchange had become effective on July 1, 2015, with respect to statement of operations data for the nine months ended March 31, 2016, (iii) as if the Exchange had become effective on July 1, 2014, with respect to statement of operations data for the fiscal year ended June 30, 2015, and (iv) as if the Exchange had become effective on July 1, 2013, with respect to statement of operations data for the fiscal year ended June 30, 2014. This unaudited pro forma financial information represents the historical results of operations adjusted for the effects of the Exchange as if it occurred at the beginning of the period being presented based on available information.

The following selected financial data is derived from and should be read in conjunction with Magellan's unaudited pro forma condensed consolidated financial statements as of and for the nine months ended March 31, 2016, and for the fiscal years ended June 30, 2015 and 2014. See "Unaudited Pro Forma Condensed Consolidated Financial Information of Magellan Petroleum Corporation" beginning on page F-1.

The unaudited pro forma condensed consolidated balance sheet as of March 31, 2016, and the unaudited pro forma condensed consolidated statement of operations for the nine months ended March 31, 2016, were derived from and should be read in conjunction with the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2016 filed with the SEC on May 13, 2016. The pro forma condensed consolidated statement of operations for the fiscal years ended June 30, 2015, and 2014 were derived from and should be read in conjunction with the Company's audited financial statements included in the Annual Report on Form 10-K for the fiscal year ended June 30, 2015, filed with the SEC on October 13, 2015, which is part of the annual report included in these proxy materials.

The unaudited pro forma financial information, while helpful in illustrating the financial characteristics of Magellan by using certain assumptions, does not reflect the impact of all possible events that may result as a consequence

of the Exchange and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the Exchange would have been had it occurred as of the beginning of such periods.

(\$ in thousands, except shares and per share data)	Historical	Exchange Transaction Pro Forma Adjustments	Pro Forma As Adjusted
Fiscal year ended June 30, 2014:			
Revenue from oil production	\$7,601	\$ (7,601)	\$ —
Net loss attributable to common stockholders from continuing operations	(11,738)	1,685	(10,053)
Loss per common share attributable to common stockholders from continuing operations	\$(2.07)		\$(1.77)
Fiscal year ended June 30, 2015:			
Revenue from oil production	\$4,459	\$ (4,459)	\$ —
Net loss attributable to common stockholders from continuing operations	(44,740)	21,742	(22,998)
Loss per common share attributable to common stockholders from continuing operations	\$(7.83)		\$(4.03)
Nine months ended March 31, 2016:			
Net loss attributable to common stockholders from continuing operations	\$(16,592)	\$ 11,219	\$(5,373)
Loss per common share attributable to common stockholders from continuing operations	\$(0.93)		\$(0.65)
At March 31, 2016:			
Total assets	\$29,453	\$ (24,054)	\$ 5,399
Total liabilities	14,482	(9,976)	4,506
Series A Convertible Preferred Stock	23,501	(23,501)	—
Equity attributable to Magellan Petroleum Corporation	(8,530)	9,423	893
Outstanding common shares	5,762,634		5,762,634
Book value per share	\$(1.48)		\$0.15

COMPARATIVE PER SHARE INFORMATION

The following table sets forth certain historical net loss per share, book value per share and declared cash dividends per share information of Magellan on an unaudited basis and an unaudited pro forma basis after giving effect to the Exchange.

The unaudited pro forma condensed consolidated per share information does not purport to represent what the results of operations or financial position of Magellan would actually have been had the Exchange actually occurred at the beginning of the period shown or to project Magellan's results of operations or financial position for any future period or date. Such pro forma information is derived from, and should be read in conjunction with, the unaudited pro forma condensed consolidated financial information included in this proxy statement as described under "Unaudited Pro Forma Condensed Consolidated Financial Information of Magellan Petroleum Corporation" beginning on page F-1. The historical per share information is derived from, and should be read in conjunction with, the financial statements of Magellan incorporated by reference into this proxy statement. Magellan did not declare any cash dividends related to its equity ownership or common stock during any of the periods presented.

	Historical	Pro Forma As Adjusted	
Magellan Per Common Share Data (as of and for the nine months ended March 31, 2016):			
Basic	\$(2.89)	\$(0.94)	(a)
Diluted	\$(2.89)	\$(0.94)	(a)
Book value (b)	\$(1.48)	\$0.15	
Cash dividends declared	\$0.00	\$0.00	
Magellan Per Common Share Data (as of and for the fiscal year ended June 30, 2015):			
Basic	\$(7.83)	\$(4.03)	(c)
Diluted	\$(7.83)	\$(4.03)	(c)
Book value (b)	\$1.39	N/A	
Cash dividends declared	\$0.00	\$0.00	
Magellan Per Common Share Data (as of and for the fiscal year ended June 30, 2014):			
Basic	\$(2.07)	\$(1.77)	(d)
Diluted	\$(2.07)	\$(1.77)	(d)
Book value (b)	\$8.06	N/A	
Cash dividends declared	\$0.00	\$0.00	

(a) Based on the pro forma net income for Magellan for the nine months ended March 31, 2016, which gives effect to the Exchange as if it occurred on July 1, 2015.

Computed by dividing stockholders' equity at March 31, 2016, June 30, 2015 and June 30, 2014, by the number of (b) outstanding shares of Magellan common stock of 5,762,634, 5,707,638 and 5,697,466, respectively, at the end of such period.

(c) Based on the pro forma net income for Magellan for the fiscal year ended June 30, 2015, which gives effect to the Exchange as if it occurred on July 1, 2014.

(d) Based on the pro forma net income for Magellan for the fiscal year ended June 30, 2014, which gives effect to the Exchange as if it occurred on July 1, 2013.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this proxy statement that address activities, events, or developments with respect to Magellan’s financial condition, results of operations, or economic performance that Magellan expects, believes, or anticipates will or may occur in the future, or that address plans and objectives of management for future operations, are forward-looking statements. The words “anticipate,” “assume,” “believe,” “budget,” “could,” “estimate,” “expect,” “forecast,” “initial,” “intend,” “may,” “plan,” “potential,” “project,” “would,” and similar expressions are intended to identify forward-looking statements. These forward-looking statements about Magellan and its subsidiaries appear in a number of places in this proxy statement and may relate to statements about the following, among other things:

- completion of the Exchange and the other transactions contemplated by the Exchange Agreement;
- strategies for Magellan after the Exchange, including potential future transactions;
- the Cash Amount, as finally determined;
- forward-looking elements of the Magellan Board and Special Committee’s reasons for recommending that Magellan stockholders approve the Exchange and the other transactions contemplated by the Exchange Agreement;
- Magellan’s businesses and prospects;
- projected revenues, operating expenses, earnings before interest, taxes, depreciation and amortization (“EBITDA”), pre-tax cash flows, capital expenditures, production levels, and other financial and operating metrics;
- availability of liquidity and capital resources;
- the disposition of oil and gas properties and related assets;
- the ability to enter into acceptable farmout arrangements;
- progress in developing Magellan’s projects;
- future values of those projects or other interests or rights that Magellan holds; and
- other matters that involve a number of risks and uncertainties that may cause actual results to differ materially from results expressed or implied in the forward-looking statements.

These statements, wherever they occur in this proxy statement, are necessarily estimates reflecting the best judgment of Magellan’s management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Many of the important factors that will determine these results are beyond Magellan’s ability to control or predict. These forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in this proxy statement. In addition to the risk factors identified elsewhere, important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation:

- factors that affect the timing or ability to complete the Exchange and the other transactions contemplated herein;

the risk that cost savings from these transactions may not be fully realized or may take longer to realize than expected; disruption from these transactions, making it more difficult to maintain relationships with vendors, other counterparties, or employees;

potential inability to complete other transactions in a timely manner and on acceptable terms;

the uncertain nature of oil and gas prices in the United States, the United Kingdom, and Australia, including uncertainties about the duration of the currently depressed oil commodity price environment and the related impact on Magellan's revenues, project developments, and ability to obtain financing;

uncertainties regarding Magellan's ability to maintain sufficient liquidity and capital resources to implement Magellan's projects or otherwise continue as a going concern;

Magellan's ability to attract and retain key personnel;

Magellan's limited amount of control over activities on Magellan's non-operated properties;

Magellan's reliance on the skill and expertise of third-party service providers;

the ability of Magellan's vendors to meet their contractual obligations;

the uncertain nature of the anticipated value and underlying prospects of Magellan's U.K. acreage position; government regulation and oversight of drilling and completion activity in the United Kingdom, including possible restrictions on hydraulic fracturing that could affect Magellan's ability to develop unconventional resource projects in the United Kingdom;

the uncertainty of drilling and completion conditions and results;

the availability of drilling, completion, and operating equipment and services;

the results and interpretation of 2-D and 3-D seismic data related to Magellan's NT/P82 interest in offshore Australia and Magellan's ability to obtain an attractive farmout arrangement for NT/P82;

uncertainties regarding Magellan's ability to maintain the NASDAQ listing of Magellan common stock;

risks and uncertainties inherent in management estimates of future operating results, liquidity, and cash flows;

risks and uncertainties associated with litigation matters;

risk factors consistent with comparable companies within the oil and gas industry, especially companies with similar market capitalization and/or employee base; and

and other matters discussed in the "Risk Factors" section of this proxy statement.

Furthermore, forward-looking statements are made based on Magellan management's current assessment available at the time. Subsequently obtained information may result in revisions to Magellan management's expectations and intentions and, thus, Magellan may alter its plans. You are cautioned not to place undue reliance on

these forward-looking statements, which speak only as of the date of this proxy statement. Magellan does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events, except as required by law.

RISK FACTORS

In addition to the other information included in this proxy statement, including the matters addressed under the caption “Cautionary Statement Concerning Forward-Looking Statements” beginning on page 15 and the Risk Factors section of the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2015, which is part of the annual report included in these proxy materials, you should carefully read and consider the following factors in evaluating the proposals to be voted on at the Meeting and in determining whether to vote for approval of the matters to be considered at the Meeting.

Risks Related to the Exchange

Failure to complete the Exchange could negatively impact the stock price and the future business and financial results of Magellan.

There is no assurance that the conditions to the completion of the Exchange Agreement will be satisfied. If the Exchange is not completed, Magellan will be subject to several risks, including the following:

The current market price of Magellan common stock may reflect a market assumption that the Exchange will occur, and a failure to complete the Exchange could result in negative market perception and a decline in the market price of Magellan common stock;

Certain costs relating to the Exchange Agreement, such as legal, accounting and financial advisory fees associated with the delivery of a fairness opinion, which have already been incurred by Magellan, are payable by Magellan whether or not the Exchange is completed, and the Loan Amount will become repayable by Magellan;

Magellan may be required to pay One Stone a termination fee of \$750,000 if the Exchange Agreement is terminated under certain circumstances;

There will likely be substantial disruption to the business of Magellan and a distraction of its management and employees from day-to-day operations because matters related to the Exchange Agreement may require substantial commitments of time and resources, which could otherwise have been devoted to other opportunities that could have been beneficial to Magellan; and

Magellan would continue to face the risks that it currently faces as an independent company, including limited capital and limited human resources.

In addition, Magellan would not realize any of the expected benefits of having completed the Exchange. If the Exchange is not completed, these risks may materialize and materially adversely affect Magellan’s business, financial results, financial condition and stock price.

Magellan may waive one or more of the conditions to the Exchange without re-soliciting stockholders.

Each of the conditions in the Exchange Agreement to Magellan’s obligations to complete the Exchange may be waived, in whole or in part, by Magellan. The Magellan Special Committee may evaluate the materiality of any such waiver to determine whether amendment of this proxy statement and re-solicitation of proxies is necessary. If the Special Committee were to determine that a waiver would materially alter the relative values of the consideration to be given or received in the Exchange, Magellan would likely re-solicit proxies. In the event that any such waiver

is not determined to be significant enough to require re-solicitation of stockholders, Magellan will have the discretion, subject to limitations under Delaware law, to complete the Exchange without seeking further stockholder approval.

The Exchange Agreement limits Magellan's ability to pursue alternatives to the Exchange.

The Exchange Agreement contains provisions that could adversely impact competing proposals to acquire Poplar or Utah CO2. These provisions generally prohibit Magellan from soliciting any acquisition proposal or offer for a competing transaction and would require Magellan to pay a termination fee of \$750,000 in cash if the Exchange Agreement is terminated in specified circumstances in connection with an alternative transaction. In addition, even if the Magellan Special Committee determines that a competing proposal is superior, Magellan may not exercise its right to terminate the Exchange Agreement unless it notifies One Stone of its intention to do so and gives One Stone at least three business days to propose revisions to the terms of the Exchange Agreement or to make another proposal in response to the competing proposal. See "The Exchange Agreement—Additional Covenants—Non-Solicitation" beginning on page 46.

Magellan agreed to these provisions as a condition to One Stone's willingness to enter into the Exchange Agreement. These provisions, however, might discourage a third party that might have an interest in acquiring Magellan, the Poplar Membership Interests or the Purchased Utah CO2 Common Units from considering or proposing such an acquisition, even if that party were prepared to pay consideration with a higher value than the proposed Exchange consideration. Furthermore, the termination fee may result in a potential competing acquirer proposing to pay a lower price to acquire Magellan, the Poplar Membership Interests or the Purchased Utah CO2 Common Units than it might otherwise have proposed to pay.

Magellan will divest its largest, and only revenue-producing, asset in the Exchange.

In the Exchange, Magellan will sell to One Stone all of its interest in the Poplar field. The Poplar field comprises 84% of Magellan's assets on a book value basis, and is currently Magellan's only revenue-producing asset. In addition, Magellan believes that the Poplar field may have considerably greater value in the future than it does currently, depending on, among other things, the success of additional development efforts and future commodity prices.

Following the completion of the Exchange, Magellan expects to pursue the business strategy described in "Post-Exchange Business Strategy," but there can be no assurance that it will be successful in doing so. In particular, Magellan's ability to complete the additional transactions contemplated by its post-Exchange strategy in a timely manner and on acceptable terms is subject to many risks and uncertainties, including those associated with changes in commodity prices.

THE MEETING

Date, Time, and Place

The Meeting will take place at _____ a.m. local time, on _____, 2016, in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203.

Purpose; Other Matters

At the Meeting, holders of Magellan shares will be asked to consider and vote upon four proposals. The first proposal will be to approve the Exchange and the other transactions contemplated by the Exchange Agreement. The second proposal will be to elect to the Board for a three-year term the individual named as a director nominee in this proxy statement. The third proposal will be to approve, by a non-binding advisory vote, the compensation of the Company's NEOs. The fourth proposal will be to ratify the appointment of EKS&H as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2016.

Holders of Magellan shares may also be asked to consider and vote upon such other matters as may properly come before the Meeting, or any adjournment or postponement of the Meeting. As of the mailing date of this proxy statement, the Magellan Board knows of no other matter to be presented at the Meeting. If, however, other matters incident to the conduct of the Meeting are properly brought before the Meeting, or any adjournment or postponement of the Meeting, the persons named in the proxy will vote the proxies in accordance with their best judgment with respect to those matters.

Recommendation of the Magellan Board

The Magellan Board (with the exception of Messrs. Gluzman and Israel, who, as affiliates of One Stone, were not members of the Special Committee and did not participate in any deliberations on behalf of Magellan in connection with the Exchange Agreement or related transactions) has carefully reviewed and considered the terms and conditions of each of the matters to be considered at the Meeting. Based on its review, Magellan's Board, or a committee thereof where appropriate, has approved (i) the transactions contemplated by the Exchange Agreement; (ii) the election to the Board of the individual named as a director nominee in this proxy statement; (iii) the compensation of the Company's NEOs; and (iv) the appointment of EKS&H as the independent registered public accounting firm of the Company. In addition, the Magellan Board, upon the recommendation of the Special Committee, has declared that the Exchange Agreement and the Exchange are fair, advisable, expedient and in the best interests of Magellan and its stockholders (other than One Stone in its capacity as holder of the Preferred Stock). Magellan's Board recommends that you vote (i) "FOR" the proposal to approve the Exchange and the other transactions contemplated by the Exchange Agreement; (ii) "FOR" the proposal to elect to the Board for a three-year term the individual named as a director nominee in this proxy statement; (3) "FOR" the approval, on a non-binding advisory basis, of the compensation of the Company's NEOs; and (4) "FOR" the proposal to ratify the appointment of EKS&H as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2016.

Record Date, Outstanding Shares, and Voting Rights

Each holder of record of Magellan common stock or Preferred Stock at the close of business on _____, 2016, the record date, is entitled to notice of and to vote at the Meeting. Each such stockholder is entitled to cast one vote for each share of Magellan common stock or Preferred Stock (on an as-converted basis) on each matter properly

submitted for the vote of stockholders at the Meeting. As of the record date, there were _____ shares of Magellan common stock and _____ shares of Preferred Stock issued and outstanding and entitled to vote at the Meeting.

Quorum Required; “Broker Non-Votes,” Abstentions, and Withholding Authority

Quorum Required

A quorum of Magellan stockholders is necessary to hold the Meeting. In accordance with the Company’s by-laws, the holders of 33 % of the total number of shares issued and outstanding and entitled to be voted at the Meeting, present in person or by proxy, will constitute a quorum for the transaction of business. Stockholders are counted as present at the Meeting if they are present in person or have authorized a proxy. The presence of holders of at least _____ shares of Magellan common stock or Preferred Stock will constitute a quorum. Under the Delaware General Corporation Law (the “DGCL”), abstentions and “broker non-votes” are counted as present and are, therefore, included for purposes of determining whether a quorum of shares is present at the Meeting. Shares of Magellan common stock or Preferred Stock held by stockholders who are not present in person or by proxy will not be counted towards a quorum.

Broker Non-Votes, Abstentions and Withhold Votes

Broker non-votes occur when a nominee holding Magellan shares for a beneficial owner returns a properly executed proxy but has not received voting instructions from the beneficial owner, and such nominee does not possess or does not choose to exercise discretionary authority with respect to such shares. Brokers are not allowed to exercise their voting discretion with respect to the approval of matters which are considered “non-routine” under applicable rules without specific instructions from the beneficial owner. Except for Proposal 4, all of the matters to be voted on at the Meeting are considered non-routine. Accordingly, your broker will not be entitled to vote your shares on Proposal 1, 2 or 3 unless you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this proxy statement.

Under the DGCL, an “abstention” represents a stockholder’s affirmative choice to decline to vote on a proposal other than the election of directors. With respect to Proposal 2, a stockholder may vote in favor of a particular nominee or may cast a “withhold” vote.

Effects of Broker Non-Votes, Abstentions and Withhold Votes

For Proposals 1, 3 and 4, an abstention will have the same effect as a vote “AGAINST” the proposal. A “withhold” vote may be cast on Proposal 2, but will have no effect on the outcome of the vote. Broker non-votes will have the same effect as a vote “AGAINST” Proposal 1, but will have no effect on the outcome of voting on Proposals 2, 3 or 4.

Voting by Magellan Directors and Executive Officers

As of the record date, the directors and executive officers of Magellan beneficially owned and were entitled to vote _____ shares of Magellan common stock, which represent approximately ___% of the voting power of the Magellan capital stock, including the Preferred Stock, on an as-converted basis. The directors and executive officers of Magellan are expected to vote “FOR” all the proposals being considered at the Meeting.

Adjournment and Postponement

Adjournments and postponements of the Meeting may be made for the purpose of, among other things, soliciting additional proxies. The Meeting may be adjourned by the vote of a majority of Magellan shares present in person or represented by proxy at the Meeting, even if less than a quorum.

Voting of Proxies

Voting by Proxy Card

All Magellan shares entitled to vote and represented by properly executed proxies received prior to the Meeting, and not revoked, will be voted at the Meeting in accordance with the instructions indicated on the proxy card accompanying this proxy statement. If no direction is given and the proxy is validly executed, the stock represented by the proxy will be voted in favor of each proposal described herein. The persons authorized under the proxies will vote upon any other business that may properly come before the Meeting according to their best judgment to the same extent as the person delivering the proxy would be entitled to vote. Magellan does not anticipate that any other matters will be raised at the Meeting.

If you are a holder of record, there are two additional ways to vote your proxy:

Vote by telephone — call toll free _____.

• Vote your proxy 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Standard Time on _____, 2016.

• Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions the voice provides you.

Vote by the Internet — http://www._____

• Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Standard Time on _____, 2016.

• Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions to obtain your records and create an electronic ballot.

Your telephone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you had marked, signed and returned your proxy card. The law of Delaware, where Magellan is incorporated, allows a proxy to be sent electronically, so long as it includes or is accompanied by information that lets the inspector of elections know that it has been authorized by the stockholder.

If your shares are held in “street name,” your broker or nominee may provide the option of voting through the Internet or by telephone instead of by mail. Please check the voting instruction card provided by your broker or nominee to see which options are available and the procedures to be followed.

Voting by Attending the Meeting

Holders of record of Magellan shares and their authorized proxies may also vote their shares in person at the Meeting. If a stockholder attends the Meeting, he or she may submit his or her vote in person, and any previous votes

or proxies authorized by the stockholder by mail will be superseded by the vote that such stockholder casts at the Meeting.

Revocability of Proxies

You may revoke your proxy at any time before the vote is taken at the Meeting. If you have not voted through your broker, you may revoke your proxy by:

1. giving written notice of revocation no later than the commencement of the Meeting to Magellan's Corporate Secretary, Antoine Lafargue:

if before commencement of the Meeting on the date of the Meeting, by personal delivery to Antoine Lafargue in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203; and

if delivered before the date of the Meeting, to Antoine Lafargue at Magellan's offices, 1775 Sherman Street, Suite 1950, Denver, Colorado 80203;

2. delivering no later than the commencement of the Meeting a properly executed, later-dated proxy; or

3. voting in person at the Meeting; however, simply attending the Meeting without voting will not revoke an earlier proxy.

Voting by proxy will in no way limit your right to vote at the Meeting if you later decide to attend in person. If your stock is held in the name of a broker or other nominee, you must obtain a proxy, executed in your favor, to be able to vote at the Meeting, and must follow instructions provided to you by your broker or nominee to revoke or change your vote. If no direction is given and the proxy is validly executed, the stock represented by the proxy will be voted in favor of each proposal described herein. The persons authorized under the proxies will vote upon any other business that may properly come before the Meeting according to their best judgment to the same extent as the person delivering the proxy would be entitled to vote. Other than the matters described herein, Magellan does not anticipate that any matters will be raised at the Meeting.

Solicitation of Proxies; Expenses

The entire expense of preparing and mailing this proxy statement and any other soliciting material (including, without limitation, costs, if any, related to advertising, printing, fees of attorneys, financial advisors, and solicitors, public relations, transportation, and litigation) will be borne by Magellan, provided that if the Exchange is completed, One Stone has agreed to reimburse Magellan for certain of its transaction expenses, some of which may relate to this proxy statement and the Meeting. In addition to the use of the mail, Magellan or certain of its employees may solicit proxies by telephone, telegram, and personal solicitation; however, no additional compensation will be paid to those employees in connection with such solicitation. In addition, the Company has engaged The Proxy Advisory Group, LLC, in a non-solicitation stand-by advisory role. In the event Magellan deems it necessary to actively pursue proxy solicitation, The Proxy Advisory Group, LLC, may be retained to assist in the distribution of proxy solicitation materials for a services fee and the reimbursement of customary expenses, which are not expected to exceed \$10,000 in the aggregate. The Company has also retained Broadridge Corporate Issuer Solutions, Inc. ("Broadridge") to provide or coordinate specified telephone and Internet voting, mailing, handling, inspector of election, tabulation, and document hosting services. The estimated fees and expenses payable to Broadridge by the Company for these services are approximately \$25,000, plus per item charges for each registered or beneficial stockholder vote, per document charges for the hosting services, and reimbursement of Broadridge's mailing costs and expenses.

Banks, brokerage houses, and other custodians, nominees, and fiduciaries will be requested to forward solicitation material to the beneficial owners of Magellan common stock that such institutions hold of record, and the Company will reimburse such institutions for their reasonable out-of-pocket disbursements and expenses.

No Exchange of Certificates

There will be no change in stock certificates for Magellan in connection with the Exchange, and Magellan stockholders will keep their existing certificate(s).

Assistance

If you need assistance in completing your proxy card, have questions regarding the Meeting, the proposals to be made at the Meeting or how to submit your proxy, or want additional copies of this proxy statement or the enclosed proxy card, please contact Antoine Lafargue, the Corporate Secretary of Magellan, at (720) 484-2400.

PROPOSAL 1—APPROVAL OF THE EXCHANGE AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE EXCHANGE AGREEMENT

Pursuant to Section 271 of the DGCL, a corporation may sell, lease or exchange all or substantially all of its property and assets as its board of directors deems expedient and for the best interests of the corporation, when and as authorized by the holders of a majority of the outstanding stock of the corporation entitled to vote thereon. The Exchange, if consummated, will result in a sale to One Stone of assets that may be deemed to comprise substantially all of Magellan's property and assets in consideration for the Preferred Stock and the Cash Amount. Therefore, in accordance with Delaware law, Magellan stockholders are being asked to vote to approve the Exchange and the other transactions contemplated by the Exchange Agreement.

The immediately following sections of this proxy statement describe the material aspects of the Exchange and the other transactions contemplated by the Exchange Agreement. You should read carefully this entire document and the other documents to which Magellan refers, including the Exchange Agreement attached as Annex A, as well as the other attached annexes to this proxy statement, for a more complete understanding of the proposed transactions.

Vote Required for Approval

Approval of Proposal 1 will require the affirmative vote of the majority of the outstanding shares of Magellan common stock and Preferred Stock, voting together as a single class. Abstentions and broker non-votes will have the effect of votes "AGAINST" this proposal.

Board Recommendation

THE MAGELLAN BOARD OF DIRECTORS RECOMMENDS THAT THE MAGELLAN STOCKHOLDERS VOTE "FOR" THE APPROVAL OF THE EXCHANGE AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE EXCHANGE AGREEMENT.

THE EXCHANGE

This discussion of the Exchange is qualified in its entirety by reference to the Exchange Agreement, which is attached to this proxy statement as Annex A. Stockholders are encouraged to read the Exchange Agreement carefully and in its entirety, as it is the definitive legal document that governs the Exchange.

Background of the Exchange

The Magellan Board continuously reviews the Company's strategic goals and alternatives, performance and prospects as part of its ongoing evaluation of its business in an effort to enhance shareholder value. From time to time, this review has included consideration of a wide range of possible strategic alternatives. The summary below provides the background of the proposed Exchange.

The Company was founded in 1957 and its assets and operations have changed substantially over the course of its history. In recent years, it has focused on the development of a CO₂-EOR project in the Poplar field. It has also pursued the development of exploration acreage it holds in the Weald Basin, onshore United Kingdom, and an exploration block it holds, NT/P82, in the Bonaparte Basin, offshore Northern Territory, Australia. While Magellan believes that each of these assets may ultimately have considerable value, none currently produces revenue. In order to continue to develop and ultimately monetize the projects, therefore, Magellan has depended on sales of oil production

from shallow conventional wells in the Poplar field, proceeds from sales of certain other assets, and proceeds from financing transactions. Recent financing transactions included the issuance to One Stone of the Preferred Stock in May 2013 for proceeds of approximately \$23.5 million. The Certificate of Designations governing the Preferred Stock provides, among other things, that holders of the Preferred Stock will (i) be entitled to a non-participating liquidation preference in a specified amount currently equal to 110% (and after May 17, 2016, 105%) of the initial purchase price of the Preferred Stock plus accrued and accumulated dividends, or approximately \$29.4 million as of December 31, 2015, if a liquidation event occurs and (ii) will be entitled to a cash payment corresponding to a 20% rate of return on the initial investment in the Preferred Stock if a specified type of change in control event occurs. If such an event occurred on March 31, 2016, the change in control payment would be approximately \$39.4 million. Also pursuant to the Certificate of Designations, One Stone became entitled to appoint two members of the Magellan Board, and Messrs. Gluzman and Israel joined the Board upon the issuance of the Preferred Stock. One Stone is and has since issuance been the sole holder of the Preferred Stock.

A second financing transaction was completed in September 2014, when Poplar entered into a loan agreement with West Texas State Bank. Magellan guaranteed Poplar's obligations under the loan agreement. The amount currently outstanding under the loan agreement is \$5.5 million.

In the last four years, Magellan has focused on the development of the CO₂-EOR project at the Poplar field primarily by implementing a five-well pilot project. In May 2015, Magellan determined that CO₂-EOR is a technically viable technique for recovery of hydrocarbons from the Charles formation at the Poplar field. Based on the results of the CO₂-EOR pilot project, and Magellan's analysis of the data from the pilot as integrated into a reservoir simulation model, Magellan believes that utilization of the CO₂-EOR technique on a full field basis at Poplar could provide access to substantial additional hydrocarbon resources that could result in attractive financial returns from production over a 40-year period, depending on, among other things, the prevailing commodity price environment. In addition, Magellan continued to evaluate other aspects of the Poplar CO₂-EOR project, including potential CO₂ sources and transportation matters and surface facilities requirements.

Magellan has also recently evaluated other possible opportunities relating to potential CO₂-EOR projects. In particular, it formed with two other parties, and received a 51% membership interest in, Utah CO₂ in December 2014. Utah CO₂ was formed to identify and engage in CO₂-EOR projects in the State of Utah. Utah CO₂ subsequently entered into an agreement pursuant to which it has the right to purchase CO₂ from the Clark Valley Unit in Utah on a long-term basis. Utah CO₂ has pursued potential opportunities to use its access to CO₂ in furtherance of a CO₂-EOR project but to date has not entered into any other significant agreements, and currently Utah CO₂ has no material assets or liabilities. One of the minority interest owners in Utah CO₂ is MI4 Oil & Gas, LLC, which is an affiliate of MI3 Petroleum Engineering, LLC ("Mi3"). Mi3 has advised Magellan on various aspects of the Poplar CO₂-EOR project.

Beginning in mid-2014, worldwide oil prices declined from highs over \$100 per barrel in June 2014 to lows under \$30 per barrel in early 2016. This dramatic decline has had a variety of adverse effects on Magellan, including by reducing revenues from Poplar's shallow conventional wells and the value of all of Magellan's projects. The availability of additional sources of financing and the market value of Magellan's common stock have decreased significantly as well. In mid-2015, as it began to become increasingly apparent that oil prices were not going to recover quickly, Magellan's management and its Board considered various options for addressing the situation, including sales of significant assets or the Company as a whole. Recognizing that One Stone might be interested in participating in any sale process as a buyer, the Magellan Board formed the Special Committee on June 5, 2015. The Special Committee is comprised of independent directors Brendan S. MacMillan, Ronald P. Pettrossi and J. Robinson West, with Mr. West acting as chairperson. The Magellan Board authorized the Special Committee to, among other things, investigate, negotiate and pursue all strategic alternatives reasonably available to the Company, which includes evaluating potential

strategic transactions, soliciting offers regarding potential strategic transactions and negotiating the terms of any such offers, negotiating the terms of any definitive agreements relating to any strategic transaction, approving, or, to the extent required by the DGCL, recommending that the Magellan Board approve, any strategic transaction or execution of definitive agreements or documents relating thereto, engaging any financial, legal or other advisors it deemed appropriate, and taking such other actions as the Special Committee deemed necessary or appropriate in connection with the strategic alternatives review process. In addition, the Special Committee was given the authority to reject any offer, bid or proposal that may arise from or relate to the strategic alternatives review process which it deemed to be inadequate or otherwise not in the best interests of the Company's stockholders, and the Magellan Board resolved to uphold and act in accordance with any such rejection by the Special Committee. The formation of the Special Committee and the commencement of the strategic alternatives review process was announced in a press release issued on July 6, 2015. The Special Committee retained Petrie as its financial advisor and Davis Graham & Stubbs LLP ("DGS") as its legal advisor. The Special Committee understood that DGS represents the Company in certain matters, but also that it has no engagement or other relationship with One Stone.

At the direction of the Special Committee, Magellan and Petrie then began a process of attempting to solicit interest in a business combination or other strategic transaction involving the Company as a whole or a substantial amount of its assets. Petrie contacted 23 companies (including One Stone) over a five-month period, focusing on those Magellan and Petrie believed might have an interest in the Company's CO₂-EOR projects. This process resulted in five introductory meetings, three companies being provided with access to the Company's virtual data room and three companies being provided with technical reviews by Mi3 and data relating to the Poplar CO₂-EOR project. Although discussions were not limited to any particular type of transaction, the initial focus of the Special Committee was on a potential sale of Poplar for cash followed by a dissolution of Magellan, as this approach would have resulted in a payment to One Stone of the aggregate liquidation preference on the Preferred Stock rather than the higher payment required pursuant to a change in control, and therefore potentially greater value being realized by holders of the Magellan common stock. However, none of the contacted companies (except for One Stone as described below) submitted an indicative proposal for a strategic transaction and each terminated discussions by or before January 2016, except that one private company ("Company A") expressed potential interest in a corporate transaction involving Magellan if Poplar, the Preferred Stock and the West Texas State Bank loan were removed from Magellan's corporate structure. This potential transaction with Company A is referred to as the "Black Transaction."

The Special Committee met 29 times between June 15, 2015, and March 30, 2016, and received regular updates from Petrie and management on the status of the process. The Special Committee also received regular updates from management regarding Magellan's constrained liquidity position, and directed management to implement cost-saving measures where appropriate, consistent with the preservation of the future sale value of Poplar. The Special Committee viewed these steps as being part of the strategic alternatives process in light of the potential effect on the process of either failing to maintain the viability of Poplar's operations, on the one hand, or failing to preserve sufficient liquidity to complete the process and a possible strategic transaction, on the other hand.

In early September 2015, at the direction of the Special Committee, Petrie approached One Stone to assess its potential interest in acquiring Poplar, which Magellan and Petrie believed to be the Magellan asset in which One Stone had the greatest interest. Mr. Israel communicated to Petrie that One Stone would be interested in a potential transaction involving an exchange of the Preferred Stock for Poplar or the Poplar field. Mr. Israel indicated that One Stone would not be willing to assume the West Texas State Bank debt as part of the transaction. On September 22, 2015, the Special Committee met to discuss a possible transaction structure in which the One Stone transaction would be completed in conjunction with the proposed Black Transaction, and stockholder approval for both transactions would be sought simultaneously. At the direction of the Special Committee, Petrie pursued negotiations with both One Stone and Company A regarding such a coordinated approach. Mr. Israel expressed to Petrie and to Antoine Lafargue, Magellan's

Chief Financial Officer, that One Stone desired the two transactions to be approached on a combined basis, and the Founding Partner of Company A expressed a similar desire.

For the next several weeks, there were relatively few communications between Magellan or Petrie and either One Stone or Company A, as Company A was engaged in an effort to determine which of its assets it might contribute to the resulting company in a potential business combination transaction with Magellan and to further assess its strategic alternatives and board support for such a transaction. In November 2015, Company A communicated to Petrie that it decided not to pursue the Black Transaction further.

On November 5, 2015, Petrie delivered to One Stone a term sheet for a transaction that involved an exchange of Poplar and Magellan's interest in Utah CO₂ and the transfer of the West Texas State Bank debt and certain Poplar-related liabilities to One Stone in consideration for the Preferred Stock. In preparing the term sheet, the Special Committee considered the value of the Preferred Stock using multiple analyses, including based on book value, liquidation value, and redemption value if converted or upon a change in control, among others. The Special Committee did not assign a single value to the Preferred Stock as a result of these analyses, but instead recognized that the Preferred Stock could have significantly different values in different potential scenarios. In determining the consideration ultimately agreed to in the Exchange, the Special Committee weighed these potential values (in addition to other consideration to be provided) against the potential value of the CO₂ Business, which it believes is similarly subject to significant variation depending on future factual scenarios. The term sheet contemplated an effective date of September 30, 2015, near the time when discussions between the parties began, in order to address Magellan's liquidity issues, to compensate the Company for any net losses attributed to Poplar after that date and to fix a significant portion of the economic terms of the transaction so as to limit changes in the value received by the parties in the transaction based on the passage of time. The term sheet did not contemplate that the transaction would be conditioned on or otherwise connected to the Black Transaction.

A meeting of the Magellan Board was held on November 11, 2015. The Magellan Board discussed, among other things, the status of operations at the Poplar field and the Company's liquidity situation. The Special Committee had discussed prior to the meeting the information it felt was appropriate to share with Messrs. Gluzman and Israel in light of their affiliation with One Stone, and only such information was shared with them.

After this meeting, negotiations were again effectively suspended while One Stone conducted a further financial evaluation of the transaction and sought support for the transaction from its investors, until January 4, 2016, when One Stone provided to Magellan comments on the term sheet. The term sheet indicated that One Stone accepted Magellan's proposal of One Stone assuming the West Texas State Bank debt in the transaction. Shortly thereafter, One Stone indicated its unwillingness to negotiate the transaction further unless it could meet on an unsupervised basis with Mi3, as it expected to engage Mi3 to assist it with the development of the Poplar CO₂-EOR project following the completion of the transaction. Following an analysis of the risks and merits of authorizing such a meeting, the Special Committee approved the meeting on January 13, 2016. It did so primarily because it believed the material economic terms of the transaction had at this point been agreed upon and because it believed that there was no material information concerning the Poplar field and its development of which One Stone was not already aware. Following the meeting, One Stone indicated to management and management reported to the Special Committee during its meeting on February 9, 2016, that One Stone was prepared to re-engage in negotiations with Magellan, as One Stone (i) had become more comfortable in the continuity of its relationship with Mi3 going forward and (ii) had a better understanding of Mi3's professional opinion of the sustainability of the Poplar CO₂-EOR project. These discussions between One Stone and Mi3 did not have any significant impact on subsequent negotiations between Magellan and One Stone.

After working with DGS to draft the Exchange Agreement, Magellan delivered the first draft of the agreement to One Stone on February 5, 2016. This draft included the concept of an initial payment by One Stone that Magellan

would use to satisfy certain outstanding liabilities related to operations at the Poplar field. In a conversation with Mr. West, on or about February 11, 2016, One Stone agreed to this concept subject to Magellan providing some or all of the Company's ownership of the shares of Central Petroleum as collateral for its potential obligation to repay the initial payment. The initial draft of the Exchange Agreement also contemplated that One Stone would indemnify Magellan in the event Magellan became obligated to make certain contingent payments to the Nautilus Sellers, including Mr. Wilson, in the future based on the performance of Poplar. See "Certain Relationships and Related Person Transactions—Relationships and Transactions with J. Thomas Wilson—Nautilus Restructuring Transaction" of this proxy statement for a description of this contingent payment obligation and the Nautilus Sellers. In each of the drafts of the Exchange Agreement described below provided by One Stone or its counsel Vinson & Elkins LLP ("V&E"), One Stone rejected this proposal.

On February 9, 2016, the Special Committee discussed One Stone's request to meet with Mr. Wilson regarding Poplar and the possible involvement of Mr. Wilson in the Poplar CO₂-EOR project following the completion of the Exchange (Messrs. Wilson and Lafargue had previously been instructed by the Special Committee not to have such conversations with any potential buyers without the permission of the Special Committee) and decided to authorize such a meeting once negotiations of the Exchange Agreement were closer to being finalized. On March 25, 2016, Mr. West, with the approval of the Special Committee, authorized Mr. Wilson to hold such a meeting, primarily for the reasons it had permitted the earlier meeting between Mi3 and One Stone as discussed above.

On February 17, 2016, One Stone delivered to Magellan a revised draft of the Exchange Agreement, which One Stone had prepared with the assistance of V&E. Magellan provided comments on this draft to One Stone on February 21, 2016. Magellan and DGS continued to discuss internally the mechanics of the purchase price adjustment in the agreement and to prepare the Magellan disclosure schedule. An initial draft of the disclosure schedule was provided to One Stone on March 8, 2016. On March 5, 2016, Mr. West reported to the Special Committee that One Stone's negotiations were again on hold while One Stone discussed with West Texas State Bank potential amendments to the term loan.

On March 14, 2016, One Stone provided a revised draft of the Exchange Agreement and a draft Pledge Agreement and Secured Promissory Note. V&E and DGS met by telephone to discuss the documents on March 16, 2016. The parties discussed a number of issues regarding the documents, including the interest rate payable under the Secured Promissory Note, the collateral for the loan, and under what conditions the loan amount would be deemed paid in full. DGS provided comments on each document on March 17, 2016. V&E and DGS continued to exchange drafts and discuss the terms of the agreements through the execution of the Exchange Agreement on March 31, 2016. The Special Committee did not assign any specific value to the debt contemplated by the Pledge Agreement and Secured Promissory Note, in significant part because it expects that the Exchange will close, in which case the debt will not be repaid, but will be considered to be additional consideration. Instead, the Special Committee viewed the debt as a mechanism to facilitate the continued operation of Poplar pending closing of the Exchange in a manner acceptable to One Stone, and therefore to facilitate the closing of the Exchange.

With respect to the contingent payment obligation to the Nautilus Sellers, the Special Committee determined on March 28, 2016, not to demand indemnification for this liability. It made this determination primarily because it believes that the obligation is not likely to become due in the foreseeable future and because, after consultation with Mr. Wilson in his capacity as one of the Nautilus Sellers, it believes that there may be an opportunity to terminate the obligation at a small fraction of its total amount.

On March 30, 2016, the Special Committee held a telephonic meeting, with representatives of Petrie and DGS and Messrs. Wilson and Lafargue attending. At this meeting, referring to written materials that had been circulated to

the Special Committee, DGS reviewed with the Special Committee the key terms of the draft Exchange Agreement, the fiduciary duties of the members of the Special Committee and certain provisions of the DGCL relating to the redemption by a corporation of its stock. With respect to the latter subject, Mr. Lafargue provided a report to the Special Committee regarding the Company's "surplus" for Delaware law purposes. Also at this meeting, Petrie presented the analyses underlying its fairness opinion, referring to written materials that had been circulated to the Special Committee prior to the meeting. Petrie then orally delivered its fairness opinion to the Special Committee to the effect that the consideration contemplated in the Exchange Agreement was fair, from a financial point of view, to Magellan, which was followed by delivery of its written opinion dated March 30, 2016. The full text of the written opinion of Petrie, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such opinion, is attached as Annex D hereto. Following discussion and deliberation, the Special Committee then unanimously (i) determined that it is in the best interests of the Company and its stockholders (other than One Stone in its capacity as holder of the Preferred Stock) to enter into the Exchange Agreement and the Exchange and (ii) recommended that the Board (A) approve the Exchange Agreement and the Exchange, (B) submit the Exchange Agreement to a vote of the stockholders of the Company and (C) recommend adoption of the Exchange Agreement and approval of the Exchange by the stockholders of the Company. Immediately following the Special Committee meeting, the Magellan Board met with the same persons in attendance. Based on the same factors considered by the Special Committee, the Magellan Board adopted each of the foregoing recommendations of the Special Committee.

The Exchange Agreement was executed and delivered by each party on March 31, 2016.

Pursuant to the terms of a master services contract as amended on November 4, 2015, Mi3 was entitled to a payment in the amount of \$100,000, contingent upon the completion of a transaction resulting in the sale of the Poplar field to an unaffiliated third party, in addition to a fixed payment for certain services provided. Because the Exchange Agreement is between the Company and an affiliate of the Company, upon closing of the Exchange, the contingent payment of \$100,000 will not be due to Mi3.

On April 12, 2016, V&E provided final forms of the Pledge Agreement and the Secured Promissory Note for execution by the parties. On April 13, 2016, DGS provided V&E with minor comments on Pledge Agreement. The Pledge Agreement and Secured Promissory Note were executed and delivered by each party on April 15, 2016.

Reasons for the Recommendation to Magellan Stockholders by the Magellan Board and Special Committee
On June 5, 2015, the Magellan Board created the Special Committee, comprised of independent directors Brendan S. MacMillan, Ronald P. Pettirossi, and J. Robinson West, with Mr. West acting as chairperson, and authorized the Special Committee to investigate, negotiate and pursue all strategic alternatives reasonably available to the Company, including by evaluating potential strategic transactions, soliciting offers regarding potential strategic transactions and negotiating the terms of such offers, negotiating the terms of any definitive agreements relating to any strategic transaction, approving, or, to the extent required by the DGCL, recommending that the Board approve, any strategic transaction or definitive agreements or documents relating thereto, engaging any financial, legal or other advisors it deemed appropriate, and taking such other actions as the Special Committee deemed necessary or appropriate in connection with the strategic alternatives review process. In addition, the Special Committee was given the authority to reject any offer, bid or proposal that may arise from or relate to the strategic alternatives review process which it deemed to be inadequate or otherwise not in the best interests of the Company's stockholders, and the Board resolved to uphold and act in accordance with any such rejection by the Special Committee. After careful consideration, the Special Committee unanimously determined that the Exchange is in the best interests of Magellan and the holders of its common stock and unanimously recommended that the Board approve the Exchange Agreement and the Exchange. The Board, without the participation of either Mr. Gluzman or Mr. Israel, then accepted the recommendation of the

Special Committee, approved the Exchange and resolved to recommend that the Company's stockholders approve the Exchange Agreement and the Exchange. This explanation of the reasons of the Special Committee and the Board for recommending the Exchange and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under "Cautionary Statement Regarding Forward-Looking Statements."

The Special Committee and the Board, without the participation of Mr. Gluzman or Mr. Israel, considered the following material factors that it believes support its determinations:

Strategic Considerations and Benefits from Redemption of Preferred Stock and Transfer of Liabilities

the benefit to holders of Magellan common stock resulting from the redemption of the Preferred Stock, including the termination of the liquidation preference associated with the Preferred Stock and the elimination of the potential obligation of Magellan to pay a cash amount to One Stone as the holder of the Preferred Stock corresponding to a 20% rate of return on One Stone's initial investment in the Preferred Stock;

the benefit to holders of Magellan common stock of the transfer of liabilities associated with Poplar, including the \$5.5 million debt owed to West Texas State Bank, which Magellan has guaranteed, operating liabilities associated with Poplar and Utah CO₂ as of September 30, 2015, and ongoing liabilities associated with the operation of Poplar after that date, as low oil prices have resulted in Poplar generating negative cash flow;

that Magellan has few if any alternative means of satisfying the liabilities described in the preceding bullet, giving rise to significant uncertainty as to its ability to continue to conduct operations in the absence of the Exchange or a new financing transaction, the availability of which is uncertain;

that transferring such liabilities in the Exchange, together with the possible monetization of Magellan's other significant assets, is anticipated to result in the Company having sufficient funds to maintain operations on a limited scale for a significant period of time, although the Board also recognized that those monetization transactions may not occur in a timely manner, on the terms expected, or at all;

that the cash amount to be provided by One Stone pursuant to the Exchange Agreement will help Magellan satisfy certain near-term liquidity needs, and that this amount will not be repaid to One Stone if the Exchange closes, but instead will be treated as additional Exchange consideration;

that given the current commodity price environment, realizing the economic potential of the CO₂-EOR project at the Poplar field and the potential creation and development of similar projects using Utah CO₂ would require a substantial period of time and significant additional capital and other resources;

that Magellan, under the direction of the Special Committee, conducted a publicly disclosed and active strategic alternatives process over a lengthy period of time, in which it solicited interest regarding a variety of potential transactions and structures, and that since the formation of the Special Committee in June 2015, Magellan had contacted 23 potentially interested parties regarding a transaction involving a merger or sale of Magellan or its assets and had engaged in discussions with five of those parties;

that One Stone was the only party that was willing to proceed with a transaction involving Magellan or a substantial amount of its assets during the strategic alternatives process;

Opinion of Petrie Partners Securities, LLC

the financial presentation and opinion, dated March 30, 2016, of Petrie to the Special Committee as to the fairness, from a financial point of view and as of the date of such opinion, of the Exchange consideration, which opinion was based upon and subject to the factors, assumptions, limitations and qualifications set forth in its opinion, as more fully described in “Opinion of Magellan’s Financial Advisor” below;

Favorable Terms of the Exchange Agreement

the terms of the Exchange Agreement that permit Magellan to discuss and negotiate an unsolicited acquisition proposal should one be made, and that permit Magellan to terminate the Exchange Agreement in order to accept a “superior proposal,” in each case in certain circumstances;

the fact that the Exchange Agreement allows the Board, under specified circumstances, to change or withdraw its recommendation to the Magellan stockholders with respect to the approval of the Exchange; and

the likelihood, considering the terms of the Exchange Agreement, that the Exchange will be completed.

Risks and Potentially Negative Factors

The Special Committee and the Board also considered a variety of risks and other potentially negative factors concerning the Exchange Agreement and the Exchange, including the following:

the fact that Magellan’s interests in the Poplar field and Utah CO₂, which will be transferred to One Stone in the Exchange, may have substantial value in the future, particularly in a more favorable commodity price environment;

the fact that there may be disruption of Magellan’s operations following the announcement of the Exchange Agreement;

the fact that, while Magellan expects the Exchange will be consummated, there can be no guarantee that all conditions to the parties’ obligations to consummate the Exchange will be satisfied, and, as a result, the Exchange may not be consummated (or such consummation may be delayed) and the risks and costs to Magellan in such event;

the terms of the Exchange Agreement that place restrictions on the conduct of the business of Magellan prior to the completion of the Exchange, which may delay or prevent Magellan from undertaking business opportunities that may arise pending completion of the Exchange;

the costs, time and effort involved in connection with negotiating the Exchange Agreement and completing the Exchange;

the fact that, under certain circumstances, Magellan may be required to pay a termination fee, reimburse One Stone for certain of its expenses and/or repay the Loan Amount, in each case upon termination of the Exchange Agreement in specified circumstances;

the fact that the analyses and projections on which the Board made its determinations are uncertain;

the fact that a conflict of interest existed as a result of One Stone having two affiliated persons on the Magellan Board, although the Special Committee and the Board concluded that this conflict was appropriately addressed during the negotiation process as a result of the authority given to the Special Committee, including its authority not to enter into the Exchange Agreement or any other agreement or transaction with any person, and its exercise of that authority over the course of the strategic alternatives review process; and

the fact that Mr. Wilson is one of the Nautilus Sellers and as such has an interest in the contingent payments potentially due to the Nautilus Sellers in the future, and that he could have a potential role with One Stone in the future relating to Poplar, although the Special Committee and the Board concluded that these potential conflicts of interest were appropriately addressed by the Special Committee in the strategic alternatives review process.

The Magellan Board concluded that the benefits of the transaction to Magellan and its common stockholders outweighed the perceived risks. In view of the wide variety of factors considered, and the complexity of these matters, the Board did not find it useful and did not attempt to quantify or assign any relative or specific weights to the various factors it considered. Rather, the Board viewed the decisions as being based on the totality of the information available to it. In addition, individual members of the Special Committee and the Board may have given differing weights to different factors.

Opinion of Magellan's Financial Advisor

Opinion of Petrie Partners Securities, LLC to the Special Committee

On June 29, 2015, Magellan and Petrie Partners, LLC, an affiliate of Petrie, entered into an engagement letter (such engagement letter was amended in certain respects as of March 14, 2016, and assigned to Petrie) pursuant to which Petrie is acting as financial advisor to Magellan and the Special Committee. On March 30, 2016, at a meeting of the Special Committee, Petrie rendered its oral opinion, subsequently confirmed by delivery of its written opinion, that, as of March 30, 2016, and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the Consideration was fair, from a financial point of view, to Magellan.

The full text of the written opinion of Petrie, dated as of March 30, 2016, which sets forth, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex D to this proxy statement and is incorporated by reference in its entirety into this proxy statement. You are urged to read the opinion carefully and in its entirety. Petrie's opinion was addressed to, and provided for the information and benefit of, the Special Committee in connection with its evaluation of whether the Consideration was fair, from a financial point of view, to Magellan.

In connection with rendering its opinion and performing its related financial analyses, Petrie, among other things: reviewed certain publicly available business and financial information relating to Magellan, including, without limitation, (i) Annual Reports on Form 10-K and related audited financial statements of Magellan for the fiscal years ended June 30, 2014, and 2015, and (ii) the Quarterly Reports for Magellan on Form 10-Q and related unaudited financial statements for the fiscal quarters ended September 30, 2015, and December 31, 2015;

reviewed certain estimates of Poplar's oil and gas reserves, including (i) estimates of proved and probable reserves for Poplar as prepared by Allen & Crouch Petroleum Engineers, Inc. ("Allen & Crouch") as of June 30, 2015, and (ii) estimates of recoverable resources for Poplar through CO₂-EOR operations as prepared by Mi3;

reviewed the Poplar field CO₂ Pipeline Feasibility Report prepared by KLJ Engineering ("KLJ") and the Front End Engineering and Design Technical Report prepared by Nicholas Consulting Group, Inc. ("NCG");

reviewed certain non-public projected financial and operating data relating to Poplar and Utah CO₂ prepared and furnished to Petrie by the management team and staff of Poplar and Utah CO₂ (collectively, the "Magellan Parties");

participated in due diligence meetings and reviewed technical data related to Poplar and Utah CO₂ with Mi3 and the management and staff of the Magellan Parties;

discussed current operations, financial positioning and future prospects of Poplar and Utah CO₂ with the management team of the Magellan Parties;

reviewed historical market prices and trading history of Magellan's common stock;

reviewed the capital structure of the Magellan Parties, including the terms and provisions governing the Preferred Stock;

compared the financial terms of the Exchange with the financial terms of similar transactions that Petrie deemed relevant;

participated in certain discussions and negotiations among the representatives of the Magellan Parties and One Stone and their respective legal advisors;

reviewed the Exchange Agreement; and

reviewed such other financial studies and analyses and performed such other investigations and have taken into account such other matters as Petrie deemed necessary and appropriate.

In rendering its opinion, upon the advice of Magellan, Petrie assumed and relied upon, without assuming any responsibility or liability for or independently verifying the accuracy or completeness of, all of the information publicly available and all of the information supplied or otherwise made available to Petrie by Magellan. Petrie further relied upon the assurances of representatives of the management of Magellan that they were unaware of any facts that would make the information provided to Petrie incomplete or misleading in any material respect. With respect to projected financial and operating data, Petrie assumed, upon the advice of Magellan, that such data has been prepared in a manner consistent with historical financial and operating data and reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management and staff of Magellan at the time relating to the future financial and operational performance of the Magellan Parties. Petrie expressed no view as to any projected financial and operating data relating to the Magellan Parties or the assumptions on which they were based.

With respect to the estimates of oil and gas reserves and recoverable resources, Petrie assumed, upon the advice of Magellan, that they were prepared in a manner consistent with historical estimates of oil and gas reserves and recoverable resources and reasonably prepared on bases reflecting the best available estimates and good faith judgments of the management and staff of Magellan, Allen & Crouch and Mi3 relating to the oil and gas properties of the Magellan

Parties. With respect to the Poplar field CO2 Pipeline Feasibility Report prepared by KLJ and the Front End Engineering and Design Technical Report prepared by NCG, Petrie assumed, upon the advice of Magellan, that they were prepared in a manner reflecting best available estimates and good faith and judgments of KLJ and NCG. Petrie expressed no view as to any reserve or potential resource data or estimates relating to the Magellan Parties or the assumptions on which they were based.

Petrie did not make an independent evaluation or appraisal of the assets or liabilities of the Magellan Parties, nor, except for the estimates of oil and gas reserves and recoverable resources referred to above, was Petrie furnished with any such evaluations or appraisals, nor did Petrie evaluate the solvency or fair value of Magellan under any state or federal laws relating to bankruptcy, insolvency or similar matters. In addition, Petrie did not assume any obligation to conduct, nor did Petrie conduct, any physical inspection of the properties or facilities of the Magellan Parties.

For purposes of rendering its opinion, Petrie assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the Exchange Agreement were true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the Exchange Agreement and that all conditions to consummation of the Exchange will be satisfied without material waiver or modification thereof. Petrie further assumed, upon the advice of Magellan, that all governmental, regulatory or other consents, approvals or releases necessary for the consummation of the Exchange will be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on Magellan or on the consummation of the Exchange or that would materially reduce the benefits of the Exchange to Magellan.

Petrie's opinion relates solely to the fairness, from a financial point of view, of the Consideration to Magellan. Petrie did not express any view on, and its opinion does not address, the fairness of the proposed Exchange to, or any consideration received in connection therewith by, any creditors or other constituencies of Magellan, nor the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Magellan, or any class of such persons. Petrie assumed that any modification to the structure of the Exchange would not vary in any material respect from what was assumed in its analysis. Petrie's advisory services and the opinion expressed in its opinion were provided for the information and benefit of the Special Committee in connection with its consideration of the transactions contemplated by the Exchange Agreement, and Petrie's opinion does not constitute a recommendation to any holder of Magellan common stock as to how such holder should vote with respect to any of the transactions contemplated by the Exchange Agreement. Petrie's opinion does not address the relative merits of the Exchange as compared to any alternative business transaction or strategic alternative that might be available to Magellan, nor does it address the underlying business decision of Magellan to engage in the Exchange. Petrie was not asked to consider, and its opinion does not address, the prices at which Magellan common stock will trade at any time, including, without limitation, following the announcement or consummation of the Exchange. Petrie did not render any legal, accounting, tax or regulatory advice and understands that Magellan is relying on other advisors as to legal, accounting, tax and regulatory matters in connection with the Exchange.

Petrie acted as financial advisor to Magellan and the Special Committee, and Petrie will receive a fee from Magellan for its services related to the rendering of its opinion, regardless of the conclusions expressed in its opinion. In addition, Magellan agreed to reimburse Petrie's expenses, and Petrie will be entitled to receive a success fee if the Exchange is consummated. In addition, Magellan has agreed to indemnify Petrie for certain liabilities possibly arising out of Petrie's engagement. During the two-year period prior to the date of its written opinion, no material relationship existed between Petrie and its affiliates (including those individuals employed by Petrie and participating in Petrie's evaluation), on the one hand, and Magellan or One Stone and their respective affiliates, on the other hand, pursuant to which Petrie or any of Petrie's affiliates received compensation as a result of such relationship. Petrie may provide financial or other services to Magellan and One Stone in the future and in connection with any such services may

receive customary compensation for such services. Furthermore, in the ordinary course of business, Petrie or its affiliates may trade in the debt or equity securities of Magellan for their own accounts and, accordingly, may at any time hold long or short positions in such securities.

Petrie's opinion was rendered on the basis of conditions in the securities markets and the oil and gas markets as they existed and could be evaluated on March 30, 2016, and the conditions and prospects, financial and otherwise, of Magellan as they were represented to Petrie as of March 30, 2016, or as they were reflected in the materials and discussions described above. Regardless of any subsequent developments, Petrie does not have any obligation to update, revise or reaffirm its opinion.

Set forth below is a summary of the material financial analyses performed and reviewed by Petrie with the Special Committee in connection with rendering its oral opinion on March 30, 2016, and the preparation of its written opinion letter dated March 30, 2016. Each analysis was provided to the Special Committee. In connection with arriving at its opinion, Petrie considered all of its analyses as a whole, and the order of the analyses described and the results of these analyses do not represent any relative importance or particular weight given to these analyses by Petrie. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data that existed on March 30, 2016, and is not necessarily indicative of current market conditions.

The following summary of financial analyses includes information presented in tabular format. These tables must be read together with the text of each summary in order to understand fully the financial analyses performed by Petrie. The tables alone do not constitute a complete description of the financial analyses performed by Petrie. Considering the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Petrie's financial analyses.

Reference Value Analyses

Petrie performed a series of analyses utilizing the following methodologies to arrive at enterprise value reference ranges for the Magellan Parties.

Discounted Cash Flow Analysis

Petrie performed a discounted cash flow analysis of the Magellan Parties' projected future cash flows to determine indicative reference value ranges based on the present value of the future before-tax cash flows expected to be generated from the Magellan Parties' (a) proved and probable reserves based on the Allen & Crouch reserve report, (b) recoverable resources for Poplar through CO₂-EOR operations as prepared by Mi3, and (c) 51% interest in Utah CO₂.

Petrie evaluated four scenarios in which the principal variable was oil price. The four price case scenarios represent long-term potential future benchmark prices per barrel of oil. Adjustments were made to these prices to reflect location and quality differentials. One scenario was based on New York Mercantile Exchange ("NYMEX") five-year strip pricing as of March 24, 2016, for the calendar years 2016 through 2020, escalated annually at the rate of 3% after 2020. The other three scenarios were based on 2016 benchmark prices of \$30.00, \$45.00 and \$60.00 per barrel of oil, respectively, and were escalated annually starting in 2016 at the rate of 3%. Applying various before-tax discount rates ranging from 7.0% to 20.0%, depending on reserve category, to the before-tax cash flows of the proved

and probable reserve estimates and estimates of recoverable resources, Petrie determined the following implied enterprise value reference ranges for the Magellan Parties.

	NYMEX			
	Strip	\$30.00	\$45.00	\$60.00 Oil
	(March 24, Oil	Oil		
	2016)			
(\$ in millions)	Low	High	Low	High
Magellan Parties Implied Enterprise Value	\$ 1.6	\$ 5.1	\$ 0.0	\$ 0.0 \$ 4.1 \$ 8.1 \$ 24.5 \$ 32.9

Comparable Property Transaction Analysis

Petrie reviewed selected publicly available information for 26 transactions involving oil and gas properties in the Williston Basin announced between 2013 and 2015, as well as 13 transactions involving enhanced oil recovery ("EOR") projects announced between 2010 and 2015, each of which had a transaction value greater than \$10 million. Petrie reviewed all transactions with publicly available information that it deemed to have certain characteristics that are similar to those of the Magellan Parties, although Petrie noted that none of the selected companies that participated in the selected transactions, or the assets involved in the selected transactions, were directly comparable to the Magellan Parties or their assets.

Comparable Property Transactions

Date Announced	Buyer	Seller
Williston Basin:		
12/31/15	Samson Oil & Gas Limited	Oasis Petroleum Inc.
10/21/15	Resource Energy Partners LLC	American Eagle Energy Corporation
09/15/15	Energy 11 LP	Kaiser-Francis Oil Company
10/09/14	SM Energy Company	Magnum Hunter Resources Corporation
09/30/14	Formation Energy LP	Magnum Hunter Resources Corporation
08/01/14	Vitesse Energy LLC	EnerVest Management Partners, Ltd.
08/01/14	Emerald Oil, Inc.	Liberty Resources II LLC
07/29/14	Undisclosed	Sundance Energy Australia Ltd.
07/17/14	Lime Rock Resources	MDU Resources Group, Inc.
05/27/14	Undisclosed	U.S. Energy Corp.
05/06/14	Triangle Petroleum Corporation	Marathon Oil Corporation; QEP Resources, Inc.
04/18/14	Vitesse Oil LLC; Vitesse Energy LLC	Undisclosed
03/07/14	American Eagle Energy Corporation	USG Properties Bakken I, LLC
01/09/14	Emerald Oil, Inc.	Kodiak Oil & Gas Corp.
11/19/13	Enduro Resource Partners	Magnum Hunter Resources Corporation
11/15/13	Black Ridge Oil & Gas Inc.	CP Exploration, LLC
10/24/13	Versa Energy LLC	Golden Eye Resources LLC
09/09/13	NextEra Energy Resources	Emerald Oil Inc.
09/02/13	Oasis Petroleum Inc.	Magnum Hunter Resources Corporation; Undisclosed
08/12/13	American Eagle Energy Corporation	USG Properties Bakken I, LLC
08/05/13	Triangle Petroleum Corporation	Kodiak Oil & Gas Corp.
08/02/13	Emerald Oil, Inc.	Undisclosed
07/13/13	Synergy Offshore LLC	Quicksilver Resources Inc.
06/27/13	Halcon Resources Corporation	Resolute Energy Corporation
06/17/13	Natural Resource Partners L.P.	Abraxas Petroleum Corporation
06/01/13	Triangle Petroleum Corporation	Undisclosed
Enhanced Oil Recovery:		
03/31/15	Denbury Resources Inc.	Undisclosed
03/03/15	KKR & Co. L.P.; Fleur de Lis Energy L.L.C.	Anadarko Petroleum Corporation
05/06/14		