

MAGELLAN PETROLEUM CORP /DE/  
Form S-4/A  
January 10, 2017  
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As filed with the Securities and Exchange Commission on January 10, 2017

Registration No. 333-213923

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 4

to

FORM S-4

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

Magellan Petroleum Corporation

(Exact name of registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>1311</b> (Primary Standard Industrial Classification Code Number) <b>1775 Sherman Street, Suite 1950</b>	<b>06-0842255</b> (I.R.S. Employer Identification Number)
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**Denver, Colorado 80203**

**(720) 484-2400**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Antoine J. Lafargue**

**Magellan Petroleum Corporation**

**1775 Sherman Street, Suite 1950**

**Denver, Colorado 80203**

(720) 484-2400

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*with copies to:*

<b>John A. Elofson, Esq.</b>	<b>Meg A. Gentle</b>	<b>J. Wesley Dorman, Jr., Esq.</b>
<b>Davis Graham &amp; Stubbs LLP</b>	<b>Tellurian Investments Inc.</b>	<b>Gray Reed &amp; McGraw, P.C.</b>
<b>1550 17th Street, Suite 500</b>	<b>1201 Louisiana Street, Suite 3100</b>	<b>1300 Post Oak Boulevard, Suite 2000</b>
<b>Denver, Colorado 80202-1500</b>	<b>Houston, Texas 77002</b>	<b>Houston, Texas 77056</b>
<b>(303) 892-7335</b>	<b>(832) 962-4000</b>	<b>(713) 730-5937</b>

Approximate date of commencement of proposed sale to the public: **As soon as practicable after the effective date of this registration statement and upon completion of the merger described in the enclosed joint proxy statement/prospectus.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as**

**amended, or until the registration statement shall become effective on such date as the U.S. Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this joint proxy statement/prospectus is not complete and may be changed. We may not distribute the common stock of Magellan Petroleum Corporation being registered pursuant to this joint proxy statement/prospectus until the registration statement filed with the U.S. Securities and Exchange Commission is effective. This joint proxy statement/prospectus does not constitute an offer to distribute or a solicitation of an offer to receive any securities in any jurisdiction where an offer or solicitation is not permitted.

**PRELIMINARY SUBJECT TO COMPLETION DATED JANUARY 10, 2017**

Magellan Petroleum Corporation

1775 Sherman Street, Suite 1950

Denver, Colorado 80203

Tellurian Investments Inc.

1201 Louisiana Street, Suite 3100

Houston, Texas 77002

**JOINT PROXY STATEMENT/PROSPECTUS**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

On August 2, 2016, Magellan Petroleum Corporation, a Delaware corporation ( Magellan ), Tellurian Investments Inc., a Delaware corporation ( Tellurian Investments ), and River Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of Magellan ( Merger Sub ), entered into an Agreement and Plan of Merger (as it may be amended from time to time, the merger agreement ). Pursuant to the merger agreement, each outstanding share of common stock, par value \$0.001 per share, of Tellurian Investments will be converted into the right to receive 1.300 shares of common stock of Magellan, and Merger Sub will merge with and into Tellurian Investments (the merger ), with Tellurian Investments continuing as the surviving corporation and a direct subsidiary of Magellan. Except for adjustments made to reflect stock splits, share issuances and similar changes, this exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger. Based on the closing price of Magellan common stock on the NASDAQ Capital Market on August 2, 2016, the last trading day before public announcement of the merger, the aggregate value of the merger consideration payable to Tellurian Investments stockholders was approximately \$159.3 million.

Shares of Magellan common stock outstanding before the merger is completed will remain outstanding and will not be exchanged, converted or otherwise changed in the merger. Magellan common stock is currently traded on the NASDAQ Capital Market under the symbol MPET. Tellurian Investments is a private company, and thus Tellurian Investments common stock is not traded on any established market. We urge you to obtain current market quotations of Magellan common stock.

We intend for the merger to qualify as a reorganization and/or a non-taxable exchange under U.S. federal tax law. Accordingly, Tellurian Investments stockholders are not expected to recognize any gain or loss for U.S. federal income tax purposes upon the exchange of shares of Tellurian Investments common stock for shares of Magellan common stock pursuant to the merger.

Based on the estimated number of shares of Magellan and Tellurian Investments common stock expected to be outstanding immediately prior to the closing of the merger, we estimate that, upon such closing, existing Magellan stockholders will own approximately 3.4% of the Magellan common stock following the merger and former Tellurian Investments stockholders will own approximately 96.3% of the Magellan common stock following the merger.

Magellan and Tellurian Investments believe that the merger will be beneficial to their stockholders. In order to complete the transactions contemplated by the merger agreement, the Magellan stockholders and the Tellurian Investments stockholders must approve the merger and the other transactions contemplated by the merger agreement.

At a special meeting of Magellan stockholders to be held on [ ], 2017, at [ ] local time in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver,

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Colorado 80203, Magellan stockholders will be asked to vote on (1) a proposal to approve the issuance of shares of Magellan common stock to Tellurian Investments stockholders in connection with the merger; (2) a proposal to approve the Magellan Petroleum Corporation 2016 Omnibus Incentive Compensation Plan (the Magellan 2016 Plan ), including the material terms of the performance goals set forth in the Magellan 2016 Plan for purposes of Section 162(m) of the Internal Revenue Code; (3) a proposal to approve, on a non-binding advisory basis, the compensation that may become payable to Magellan s named executive officers in connection with the completion of the merger; (4) a proposal to approve the adjournment of the Magellan special meeting, if necessary or appropriate, to permit further solicitation of proxies; and (5) a proposal to ratify the appointment of EKS&H LLLP as the independent registered public accounting firm of Magellan for the fiscal year ending June 30, 2017. Approval of Magellan Proposals 1, 2, 3 and 5 requires the affirmative vote of holders of a majority of the shares of Magellan common stock present in person or represented by proxy at the Magellan special meeting and entitled to vote on each respective proposal, assuming that a quorum is present. Approval of Magellan Proposal 4 requires the affirmative vote of holders of a majority of the shares of Magellan common stock present in person or represented by proxy at the Magellan special meeting, regardless of whether there is a quorum. Only stockholders who hold shares of Magellan common stock at the close of business on [ ], 2017, the record date for the Magellan special meeting, are entitled to vote at the meeting.

At a special meeting of Tellurian Investments stockholders to be held on [ ], 2017, at [ ] local time at the Petroleum Club located at 1201 Louisiana Street, 35th Floor, Houston, Texas 77002, Tellurian Investments stockholders will be asked to vote on a proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. Approval of the proposal requires the affirmative vote of holders of a majority of the outstanding shares of Tellurian Investments common stock entitled to vote thereon. Only stockholders who hold shares of Tellurian Investments common stock at the close of business on [ ], 2017, the record date for the Tellurian Investments special meeting, are entitled to vote at the meeting.

This letter and the enclosed joint proxy statement/prospectus are being furnished to you in connection with the solicitation of proxies by the Magellan board of directors and the Tellurian Investments board of directors. Attached to this letter is an important document, a joint proxy statement/prospectus, containing detailed information about Magellan, Tellurian Investments, the proposed merger and the other transactions contemplated by the merger agreement, as well as the other matters to be considered at the Magellan and Tellurian Investments special meetings of stockholders. We urge 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 issuance of shares of Magellan common stock to Tellurian Investments stockholders in connection with the merger; (2) FOR the approval of the Magellan 2016 Plan, including the material terms of the performance goals set forth in the Magellan 2016 Plan for purposes of Section 162(m) of the Internal Revenue Code; (3) FOR the approval, on a non-binding advisory basis, of the compensation that may become payable to Magellan s named executive officers in connection with the completion of the merger; (4) FOR the proposal to approve the adjournment of the Magellan special meeting, if necessary or appropriate, to permit further solicitation of proxies; and (5) FOR the ratification of the appointment of EKS&H LLLP as the independent registered public accounting firm of Magellan for the fiscal year ending June 30, 2017.

Tellurian Investments board of directors recommends that you vote FOR the approval of the merger and the transactions contemplated by the merger agreement, including the merger.

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Your vote is very important. Whether or not you plan to attend the Magellan or Tellurian Investments special meeting of stockholders, please take the time to complete, sign, date, and return the applicable 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 joint proxy statement/prospectus carefully. In particular, please carefully consider the matters discussed under Risk Factors beginning on page 32 of the joint proxy statement/prospectus. You can also obtain other information about Magellan and Tellurian Investments from documents Magellan has filed with the U.S. Securities and Exchange Commission.

Sincerely yours,

MAGELLAN PETROLEUM CORPORATION

TELLURIAN INVESTMENTS INC.

J. Robinson West

Charif Souki

Chairman of the Board of Directors

Chairman of the Board of Directors

Antoine J. Lafargue

Meg A. Gentle

President and Chief Executive Officer

President and Chief Executive Officer

**Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the enclosed joint proxy statement/prospectus or passed upon the adequacy or accuracy of the joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

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Magellan Petroleum Corporation

1775 Sherman Street, Suite 1950

Denver, Colorado 80203

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**To be held on [ ], 2017**

To the Stockholders of Magellan Petroleum Corporation:

We will hold a special meeting of the stockholders of Magellan Petroleum Corporation, a Delaware corporation ( Magellan ), on [ ], 2017, at [ ] 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 vote on a proposal to approve the issuance of shares of Magellan common stock, par value \$0.01 per share, to stockholders of Tellurian Investments Inc., a Delaware corporation ( Tellurian Investments ), contemplated by the Agreement and Plan of Merger, dated as of August 2, 2016, by and among Magellan, Tellurian Investments and River Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of Magellan ( Merger Sub ), as that agreement may be amended from time to time (the merger agreement ), a copy of which is included as Annex A to the joint proxy statement/prospectus of which this notice is a part;
2. To vote on a proposal to approve the Magellan Petroleum Corporation 2016 Omnibus Incentive Compensation Plan (the Magellan 2016 Plan ), including the material terms of the performance goals set forth in the Magellan 2016 Plan for purposes of Section 162(m) of the Internal Revenue Code, a copy of which plan is included as Annex C to the joint proxy statement/prospectus of which this notice is a part;
3. To vote on a proposal to approve, on a non-binding advisory basis, the compensation that may become payable to Magellan s named executive officers in connection with the completion of the merger;
4. To vote on a proposal to approve the adjournment of the Magellan special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the Magellan special meeting to approve the other proposals contained in this notice; and
5. To vote on a proposal to ratify the appointment of EKS&H LLLP as the independent registered public accounting firm of Magellan for the fiscal year ending June 30, 2017.

Only holders of record of Magellan common stock at the close of business on [ ], 2017, the record date for the Magellan special meeting, are entitled to notice of and to vote at the meeting or any adjournment or postponement of the meeting. The merger and the other proposed transactions contemplated by the merger agreement cannot be



completed unless Magellan stockholders approve the merger agreement.

Approval of Magellan Proposals 1, 2, 3 and 5 requires the affirmative vote of holders of a majority of the shares of Magellan common stock present in person or represented by proxy at the

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Magellan special meeting and entitled to vote on each respective proposal, assuming that a quorum is present. Approval of Magellan Proposal 4 requires the affirmative vote of holders of a majority of the shares of Magellan common stock present in person or represented by proxy at the Magellan special meeting, regardless of whether there is a quorum.

Magellan's board of directors recommends that you vote (1) FOR the approval of the issuance of shares of Magellan common stock to Tellurian Investments stockholders in connection with the merger; (2) FOR the approval of the Magellan 2016 Plan, including the material terms of the performance goals set forth in the Magellan 2016 Plan for purposes of Section 162(m) of the Internal Revenue Code; (3) FOR the approval, on a non-binding advisory basis, of the compensation that may become payable to Magellan's named executive officers in connection with the completion of the merger; (4) FOR the proposal to approve the adjournment of the Magellan special meeting, if necessary or appropriate, to permit further solicitation of proxies; and (5) FOR the ratification of the appointment of EKS&H LLLP as the independent registered public accounting firm of Magellan for the fiscal year ending June 30, 2017.

To ensure your representation at the Magellan 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 Magellan 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 the proposal to ratify the appointment of EKS&H as the independent registered public accounting firm of Magellan, 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 joint proxy statement/prospectus accompanying this notice for more complete information regarding the Magellan special meeting.

By Order of the Board of Directors,

Antoine J. Lafargue, Corporate Secretary  
[ ], 2017

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

**YOUR VOTE IS IMPORTANT.**

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

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

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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 MAGELLAN SPECIAL MEETING. IF YOU LATER DECIDE TO ATTEND THE MAGELLAN 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 MAGELLAN SPECIAL 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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Tellurian Investments Inc.

1201 Louisiana Street, Suite 3100

Houston, Texas 77002

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**To be held on [ ], 2017**

To the Stockholders of Tellurian Investments Inc.:

We will hold a special meeting of the stockholders of Tellurian Investments Inc., a Delaware corporation ( Tellurian Investments ), on [ ], 2017, at [ ] local time at the Petroleum Club located at 1201 Louisiana Street, 35th Floor, Houston, Texas 77002, for the following purposes:

1. To vote on a proposal to approve the merger contemplated by the Agreement and Plan of Merger, dated as of August 2, 2016, by and among Magellan Petroleum Corporation ( Magellan ), Tellurian Investments and River Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of Magellan ( Merger Sub ), as that agreement may be amended from time to time (the merger agreement ), a copy of which is included as Annex A to the joint proxy statement/prospectus of which this notice is a part; and
2. To approve any adjournments or postponements of the meeting.

Only holders of record of Tellurian Investments common stock at the close of business on [ ], 2017, the record date for the Tellurian Investments special meeting, are entitled to notice of and to vote at the meeting or any adjournment or postponement of the meeting. The merger and the other proposed transactions contemplated by the merger agreement cannot be completed unless Tellurian Investments stockholders approve the merger agreement. Tellurian Investments stockholders are entitled to appraisal rights under Section 262 of the General Corporation Law of the State of Delaware, which we refer to as the DGCL or Delaware law, provided they satisfy the special criteria and conditions set forth in Section 262 of the DGCL. Tellurian Investments common stock held by stockholders that do not vote for approval of the merger and make a demand for appraisal in accordance with Delaware law will not be converted into Magellan stock, but will be converted into the right to receive from the combined company consideration determined in accordance with Delaware law. For more information regarding appraisal rights, see The Merger Appraisal Rights beginning on page 106 of the joint proxy statement/prospectus of which this notice is a part. In addition, a copy of Section 262 of the DGCL is attached to such joint proxy statement/prospectus as Annex D.

Approval of Tellurian Investments Proposal 1 requires the affirmative vote of holders of a majority of the outstanding shares of Tellurian Investments common stock entitled to vote thereon.

Tellurian Investments board of directors recommends that you vote FOR the approval of the merger and the transactions contemplated by the merger agreement, including the merger.

To ensure your representation at the Tellurian Investments special meeting, please complete and promptly mail your proxy card in the return envelope enclosed, or authorize the individuals named

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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 Tellurian Investments special meeting and avoid added solicitation costs. Your proxy may be revoked at any time before it is voted. Please review the joint proxy statement/prospectus accompanying this notice for more complete information regarding the Tellurian Investments special meeting.

By Order of the Board of Directors,

Christopher Daniels, Corporate Secretary  
[ ], 2017

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

**YOUR VOTE IS IMPORTANT.**

**WHETHER OR NOT YOU PLAN TO ATTEND THE TELLURIAN INVESTMENTS 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: MAIL, MARK, SIGN, DATE, AND MAIL YOUR PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE.**

**IF YOU LATER DECIDE TO ATTEND THE TELLURIAN INVESTMENTS SPECIAL MEETING IN PERSON, YOU MAY VOTE YOUR SHARES EVEN IF YOU HAVE PREVIOUSLY SUBMITTED A PROXY BY NOTIFYING THE CORPORATE SECRETARY IN WRITING PRIOR TO THE VOTING OF THE PROXY.**

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**ADDITIONAL INFORMATION**

Pursuant to Rule 411 under the Securities Act of 1933, as amended (the Securities Act ), this joint proxy statement/prospectus incorporates by reference the complete terms of particular portions of certain documents that are summarized in this joint proxy statement/prospectus. You can obtain complete copies of the documents incorporated by reference into this joint proxy statement/prospectus free of charge by requesting them in writing or by telephone from Magellan at the following address and telephone number:

Antoine J. Lafargue, Corporate Secretary

Magellan Petroleum Corporation

1775 Sherman Street, Suite 1950

Denver, Colorado 80203

Telephone: (720) 484-2400

**Investors may also consult Magellan's or Tellurian Investments' website for more information about Magellan or Tellurian Investments, respectively. Magellan's website is [www.magellanpetroleum.com](http://www.magellanpetroleum.com). Tellurian Investments' website is [www.tellurianinvestments.com](http://www.tellurianinvestments.com). Information included on these websites is not incorporated by reference into this joint proxy statement/prospectus.**

**If you would like to request any documents, please do so by [ ], 2017 in order to receive them before the respective special meetings of stockholders. If you request any documents, Magellan or Tellurian Investments will mail them to you by first class mail, or another equally prompt means, after receipt of your request.**

For a more detailed description of the information incorporated by reference into this joint proxy statement/prospectus and how you may obtain it, see "Where You Can Find More Information" beginning on page 169.

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**ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS**

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the U.S. Securities and Exchange Commission (the "SEC") by Magellan, constitutes a prospectus of Magellan under the Securities Act, with respect to the shares of Magellan common stock to be issued to Tellurian Investments stockholders in connection with the merger. This joint proxy statement/prospectus also constitutes a proxy statement for Magellan under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). It also constitutes a notice of meeting with respect to the special meeting of Magellan stockholders and a notice of meeting with respect to the special meeting of Tellurian Investments stockholders.

You should rely only on the information contained in or incorporated by reference into this joint proxy statement/prospectus. Neither Magellan nor Tellurian Investments has authorized anyone to give any information or make any representation about the merger, Magellan or Tellurian Investments that is different from, or in addition to, that contained in this joint proxy statement/prospectus or in any of the materials that have been incorporated by reference into this joint proxy statement/prospectus. Therefore, if anyone distributes this type of information, you should not rely on it. This joint proxy statement/prospectus is dated January 10, 2017. You should not assume that the information contained in this joint proxy statement/prospectus is accurate as of any date other than that date. Neither our mailing of this joint proxy statement/prospectus to Magellan stockholders or Tellurian Investments stockholders nor the issuance by Magellan of shares of common stock pursuant to the merger agreement will create any implication to the contrary.

This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation. Information contained in this joint proxy statement/prospectus regarding Magellan has been provided by Magellan and information contained in this joint proxy statement/prospectus regarding Tellurian Investments has been provided by Tellurian Investments.

All references in this joint proxy statement/prospectus to "Magellan" refer to Magellan Petroleum Corporation, a Delaware corporation; all references in this joint proxy statement/prospectus to "Merger Sub" refer to River Merger Sub, Inc., a Delaware corporation and direct wholly owned subsidiary of Magellan formed for the sole purpose of effecting the merger; all references in this joint proxy statement/prospectus to "Tellurian Investments" refer to Tellurian Investments Inc., a Delaware corporation; unless otherwise indicated or as the context requires, all references in this joint proxy statement/prospectus to "we," "our" and "us" refer to Magellan and Tellurian Investments collectively; and, unless otherwise indicated or as the context requires, all references to the "merger agreement" refer to the Agreement and Plan of Merger, dated as of August 2, 2016, as amended, by and among Magellan Petroleum Corporation, Tellurian Investments Inc. and River Merger Sub, Inc., which is incorporated by reference into this joint proxy statement/prospectus and a copy of which is included as Annex A to this joint proxy statement/prospectus. Magellan and Tellurian Investments, subject to and following completion of the merger, are sometimes referred to in this joint proxy statement/prospectus as the "combined company."



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**QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES AND THE MEETINGS**

*The following are some questions that you, as a Magellan stockholder or a Tellurian Investments stockholder, may have regarding the merger and the other matters being considered at the special meetings, as well as the answers to those questions. Magellan and Tellurian Investments urge you to read carefully the remainder of this joint proxy statement/prospectus including any documents incorporated by reference and the Annexes in their entirety because the information in this section does not provide all of the information that might be important to you with respect to the merger agreement, the merger and the other matters being considered at the special meetings. See *Where You Can Find More Information* beginning on page 169.*

**Q: Why am I receiving this joint proxy statement/prospectus?**

A: Magellan and Tellurian Investments have entered into a merger agreement, pursuant to which each outstanding share of common stock, par value \$0.001 per share, of Tellurian Investments will be converted into the right to receive 1.300 shares of common stock of Magellan, and Merger Sub will merge with and into Tellurian Investments (the merger), with Tellurian Investments continuing as the surviving corporation and a direct subsidiary of Magellan.

In order to complete the merger, among other conditions,

Magellan stockholders must approve the issuance of shares of Magellan common stock to Tellurian Investments stockholders in connection with the merger; and

Tellurian Investments stockholders must approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Magellan and Tellurian Investments will hold separate special meetings of their stockholders to obtain these approvals. This joint proxy statement/prospectus contains and incorporates by reference important information about Magellan and Tellurian Investments, the merger agreement, the merger, the other transactions contemplated by the merger agreement, and the Magellan and Tellurian Investments special meetings of stockholders. You should read all of the available information carefully and in its entirety.

**Q: What effect will the merger have?**

A: If the merger is completed, Tellurian Investments will become a subsidiary of Magellan and Tellurian Investments common stockholders will become stockholders of Magellan.

Following the merger, the common stockholders of Magellan and Tellurian Investments will be the common stockholders of the combined company.

Immediately following the closing of the transactions contemplated by the merger agreement, Magellan expects to file a certificate of amendment to Magellan's restated certificate of incorporation and to amend Magellan's bylaws for the



purpose of effecting a name change of the company from Magellan Petroleum Corporation to Tellurian Inc. Pursuant to Section 242(b)(1) of the General Corporation Law of the State of Delaware, which we refer to as the DGCL or Delaware law, and the bylaws of Magellan, the name change will not require stockholder approval but will need to be approved by the board of directors of the combined company. The name change will not affect the rights of Magellan's existing stockholders. There will be no other changes to the certificate of incorporation or bylaws of Magellan in connection with the name change.

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**Q: What will I receive in the merger?**

A: *Magellan stockholders*: Regardless of whether the merger is completed, Magellan stockholders will retain the Magellan common stock that they currently own. They will not receive any merger consideration, and they will not receive any additional shares of Magellan common stock in the merger.

*Tellurian Investments stockholders*: If the merger is completed, Tellurian Investments common stockholders will receive 1.300 shares of Magellan common stock for each share of Tellurian Investments common stock that they hold immediately prior to the effective time of the merger (other than shares of Tellurian Investments common stock held by any holder who has properly exercised appraisal rights of such shares in accordance with Section 262 of the DGCL, as described in this joint proxy statement/prospectus). If a holder of Tellurian Investments common stock is entitled to receive any fractional shares of Magellan stock, such holder will receive such fractional share.

**Q: How will Magellan equity awards be treated?**

A: Certain current and former Magellan employees, officers and directors hold equity compensation plan awards under the Magellan Petroleum Corporation 1998 Stock Incentive Plan (the *Magellan 1998 Plan* ) or the Magellan Petroleum Corporation 2012 Omnibus Incentive Compensation Plan (the *Magellan 2012 Plan* ). At the closing of the transactions contemplated by the merger agreement, any outstanding options held by Magellan current and former employees, officers and directors will remain exercisable for such period of time as provided in the applicable award agreement and the Magellan 1998 Plan or the Magellan 2012 Plan. The vesting of awards to current and former Magellan employees, officers and directors will be accelerated as a result of the merger, in accordance with the terms of the applicable award agreement and the merger agreement.

**Q: What is the value of the merger consideration?**

A: Because Magellan will issue 1.300 shares of Magellan common stock in exchange for each share of Tellurian Investments common stock outstanding immediately prior to the merger, the value of the merger consideration that Tellurian Investments stockholders receive will depend on the price per share of Magellan common stock at the effective time of the merger. That price will not be known at the time of the special meetings and may be greater or less than the current price or the price at the time of the special meetings. We urge you to obtain current market quotations of Magellan common stock. See *Risk Factors* beginning on page 32.

**Q: What are the principal conditions of the proposed merger?**

A: The merger and the other transactions contemplated by the merger agreement require the approval of Magellan and Tellurian Investments stockholders. Magellan and Tellurian Investments are holding special meetings of stockholders to obtain the requisite approval. The other principal conditions of the merger include the following:

the accuracy of each party's representations and warranties contained in the merger agreement and each party's compliance with its covenants and agreements contained in the merger agreement in all material respects;

all directors and officers of Magellan and each Magellan subsidiary shall have resigned, except for any person(s) that might be designated by Tellurian Investments;

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Antoine J. Lafargue, Magellan's current President and Chief Executive Officer, shall have released any and all contractual or similar obligations payable to him from Magellan or its affiliates, or otherwise owed to him as a result of his services as an officer, director, agent or employee of Magellan or its affiliates, provided that such release (i) will be subject to receipt by Mr. Lafargue of an offer of employment by Magellan, effective as of the effective time of the merger, providing for terms and conditions substantially similar to those set forth in the Tellurian Investments disclosure schedule to the merger agreement and (ii) will not affect any right of Mr. Lafargue to indemnification and insurance as provided in the merger agreement; and

shares of Magellan common stock to be issued in the merger shall have been approved for listing on the NASDAQ Capital Market, subject to official notice of issuance.

For a description of the other terms and conditions of the merger, please see "The Merger Agreement" beginning on page 111 of this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as [Annex A](#).

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

A: Yes. Assuming the transactions contemplated by the merger agreement are completed, all of Magellan's board of directors positions will be nominees of Tellurian Investments, and Magellan's executive officers will be comprised primarily of the present executive officers of Tellurian Investments. The present holders of Magellan common stock, former Tellurian Investments stockholders and Petrie Partners Securities, LLC (Magellan's financial advisor) are expected to own approximately 3.4%, 96.3% and 0.2%, respectively, of Magellan common stock after the merger.

**Q: Who will serve on the Magellan board of directors following the completion of the merger?**

A: The merger agreement provides that, upon completion of the merger, all directors of Magellan will have resigned, and Magellan will appoint to its board of directors all of the members of the Tellurian Investments board of directors. It is anticipated that, following the completion of the merger, the Magellan board of directors will have eight members.

**Q: Who will serve as executive management of Magellan following the completion of the merger?**

A: The combined company will be led by its Chairman, Charif Souki; Executive Vice Chairman, Martin Houston; President and Chief Executive Officer, Meg A. Gentle; Executive Vice President and Chief Operating Officer, R. Keith Teague; Senior Vice President and Chief Financial Officer, Antoine J. Lafargue; General Counsel, Daniel A. Belhumeur; Corporate Secretary, Christopher Daniels; Senior Vice President Projects, Howard Candelet; Senior Vice President Gas Supply, Mark Evans; and Senior Vice President LNG Trading, Tarek Souki.

**Q: What am I voting on?**

A: *Magellan stockholders*: Magellan stockholders are voting on (1) a proposal to approve the issuance of shares of Magellan common stock to Tellurian Investments stockholders in connection with the merger; (2) a proposal to approve the Magellan 2016 Plan, including the material terms of the performance goals set forth in the Magellan 2016 Plan for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code); (3) a proposal to approve, on a non-binding advisory basis, the compensation that may become payable to Magellan's named executive officers

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in connection with the completion of the merger; (4) a proposal to approve the adjournment of the Magellan special meeting, if necessary or appropriate, to permit further solicitation of proxies; and (5) a proposal to ratify the appointment of EKS&H LLLP ( EKS&H ) as the independent registered public accounting firm of Magellan for the fiscal year ending June 30, 2017.

*Tellurian Investments stockholders:* Tellurian Investments stockholders are voting on a proposal to approve and adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement.

### **Q: What vote is required to approve these proposals?**

*A: Magellan stockholders:* In order for the proposals to be voted on at the Magellan special meeting, a quorum of the shares must be present. A quorum is 33 1/3% of the issued and outstanding shares of Magellan common stock. All shares of Magellan common 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 Magellan special meeting but not voting, and Magellan shares for which Magellan has received proxies indicating that their holders have abstained. Shares of Magellan common stock held by stockholders who are not present in person or by proxy will not be counted towards a quorum.

Each of Magellan Proposal 1 (to approve the issuance of shares of Magellan common stock to Tellurian Investments stockholders in connection with the merger), Magellan Proposal 2 (to approve the Magellan 2016 Plan, including the material terms of the performance goals set forth in the Magellan 2016 Plan for purposes of Section 162(m) of the Code), Magellan Proposal 3 (to approve, on a non-binding advisory basis, the compensation that may become payable to Magellan's named executive officers in connection with the completion of the merger), and Magellan Proposal 5 (to ratify the appointment of EKS&H as the independent registered public accounting firm of Magellan for the fiscal year ending June 30, 2017) will require the affirmative vote of holders of a majority of the shares of Magellan common stock present in person or represented by proxy at the Magellan special meeting and entitled to vote on each respective proposal, assuming that a quorum is present. Magellan Proposal 1 is referred to as the merger proposal, Magellan Proposal 2 is referred to as the plan proposal, and Magellan Proposal 3 is referred to as the compensation proposal. Magellan Proposal 4 (to approve the adjournment of the Magellan special meeting, if necessary or appropriate, to permit further solicitation of proxies) will require the affirmative vote of holders of a majority of the shares of Magellan common stock present in person or represented by proxy at the Magellan special meeting and entitled to vote on the proposal, regardless of whether there is a quorum. See [The Magellan Meeting Quorum](#) for a description of the effect of broker non-votes and abstentions on the outcome of each vote.

*Tellurian Investments stockholders:* In order for the proposal to be voted on at the Tellurian Investments special meeting, a quorum of the shares must be present. A quorum is a majority of the issued and outstanding shares of Tellurian Investments common stock. All shares of Tellurian Investments common stock held by stockholders who are present in person or by proxy will count towards a quorum, including Tellurian Investments shares held by stockholders who are present in person at the Tellurian Investments special meeting but not voting, and Tellurian Investments shares for which Tellurian Investments has received proxies indicating that their holders have abstained. Shares of Tellurian Investments common stock held by stockholders who are not present in person or by proxy will not be counted towards a quorum.

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Tellurian Investments Proposal 1 to approve and adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement will require the affirmative vote of holders of a majority of the outstanding shares of Tellurian Investments common stock entitled to vote thereon. See The Tellurian Investments Meeting Quorum for a description of the effect of abstentions on the outcome of each vote.

### **Q: When do you expect the merger to be completed?**

A: The parties will complete the transactions contemplated by the merger agreement when all of the conditions to the completion of the transactions, as provided in the merger agreement, are satisfied or waived. The parties anticipate closing the transactions as soon as possible after approval by the Magellan and Tellurian Investments stockholders of the proposal regarding the transactions contemplated by the merger agreement.

### **Q: What happens if the merger is not completed?**

A: If the merger is not completed, the Tellurian Investments common stock will not be converted into the right to receive Magellan common stock, and Tellurian Investments common stockholders will continue to hold Tellurian Investments common stock.

If the merger agreement is terminated by Magellan to accept a superior proposal, or by Tellurian Investments because Magellan has breached its obligation not to solicit an alternative proposal after the execution of the merger agreement or because the Magellan board of directors has changed its recommendation that stockholders approve the merger, then Magellan will be required to pay a termination fee to Tellurian Investments for any and all third-party transaction fees and expenses incurred by Tellurian Investments with the drafting, negotiation, execution and delivery of the merger agreement and related documents (including fees and expenses for attorneys, accountants and other advisors), subject to a maximum of \$1,000,000 in the aggregate. A termination fee may also be payable by Magellan to Tellurian Investments in some circumstances in which an alternative proposal is made, the merger fails to close and Magellan subsequently agrees to an alternative proposal.

If the merger agreement is terminated by Magellan or Tellurian Investments because the Tellurian Investments stockholders do not approve the merger at their special meeting, or by Magellan because Tellurian Investments does not use commercially reasonable efforts to secure the approval for the listing of the Magellan shares on the NASDAQ Capital Market, then Tellurian Investments will be required to pay a reverse termination fee to Magellan of \$1,000,000.

In addition, should the merger with Tellurian Investments not close, Magellan will need to pursue other alternatives, including other potential merger candidates, in order to continue as a going concern.

See the sections entitled The Merger Agreement Termination of the Merger Agreement, The Merger Agreement Termination Fee and The Merger Agreement Reverse Termination Fee of this joint proxy statement/prospectus for a discussion of these and other rights of each of Magellan and Tellurian Investments to terminate the merger agreement.





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**Q: Do I need to do anything with my shares of common stock other than vote for proposals at the special meetings of stockholders?**

A: *Magellan stockholders*: If you are a Magellan stockholder, after the merger is completed, you are not required to take any action with respect to your shares of Magellan common stock.

*Tellurian Investments stockholders*: If you are a Tellurian Investments stockholder, after the merger is completed, each share of Tellurian Investments common stock that you hold will be converted automatically into the right to receive 1.300 shares of Magellan common stock. You do not need to take any action at this time. After the merger is completed, you will receive instructions on how to exchange your shares.

**Q: Are stockholders entitled to appraisal rights?**

A: The holders of Magellan common stock are not entitled to appraisal rights in connection with the merger under Delaware law. Tellurian Investments stockholders are entitled to appraisal rights under Section 262 of the DGCL, provided they satisfy the special criteria and conditions set forth in Section 262 of the DGCL. Tellurian Investments common stock held by stockholders that do not vote for approval of the merger and make a demand for appraisal in accordance with Delaware law will not be converted into Magellan stock, but will be converted into the right to receive from the combined company consideration determined in accordance with Delaware law. For more information regarding appraisal rights, see *The Merger Appraisal Rights* beginning on page 106 of this joint proxy statement/prospectus. In addition, a copy of Section 262 of the DGCL is attached to this joint proxy statement/prospectus as Annex D.

**Q: Why are Magellan stockholders being asked to approve the Magellan 2016 Plan?**

A: The Magellan 2016 Plan is being proposed to revise and replace the Magellan 2012 Plan. The primary updates will include increasing the number of shares available for issuance, changing the material terms of the performance goals under the Magellan 2016 Plan, and making additional changes that the Magellan board of directors believes will better align Magellan's incentive compensation with the proposed direction of Magellan after the merger. As part of the plan proposal and as required under Section 162(m) of the Code and related regulations, Magellan stockholders are being asked to approve the material terms of the performance goals (including the business criteria on which any qualified performance goals are based) under the Magellan 2016 Plan so that awards made by the Compensation, Nominating and Governance Committee of the board of directors of the combined company (the CNG Committee) to employees and officers can qualify as performance-based compensation deductible under Section 162(m) of the Code. For more information regarding the Magellan 2016 Plan, see *Proposals for the Magellan Special Meeting Magellan Proposal 2: Approval of the Magellan 2016 Plan* beginning on page 126 of this joint proxy statement/prospectus.

**Table of Contents****Q: In making awards intended to meet the standards of Section 162(m) of the Code, what may the CNG Committee base performance goal(s) on?**

A: For purposes of Section 162(m) of the Code, the business criteria upon which any qualified performance goals are based are:

<i>Financial Goals:</i>	Earnings	Earnings per share	Net income
	Revenues	Cash flow from operations	Free cash flow
	Debt level	Equity ratios	Expenses
	Cost reduction targets	Capital expended	Working capital
	Interest-sensitivity gap levels	Weighted average cost of capital	Operating or profit margin
	EBITDAX or adjusted EBITAX	Return on assets	Return on equity or capital employed
<i>Operating Goals:</i>	Engineering milestones	Receipt of and compliance with regulatory approvals	Completion of construction milestones
	Construction milestones	Receipt of a commitment of financing or refinancing	Achievement of safety standards
	Regulatory milestones	Closing of financing or refinancing	Operating efficiency
	Execution of engineering, procurement and construction agreements	Reaching Final Investment Decision	Production targets
	Completion of regulatory filings	Execution of commercial agreements	Fuel usage
			Cost of production
<i>Corporate and Other Goals:</i>	Total stockholder return	Market share	Management of risk
	Asset quality levels	Assets	Charge-offs
	Investments	Asset sale targets	Non-performing assets
	Satisfactory internal or external audits	Value of assets	Fair market value of common stock
		Employee	Regulatory compliance
	Achievement of balance sheet retention/attrition rates or income statement objectives		Safety targets

Improvements of financial  
ratings

Economic value added

MMBTU growth per net  
debt adjusted share

**Q: Why are Magellan stockholders being asked to cast a non-binding advisory vote on the compensation proposal?**

A: In accordance with the rules promulgated by the SEC under Section 14A of the Exchange Act, Magellan is providing its stockholders with the opportunity to approve, on a non-binding advisory basis, the compensation that may become payable to Magellan's named executive officers in connection with the completion of the merger, as disclosed in The Merger Interests of Magellan Directors and Executive Officers in the Merger and Proposals for the Magellan Special Meeting Magellan Proposal 3: Advisory (Non-Binding) Vote on Golden Parachute Compensation.

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**Q: What will happen if Magellan stockholders do not approve the compensation proposal?**

A: The vote on the compensation proposal is a vote separate and apart from the vote on the merger proposal. Accordingly, Magellan stockholders may vote to approve and adopt the merger proposal and vote not to approve the compensation proposal, and vice versa. Because the vote on the compensation proposal is advisory only, it will not be binding on either Magellan or Tellurian Investments. Accordingly, if the merger agreement is approved and adopted and the merger is completed, the compensation will be payable, subject only to the conditions applicable thereto, regardless of the outcome of the vote on the compensation proposal.

**Q: When and where will the special meetings of stockholders be held?**

A: *Magellan stockholders:* The special meeting of Magellan stockholders will take place on [ ], 2017, at [ ] local time in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203.

*Tellurian Investments stockholders:* The special meeting of Tellurian Investments stockholders will take place on [ ], 2017, at [ ] local time at the Petroleum Club located at 1201 Louisiana Street, 35th Floor, Houston, Texas 77002.

**Q: Who can attend and vote at the special meetings of stockholders?**

A: *Magellan stockholders:* Only holders of record of Magellan common stock at the close of business on [ ], 2017, the record date for the special meeting of Magellan stockholders, 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 issued and outstanding and entitled to vote at the special meeting of Magellan stockholders. Each outstanding share of Magellan common stock on the record date is entitled to one vote on each matter properly brought before the Magellan special meeting.

*Tellurian Investments stockholders:* Only holders of record of Tellurian Investments common stock at the close of business on [ ], 2017, the record date for the special meeting of Tellurian Investments stockholders, are entitled to vote at the meeting or any adjournment or postponement of the meeting. As of the record date, there were [ ] shares of Tellurian Investments common stock issued and outstanding and entitled to vote at the special meeting of Tellurian Investments stockholders. Each outstanding share of Tellurian Investments common stock on the record date is entitled to one vote on each matter properly brought before the Tellurian Investments special meeting.

**Q: How may I vote at the special meetings of stockholders?**

A: *Magellan stockholders:* You may vote using any of the following methods:

1. IN PERSON

Attend the Magellan special meeting and vote in person.

2. 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

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signed proxy card without indicating your vote, the person voting the proxy will vote your stock in favor of the proposals.

3. BY TELEPHONE: Call toll free 1-800-690-6903

Vote your proxy 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Standard Time on [ ], 2017.

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.

4. BY INTERNET: <http://www.proxyvote.com>

Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Standard Time on [ ], 2017.

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.

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 Magellan special meeting, you must obtain a proxy, executed in your favor, from the broker or nominee to be able to vote at the meeting.

*Tellurian Investments stockholders:* You may vote using any of the following methods:

1. IN PERSON

Attend the Tellurian Investments special meeting and vote in person.

2. 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.

3. BY TELEPHONE: Call toll free 1-800-690-6903

Vote your proxy 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Standard Time on [ ], 2017.

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.

4. BY INTERNET: <http://www.proxyvote.com>

Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Standard Time on [ ], 2017.

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.

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**Q: Can I revoke or change my proxy?**

A: *Magellan stockholders*: You may revoke your proxy at any time before the vote is taken at the special meeting of Magellan stockholders. 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 Magellan special meeting to Magellan's Corporate Secretary, Antoine J. Lafargue:

if before commencement of the meeting on the date of the meeting, by personal delivery 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, at Magellan's offices, 1775 Sherman Street, Suite 1950, Denver, Colorado 80203; or

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

Delivering a proxy will in no way limit your right to vote at the Magellan special 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 Magellan special 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 Magellan special 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 Magellan special meeting.

*Tellurian Investments stockholders*: You may revoke your proxy at any time before the vote is taken at the special meeting of Tellurian Investments stockholders. You may revoke your proxy by:

1. giving written notice of revocation no later than the voting of the proxy at the Tellurian Investments special meeting to Tellurian Investments' Corporate Secretary, Christopher Daniels:

if before the voting of the proxy on the date of the meeting, by personal delivery at the Petroleum Club located at 1201 Louisiana Street, 35th Floor, Houston, Texas 77002; and



if delivered before the date of the meeting, at Tellurian Investments offices, 1201 Louisiana Street, Suite 3100, Houston, Texas 77002; or

2. delivering no later than the commencement of the Tellurian Investments special meeting a properly executed, later-dated proxy.

Delivering a proxy will in no way limit your right to vote at the Tellurian Investments special meeting if you later decide to attend in person and revoke the proxy in writing. The persons authorized under the proxies will vote upon any other business that may properly come before the

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Tellurian Investments special 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, Tellurian Investments does not anticipate that any matters will be raised at the Tellurian Investments special meeting.

**Q: What are the material U.S. federal income tax consequences of the merger to U.S. holders of Tellurian Investments common stock?**

A: The merger is intended to be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and/or an exchange under Section 351 of the Code. Assuming the merger qualifies as such a reorganization or exchange, a U.S. holder of Tellurian Investments common stock will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder's shares of Tellurian Investments common stock for shares of Magellan common stock pursuant to the merger. For further information, see *Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 143.

*The U.S. federal income tax consequences described above may not apply to all holders of Tellurian Investments common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences of the merger to you.*

**Q: How does the Magellan board of directors recommend that Magellan stockholders vote?**

A: The Magellan board of directors has determined that the merger and the other transactions contemplated by the merger agreement are in the best interest of Magellan and its stockholders. Accordingly, the Magellan board of directors unanimously recommends that Magellan stockholders vote (1) FOR the approval of the issuance of shares of Magellan common stock to Tellurian Investments stockholders in connection with the merger; (2) FOR the approval of the Magellan 2016 Plan, including the material terms of the performance goals set forth in the Magellan 2016 Plan for purposes of Section 162(m) of the Code; (3) FOR the approval, on a non-binding advisory basis, of the compensation that may become payable to Magellan's named executive officers in connection with the completion of the merger; (4) FOR the proposal to approve the adjournment of the Magellan special meeting, if necessary or appropriate, to permit further solicitation of proxies; and (5) FOR the ratification of the appointment of EKS&H as the independent registered public accounting firm of Magellan for the fiscal year ending June 30, 2017.

**Q: How does the Tellurian Investments board of directors recommend that Tellurian Investments stockholders vote?**

A: The Tellurian Investments board of directors has determined that the merger and the other transactions contemplated by the merger agreement are in the best interest of Tellurian Investments and its stockholders. Accordingly, the Tellurian Investments board of directors unanimously recommends that Tellurian Investments stockholders vote FOR the approval of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

**Q: Why did the parties amend the merger agreement? What will happen to the recently issued Tellurian Investments preferred stock in the merger?**

A: On November 23, 2016, Tellurian Investments issued to GE Oil & Gas, Inc., a Delaware corporation and subsidiary of General Electric Company ( GE ), 5,467,851 shares of Series A convertible preferred stock of Tellurian Investments (the Tellurian Investments Preferred Stock )

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for an aggregate purchase price of \$25 million. On the same date, Magellan, Tellurian Investments and Merger Sub entered into the first amendment to the merger agreement in order to permit the issuance of the Tellurian Investments Preferred Stock and to revise certain related representations of Tellurian Investments in the merger agreement. Tellurian Investments and Magellan believe that the issuance of the Tellurian Investments Preferred Stock will provide significant benefits to the combined company in terms of increased liquidity and ability to pursue Tellurian Investments Driftwood liquefied natural gas ( LNG ) project.

If the merger is completed, the Tellurian Investments Preferred Stock will remain outstanding as preferred stock of a subsidiary of Magellan. However, at that time, the Tellurian Investments Preferred Stock will become convertible in whole, but not in part, into shares of either Magellan common stock or a new series of Magellan convertible preferred stock (the Magellan Preferred Stock ), in each case on a one-for-one basis, subject to certain potential adjustments. The Magellan Preferred Stock will be convertible into shares of Magellan common stock on a one-for-one basis, subject to certain potential adjustments. Holders of the Tellurian Investments Preferred Stock will generally have the right to vote on matters submitted to a vote of Tellurian Investments stockholders but will not be entitled to vote on any proposal relating to the merger. The terms of the Tellurian Investments Preferred Stock and the Magellan Preferred Stock are summarized in Description of Magellan Capital Stock Magellan Preferred Stock and Tellurian Investments Preferred Stock.

In addition, on December 19, 2016, Tellurian Investments entered into a common stock purchase agreement with TOTAL Delaware, Inc. ( TOTAL ), a Delaware corporation and subsidiary of TOTAL S.A. Pursuant to the common stock purchase agreement, Tellurian Investments agreed to issue 35,384,615 shares of its common stock to TOTAL for an aggregate purchase price of approximately \$207 million (or \$5.85 per share) (the TOTAL Investment ). On the same date, the parties to the merger agreement further amended the merger agreement (i) to permit the issuance of Tellurian Investments common stock to TOTAL and revise related representations; (ii) to increase the maximum number of shares of Tellurian Investments common stock (or its equivalent) issuable to current and prospective employees of Tellurian Investments under the Tellurian Investments 2016 Omnibus Incentive Plan between August 2, 2016 and the closing of the merger from 10,000,000 to 13,000,000, (iii) to require Magellan to appoint one board designee of TOTAL to the board of directors of Magellan effective upon the closing of the merger, and (iv) to extend the Outside Date (as defined in the merger agreement) from January 31, 2017 to February 28, 2017, among other things. As with the investment by GE, Tellurian Investments and Magellan believe that the dramatically increased liquidity and capital resources resulting from the TOTAL Investment will provide significant benefits to the combined company. The TOTAL Investment was completed on January 3, 2017.

**Q: Who can help answer my questions?**

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

Antoine J. Lafargue, Corporate Secretary

Magellan Petroleum Corporation

1775 Sherman Street, Suite 1950

Denver, Colorado 80203

Telephone: (720) 484-2400



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*Tellurian Investments stockholders:* If you have any questions about how to submit your proxy, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, or if you have any questions about the proposals, you should contact the following:

Christopher Daniels, Corporate Secretary

Tellurian Investments Inc.

1201 Louisiana Street, Suite 3100

Houston, Texas 77002

Telephone: (832) 962-4000

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**SUMMARY**

*This summary highlights information contained elsewhere in this joint proxy statement/prospectus and may not contain all the information that is important to you with respect to the merger and the other matters being considered at the Magellan and Tellurian Investments special meetings. Magellan and Tellurian Investments urge you to read the remainder of this joint proxy statement/prospectus carefully, including the attached Annexes, and the other documents to which we have referred you. See also the section entitled *Where You Can Find More Information* beginning on page 169. We have included page references in this summary to direct you to a more complete description of the topics presented below.*

**The Parties to the Merger Agreement**

Magellan Petroleum Corporation, a Delaware corporation; Tellurian Investments Inc., a Delaware corporation; and River Merger Sub, Inc., a Delaware corporation.

See *The Merger Agreement* beginning on page 111.

**Background of the Parties**

Magellan is a publicly traded, independent oil and gas exploration and production company that owns interests in the Horse Hill-1 well and related licenses in the Weald Basin, onshore United Kingdom, and an exploration block, NT/P82, in the Bonaparte Basin, offshore Northern Territory, Australia. Magellan common stock trades on the NASDAQ Capital Market under the trading symbol MPET.

Tellurian Investments is a privately held company with plans to own, develop and operate natural gas liquefaction facilities, storage facilities and loading terminals along the United States Gulf Coast and to pursue complementary business lines in the energy industry.

See *The Merger Background of the Merger* beginning on page 78.

**The Merger**

If the merger is completed, each outstanding share of common stock, par value \$0.001 per share, of Tellurian Investments, other than shares for which appraisal rights held by Tellurian Investments stockholders have been perfected, will be converted into the right to receive 1.300 shares of common stock of Magellan, and Merger Sub will merge with and into Tellurian Investments, with Tellurian Investments continuing as the surviving corporation and a direct subsidiary of Magellan. The Tellurian Investments Preferred Stock will remain outstanding as preferred stock of the surviving corporation but will become convertible in whole, but not in part, into an equal number of shares of Magellan common stock or shares of a substantially similar class of Magellan

Preferred Stock.

See The Merger Agreement beginning on page 111.



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**Reasons for the Merger**

*Magellan*: Each of the special committee of the Magellan board of directors (the Special Committee ) and the Magellan board of directors considered the following material factors, among others, that it believes support its determinations:

the benefit to holders of Magellan common stock resulting from their ability to participate in the growth of the combined company, taking into account (i) the business plan of Tellurian Investments, (ii) the experience and credentials of Tellurian Investments senior management as recognized global leaders in the LNG business and (iii) the track records of the members of Tellurian Investments management in building value for shareholders of their prior employers;

the long-term prospects for the LNG industry, which the Special Committee and the Magellan board of directors believe to be favorable (although the Special Committee and the Magellan board of directors recognize that the near- and medium-term prospects for the industry will likely be more challenging);

that although Magellan retains assets it believes have certain potential value, none of these assets currently generates revenue and therefore, pursuant to Magellan s announced strategy, it will need to pursue a business combination transaction in the relatively near future;

the belief of the Magellan board of directors that the combined company will be able to benefit stockholders by executing on Tellurian Investments business plan and taking advantage of Magellan s remaining assets and public reporting platform;

most of the alternative candidates Magellan considered as potential merger partners are in the upstream or midstream sectors of the energy industry and are experiencing varying degrees of financial stress as a result of the current commodity price environment, while Tellurian Investments business plan contemplates that it will not be directly exposed to commodity price risk for a number of years;

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 several dozen potentially interested parties regarding a transaction involving a merger or sale of Magellan or its assets;

the financial presentation and opinion, dated August 2, 2016, of Petrie Partners Securities, LLC ( Petrie ) to the Magellan board of directors as to the fairness, from a financial point of view and

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as of the date of such opinion, of the exchange ratio to Magellan, which opinion was based upon and subject to the factors, assumptions, limitations and qualifications set forth in its opinion;

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

the fact that the merger agreement allows the Magellan board of directors, under specified circumstances, to change or withdraw its recommendation to the Magellan stockholders with respect to the approval of the merger; and

the fact that if Tellurian Investments controlling stockholders cause the merger agreement to be terminated by voting against the approval of the merger at the Tellurian Investments meeting, Magellan will receive a termination fee of \$1 million.

*Tellurian Investments:* The board of directors of Tellurian Investments believes the merger is fair to and in the best interest of its stockholders. In the course of reaching this decision, the Tellurian Investments board considered a number of factors, including:

access to public securities markets; and

the ability of the combined company to more easily attract and retain skilled personnel.

See The Merger Background of the Merger beginning on page 78, The Merger Magellan's Reasons for the Merger; Recommendation of the Magellan Board of Directors and Special Committee beginning on page 85, and The Merger Tellurian Investments Reasons for the Merger; Recommendation of the Tellurian Investments Board of Directors beginning on page 98.



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**Post-Merger Structure**

See the chart below. Following the merger, Tellurian Investments will be a direct subsidiary of Magellan. Despite Magellan being the parent entity following the merger, Tellurian Investments is the accounting acquirer for financial accounting purposes.

**GE and TOTAL Investments**

On November 23, 2016, Tellurian Investments issued to GE 5,467,851 shares of Tellurian Investments Preferred Stock for an aggregate purchase price of \$25 million. If the merger is completed, the Tellurian Investments Preferred Stock will remain outstanding as preferred stock of a subsidiary of Magellan. However, at that time, the Tellurian Investments Preferred Stock will become convertible in whole, but not in part, into shares of either Magellan common stock or Magellan Preferred Stock, in each case on a one-for-one basis, subject to certain potential adjustments. The Magellan Preferred Stock (if issued) will be convertible into shares of Magellan common stock on a one-for-one basis, subject to certain potential adjustments. The terms of the Tellurian Investments Preferred Stock and the Magellan Preferred Stock are summarized in Description of Magellan Capital Stock Magellan Preferred Stock and Tellurian Investments Preferred Stock.

In addition, on December 19, 2016, Tellurian Investments entered into a common stock purchase agreement with TOTAL. Pursuant to the common stock purchase agreement, Tellurian Investments agreed to issue 35,384,615 shares of its common stock to TOTAL for an aggregate purchase price of approximately \$207 million (or \$5.85 per share). Tellurian Investments agreed to provide TOTAL certain registration rights with respect to the purchased shares, and Magellan agreed that those rights would apply to shares of Magellan common stock issued to TOTAL in the merger. Also, Tellurian Investments agreed to provide TOTAL the right to designate one member of the Tellurian Investments board of directors, and Magellan agreed that this right will apply to the Magellan board of directors following completion of the merger. The TOTAL Investment was completed on January 3, 2017. In connection with the common stock purchase agreement, following the closing of the

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merger, Magellan and TOTAL will enter into a pre-emptive rights agreement pursuant to which TOTAL will be granted a right to purchase its pro rata portion of any new equity securities that Magellan may issue to a third party on the same terms and conditions as such equity securities are offered and sold to such party, subject to certain excepted offerings.

**Date, Time and Place of the Meetings**

*The Magellan meeting:* [ ], 2017, at [ ] local time in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203.

See *The Magellan Meeting Date, Time and Place* on page 69.

*The Tellurian Investments meeting:* [ ], 2017, at [ ] local time at the Petroleum Club located at 1201 Louisiana Street, 35th Floor, Houston, Texas 77002.

See *The Tellurian Investments Meeting Date, Time and Place* on page 74.

**Record Date**

*Magellan stockholders:* Holders of record of Magellan common stock as of [ ], 2017, are entitled to one vote per share on each matter brought before the Magellan special meeting.

*Tellurian Investments stockholders:* Holders of record of Tellurian Investments common stock as of [ ], 2017, are entitled to one vote per share on each matter brought before the Tellurian Investments special meeting.

**Proposals to be Considered at the Meetings***Magellan stockholders:* (1) A proposal to approve the issuance of shares of Magellan common stock to Tellurian Investments stockholders in connection with the merger; (2) a proposal to approve the Magellan 2016 Plan, including the material terms of the performance goals set forth in the Magellan 2016 Plan for purposes of Section 162(m) of the Code; (3) a proposal to approve, on a non-binding advisory basis, the compensation that may become payable to Magellan's named executive officers in connection with the completion of the merger; (4) a proposal to approve the adjournment of the Magellan special meeting, if necessary or appropriate, to permit further solicitation of proxies; and (5) a proposal to ratify the appointment of EKS&H as the independent registered public accounting firm of Magellan for the fiscal year ending

June 30, 2017.

See The Magellan Meeting Purpose of the Magellan Meeting beginning on page 69.

*Tellurian Investments stockholders:* A proposal to approve the merger and the transactions contemplated by the merger agreement, including the merger.

See The Tellurian Investments Meeting Purpose of the Tellurian Investments Meeting beginning on page 74.

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**Reconstituted Board of Directors of Magellan**

Concurrently with the closing of the merger, the number of members of the Magellan board of directors will consist of eight persons, seven of whom being nominees of Tellurian Investments and the eighth being a designee of TOTAL (Jean Jaylet). The directors of Magellan are expected to be:

Charif Souki  
Martin Houston  
Meg A. Gentle  
Michael Bock  
Dillon J. Ferguson  
Diana Derycz-Kessler  
Brooke A. Peterson  
Jean Jaylet

See The Merger Agreement Proposed Directors of the Combined Company beginning on page 123.

**Reconstituted Executive Officers of Magellan**

Concurrently with the closing of the merger, the executive officers of Magellan are expected to be:

Martin Houston, Executive Vice Chairman  
Meg A. Gentle, President and Chief Executive Officer  
R. Keith Teague, Executive Vice President and Chief Operating Officer  
Antoine J. Lafargue, Senior Vice President and Chief Financial Officer  
Daniel A. Belhumeur, General Counsel  
Christopher Daniels, Corporate Secretary  
Howard Candelelet, Senior Vice President Projects  
Mark Evans, Senior Vice President Gas Supply  
Tarek Souki, Senior Vice President LNG Trading

See The Merger Agreement Officers of the Combined Company beginning on page 120.

**Recommendation of the Magellan Board of Directors and Special Committee**

FOR the proposals to be considered at the special meeting of Magellan stockholders, as described herein.

See The Merger Magellan's Reasons for the Merger; Recommendation of the Magellan Board of Directors and Special Committee beginning on page 85.



**Recommendation of the Tellurian  
Investments Board of Directors**

FOR the proposals to be considered at the special meeting of Tellurian Investments stockholders, as described herein.

See The Merger Tellurian Investments Reasons for the Merger; Recommendation of the Tellurian Investments Board of Directors beginning on page 98.

**Regulatory Approvals**

None.

**Appraisal Rights**

The holders of Magellan common stock are not entitled to appraisal rights in connection with the merger under Delaware law.

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The holders of Tellurian Investments common stock are entitled to appraisal rights in connection with the merger under Delaware law. Tellurian Investments common stock held by stockholders that do not vote for approval of the merger but make a demand for appraisal in accordance with Delaware law, will not be converted into Magellan stock, but will be converted into the right to receive from the combined company cash equal to the fair value of such dissenting stockholder's shares, determined in accordance with Delaware law.

See The Merger Appraisal Rights beginning on page 106. In addition, a copy of Section 262 of the DGCL is attached to this joint proxy statement/prospectus as Annex D.

**Conditions to the Completion of the Merger**

The completion of the merger is conditioned upon, among other things:

Magellan and Tellurian Investments stockholder approval of the merger and the other transactions contemplated by the merger agreement;

The accuracy of each party's representations and warranties contained in the merger agreement and each party's compliance with its covenants and agreements contained in the merger agreement in all material respects;

The resignation of all directors and officers of Magellan and each Magellan subsidiary, except for any person(s) that might be designated by Tellurian Investments;

Antoine J. Lafargue shall have released any and all contractual or similar obligations payable to him from Magellan or its affiliates, or otherwise owed to him as a result of his services as an officer, director, agent or employee of Magellan or its affiliates, provided that such release (i) will be subject to receipt by Mr. Lafargue of an offer of employment by Magellan, effective as of the effective time of the merger, providing for terms and conditions substantially similar to those set forth in the Tellurian Investments disclosure schedule to the merger agreement and (ii) will not affect any right of Mr. Lafargue to indemnification and insurance as provided in the merger agreement; and

Shares of Magellan common stock to be issued in the merger shall have been approved for listing on the NASDAQ Capital Market, subject to official notice of issuance.

See The Merger Agreement Conditions to the Completion of the Merger beginning on page 117.

**Opinion of Magellan's Financial Advisor** Formed to conduct a strategic alternatives process for Magellan, the Special Committee of the Magellan board of directors retained Petrie to serve as Magellan's financial advisor in connection with

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the merger and to provide the Magellan board of directors with an opinion with respect to the fairness, from a financial point of view, to Magellan of the exchange ratio. The full text of Petrie's written opinion, dated August 2, 2016, is attached hereto as Annex B 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 Merger Opinion of Magellan's Financial Advisor" beginning on page 87.

**Termination of the Merger Agreement**

The merger agreement may be terminated:

By mutual written consent of the board of directors of each of Magellan and Tellurian Investments;

By Magellan or Tellurian Investments if (i) the merger has not been completed by February 28, 2017, subject to certain conditions; (ii) if a governmental injunction, judgment or ruling preventing consummation of the transactions contemplated by the merger agreement is in effect and becomes final and nonappealable, subject to certain exceptions; (iii) the Magellan meeting has concluded and the Magellan stockholders have not approved the transactions contemplated by the merger agreement; or (iv) the Tellurian Investments meeting has concluded and the Tellurian Investments stockholders have not approved the transactions contemplated by the merger agreement;

By Magellan if (i) the Magellan board of directors receives a superior proposal and determines to accept the offer; however, Tellurian Investments will have the right to negotiate with the Magellan board of directors for a five business day period following notice from Magellan to Tellurian Investments of such superior proposal prior to Magellan's acceptance of such superior proposal; or (ii) Tellurian Investments has breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the merger agreement, which breach or failure (A) would cause the failure by Tellurian Investments to satisfy its closing conditions, and (B) is not cured or is not curable within 30 days; and

By Tellurian Investments if (i) the Magellan board of directors withdraws, modifies or qualifies, or proposes publicly to withdraw, modify or qualify, in a manner adverse to Tellurian Investments, its recommendation that stockholders approve the merger 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;

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or (ii) Magellan or Merger Sub has breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the merger agreement, which breach or failure (A) would cause the failure by Magellan to satisfy its closing conditions, and (B) is not cured or is not curable within 30 days.

See The Merger Agreement Termination of the Merger Agreement beginning on page 118.

**Termination Fee**

A termination fee will be payable by Magellan to Tellurian Investments for any and all third-party transaction fees and expenses incurred by Tellurian Investments with the drafting, negotiation, execution and delivery of the merger agreement and related documents (including fees and expenses for attorneys, accountants and other advisors), subject to a maximum of \$1,000,000 in the aggregate, in the following circumstances:

(i) an alternative proposal has been publicly proposed and not withdrawn at the date of the Magellan special meeting, (ii) either party terminates the merger agreement because (A) the merger has not occurred by February 28, 2017, or (B) Magellan stockholders do not approve the merger, and (iii) Magellan enters into a definitive agreement with respect to, or consummates a transaction that constitutes, an alternative proposal within 12 months of the termination of the merger agreement;

the merger agreement is terminated by Tellurian Investments if the Magellan board of directors changes its recommendation that the Magellan stockholders vote in favor of the merger;

the merger agreement is terminated by Tellurian Investments if Magellan or Merger Sub has breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the merger agreement, which breach or failure (i) would cause the failure by Magellan or Merger Sub to satisfy its closing conditions, and (ii) is not cured or is not curable within 30 days; or

the merger agreement is terminated by Magellan in order to accept a superior proposal.

See The Merger Agreement Termination Fee beginning on page 119.

**Reverse Termination Fee**

A termination fee of \$1,000,000 will be payable by Tellurian Investments to Magellan in the following circumstances:

the merger agreement is terminated by Magellan or Tellurian Investments because Tellurian Investments stockholders do not approve the merger at their special meeting; or

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Tellurian Investments has breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the merger agreement, which breach or failure (i) would cause the failure by Tellurian Investments to satisfy its closing conditions, and (ii) is not cured or is not curable within 30 days.

See The Merger Agreement Reverse Termination Fee beginning on page 119.

**U.S. Federal Income Tax Consequences**

The merger is intended to be non-taxable to Magellan, Tellurian Investments and their stockholders, provided it qualifies as a reorganization within the meaning of Section 368(a) of the Code and/or an exchange under Section 351 of the Code. The holders of Tellurian Investments common stock are not expected to recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of Tellurian Investments common stock for shares of Magellan common stock in the merger.

See Material U.S. Federal Income Tax Consequences of the Merger beginning on page 143.

**Risk Factors**

In evaluating the proposals to be considered at the special meetings of stockholders, holders of Magellan common stock and Tellurian Investments common stock should carefully read this joint proxy statement/prospectus and especially consider the factors discussed in the section entitled Risk Factors beginning on page 32 of this joint proxy statement/prospectus.

**Share Ownership of Magellan Directors and Executive Officers**

596,791 shares or 10.2% of the outstanding Magellan common stock.

**Share Ownership of Tellurian Investments Directors and Executive Officers**

62,190,000 shares or 42.8% of the Tellurian Investments common stock expected to be outstanding.

**Interests of Executive Officers and Directors of Magellan in the Merger**

Certain of Magellan's current and former directors and executive officers have interests that differ from, and may be in conflict with, those of the stockholders of Magellan with respect to the merger agreement. These interests include the following:



as a condition to the completion of the merger, Antoine J. Lafargue, Magellan's current President and Chief Executive Officer, shall have released any and all contractual or similar obligations payable to him from Magellan or its affiliates, or otherwise owed to him as a result of his services as an officer, director, agent or employee of Magellan or its affiliates, provided that such release, among other things, will be subject to receipt by Mr. Lafargue of an offer of employment by Magellan, effective as of the effective time of the merger, providing for terms and conditions substantially similar to those set forth in the Tellurian Investments disclosure schedule to the merger agreement;

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J. Thomas Wilson, former President and Chief Executive Officer of Magellan, for his termination for Good Reason (as defined in his employment agreement) in connection with the merger will receive (i) monthly severance payments amounting to \$300,000 in the aggregate, for a period of 12 months, (ii) payment of his accrued vacation amounting to approximately \$106,000, (iii) reimbursement of medical benefits for a period of up to 18 months, estimated to amount to approximately \$35,000 in the aggregate, and (iv) reimbursement of outstanding expenses;

pursuant to the merger agreement, any and all contractual or similar obligations payable to Magellan directors from Magellan or its affiliates, or otherwise owed to the Magellan directors as a result of their services as Magellan directors, shall have been released, except for (A) 100,000 shares of Magellan common stock, which will be issued to and divided among the Magellan directors as of the closing of the merger and (B) the total sum of \$150,000, to be divided among the Magellan directors and payable in cash at the closing of the merger, provided that such release shall not affect any right of the Magellan directors to indemnification and insurance as provided in the merger agreement;

Magellan's directors and executive officers hold equity compensation plan awards under the Magellan 1998 Plan or the Magellan 2012 Plan, the vesting of which awards will be accelerated as a result of the merger, in accordance with the terms of those awards and the merger agreement; and

Magellan's directors and executive officers are entitled to continued indemnification and insurance coverage under the merger agreement, as more fully described in The Merger Agreement Indemnification and Insurance beginning on page 116.

Each member of the board of directors of Magellan was aware of these interests and considered them in making its recommendations in this joint proxy statement/prospectus.

See The Merger Interests of Magellan Directors and Executive Officers in the Merger beginning on page 96.

**Interests of Executive Officers and Directors**

Certain executive officers and directors of Tellurian Investments possess unrestricted shares of Tellurian Investments common stock

**of Tellurian Investments in the Merger**

and/or restricted shares of Tellurian Investments common stock issued pursuant to the Tellurian Investments 2016 Omnibus Incentive Plan. At the effective time of the merger, each outstanding share of Tellurian Investments common stock, including unrestricted shares outstanding under the Tellurian Investments 2016 Omnibus Incentive Plan, will be converted into the right to

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receive 1.300 shares of Magellan common stock. Effective immediately prior to the effective time of the merger, each restricted share of Tellurian Investments common stock granted and then outstanding under the Tellurian Investments 2016 Omnibus Incentive Plan and any associated restricted stock agreements and notices of grant will be converted into 1.300 shares of comparable restricted stock of Magellan.

See The Merger Interests of Tellurian Investments Directors and Executive Officers in the Merger beginning on page 98.

**Changes to Exchange Ratio**

The exchange ratio will be adjusted prior to the effective time of the merger to provide Tellurian Investments common stockholders the same economic effect as contemplated by the merger agreement to account for any stock split, reverse stock split, stock dividend, subdivision, reclassification, recapitalization, combination, exchange of shares or the like that occurs with respect to the shares of either Magellan common stock or Tellurian Investments common stock outstanding after the date of the merger agreement and prior to the effective time of the merger.

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**POST-MERGER BUSINESS STRATEGY**

The combined company plans to own, develop and operate, through Tellurian LNG LLC, a Delaware limited liability company and wholly owned subsidiary of Tellurian Investments ( Tellurian LNG ), natural gas liquefaction facilities, storage facilities and loading terminals (collectively, the LNG Facilities ) at one or more sites along the United States Gulf Coast and plans to sell LNG produced at its LNG Facilities to creditworthy customers, and to pursue complementary business lines in the energy industry.

The combined company plans to be a low-cost provider of LNG Facilities and plans to minimize construction costs through utilization of proven technology and a modular design process that reduces installation and interconnection costs throughout the facility. Tellurian LNG, through its wholly owned subsidiaries, Driftwood LNG LLC and Driftwood LNG Pipeline LLC, is developing a 26 million tonnes per annum ( mtpa ) LNG Facility and related pipeline in Calcasieu Parish, Louisiana, with estimated construction costs of \$500 to \$600 per tonne, before owners cost, pipeline cost, financing cost, and contingencies, and expects to begin producing LNG in 2022 (the Driftwood LNG Project ). The combined company also plans to pursue business that is complementary to its LNG business.

Below please find a map of the location and an artist s rendition of the proposed Driftwood LNG Project:

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The combined company plans to purchase gas supply for its LNG Facilities from the North American natural gas market and contract for pipeline and storage services upstream of the LNG Facilities in order to maximize its access to low-cost gas supply.

For certain risks associated with the combined company's post-merger business strategy, see Risk Factors beginning on page 32.

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**Table of Contents****MARKET PRICE INFORMATION**

Magellan common stock is currently traded on the NASDAQ Capital Market under the symbol MPET. The following table provides the lowest and highest sales prices for Magellan common stock as reported by the NASDAQ Capital Market as of August 2, 2016, the last full trading day preceding public announcement that Magellan and Tellurian Investments had entered into the merger agreement, and on January 6, 2017, the last full trading day for which such prices were available at the time of this joint proxy statement/prospectus.

<b>Date</b>	<b>Highest Sales Price Per Share</b>	<b>Lowest Sales Price Per Share</b>
August 2, 2016	\$1.22	\$1.14
January 6, 2017	\$10.84	\$10.47

Because Tellurian Investments common stock is not traded on any established market, no equivalent market price data is available for Tellurian Investments.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus 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 joint proxy statement/prospectus that address activities, events, or developments with respect to Magellan's and Tellurian Investments' financial condition, results of operations, or economic performance that Magellan and/or Tellurian Investments expect, believe, or anticipate 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, similar expressions are intended to identify forward-looking statements. These forward-looking statements about Magellan and Tellurian Investments, and their subsidiaries, appear in a number of places in this joint proxy statement/prospectus and may relate to statements about the following, among other things:

completion of the merger and the other transactions contemplated by the merger agreement;

strategies for the combined company after the merger, including potential future transactions;

forward-looking elements of the reasons of each of the Magellan and Tellurian Investments board of directors for recommending that Magellan and Tellurian Investments stockholders approve the merger and the other transactions contemplated by the merger agreement;

Magellan's and Tellurian Investments' businesses and prospects;

availability of liquidity and capital resources;

the disposition of oil and gas properties and related assets;

progress in developing Magellan's and Tellurian Investments' projects;

future values of those projects or other interests or rights that Magellan and/or Tellurian Investments hold; 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 joint proxy statement/prospectus, are necessarily estimates reflecting the best judgment of Magellan's and Tellurian Investments' 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 and Tellurian Investments' 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 joint proxy statement/prospectus. 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 merger and the other transactions contemplated herein;

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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 project developments and ability to obtain financing;

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

the combined company's ability to attract and retain key personnel;

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

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

the ability of the combined company'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;

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 Capital Market 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 or LNG industry, especially companies with similar market capitalization and/or employee base; and

other matters discussed in the Risk Factors section of this joint proxy statement/prospectus.

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Furthermore, forward-looking statements are made based on Magellan and Tellurian Investments management's current assessment available at the time. Subsequently obtained information may result in revisions to Magellan and Tellurian Investments management's expectations and intentions and, thus, Magellan and Tellurian Investments may alter their plans. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus. Magellan and Tellurian Investments do 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 joint proxy statement/prospectus or to reflect the occurrence of unanticipated events, except as required by law.

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**RISK FACTORS**

*In addition to the other information included in this joint proxy statement/prospectus, including the matters addressed in the section entitled **Cautionary Statement Regarding Forward-Looking Statements**, you should carefully consider the following risks before deciding whether to vote for any of the proposals described in this joint proxy statement/prospectus. In addition, you should read and consider the risks associated with each of the businesses of Magellan and Tellurian Investments because these risks will also affect the combined company following the merger. You should also read and consider the other information in this joint proxy statement/prospectus. See **Where You Can Find More Information** beginning on page 169.*

**Risks Relating to the Merger**

***Except for customary adjustments to reflect stock splits and similar share issuances, the exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger.***

At the effective time, each share of Tellurian Investments common stock outstanding immediately prior to the effective time, other than the shares for which appraisal rights held by Tellurian Investments stockholders have been perfected, will be converted into the right to receive 1.300 shares of Magellan common stock. This exchange ratio will not be adjusted for changes in the market price of Magellan common stock between the date of signing the merger agreement and completion of the merger, but will be adjusted to reflect stock splits and similar share issuances. Changes in the price of Magellan common stock prior to the merger will affect the value of Magellan common stock that Tellurian Investments common stockholders will receive on the date of the merger. The exchange ratio will be adjusted proportionally to reflect the effect of any stock split, reverse stock split, stock dividend, subdivision, reclassification, recapitalization, combination, exchange of shares, or the like with respect to Magellan common stock between the date of signing the merger agreement and completion of the merger.

The price of Magellan common stock at the closing of the merger may vary from its price on the date the merger agreement was executed, on the date of this joint proxy statement/prospectus, and on the date of the special meeting of stockholders of each of Magellan and Tellurian Investments. As a result, the value represented by the exchange ratio will also vary, and you will not know or be able to calculate the market value of the merger consideration you will receive upon completion of the merger.

In addition, the merger might not be completed until a significant period of time has passed after the Magellan or Tellurian Investments special meeting of stockholders. Because the exchange ratio will not be adjusted to reflect any changes in the market value of Magellan common stock or Tellurian Investments common stock, the market value of the Magellan common stock issued in connection with the merger and the Tellurian Investments common stock surrendered in connection with the merger may be higher or lower than the values of those shares on earlier dates. Stock price changes may result from, among other things, changes in the business, operations or prospects of Tellurian Investments or Magellan prior to or following the merger, litigation or regulatory considerations, general business, market, industry or economic conditions and other factors both within and beyond the control of Magellan and Tellurian Investments. Neither Magellan nor Tellurian Investments is permitted to terminate the merger agreement solely because of changes in the market price of either company's common stock.

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**Table of Contents*****Current Magellan stockholders will have a reduced ownership and voting interest in the combined company after the merger.***

Based on the estimated number of shares of Tellurian Investments common stock that will be outstanding immediately prior to the closing of the merger (which includes the issuance of 35,384,615 shares of Tellurian Investments common stock issued in connection with the TOTAL Investment), we estimate that Magellan will issue approximately 188,764,700 shares of Magellan common stock to Tellurian Investments stockholders in the merger. As a result of these issuances, current Magellan and Tellurian Investments stockholders and Petrie are expected to hold approximately 3.4%, 96.3% and 0.2%, respectively, of the combined company's outstanding common stock immediately following completion of the merger. In addition, if the Tellurian Investments Preferred Stock is converted into Magellan common stock, Magellan and Tellurian Investments stockholders and Petrie are expected to hold approximately 3.3%, 96.4% and 0.2%, respectively, of the combined company's outstanding common stock immediately following completion of the merger and conversion of the Tellurian Investments Preferred Stock into shares of Magellan common stock. Moreover, under the terms of the merger agreement, Tellurian Investments may issue up to approximately 3,312,000 additional shares of its common stock prior to the closing of the merger (representing approximately 4,305,600 additional shares of the combined company's common stock immediately following the merger), which would reduce the percentage ownership of the combined company held by Magellan's current stockholders.

Magellan stockholders currently have the right to vote for their respective directors and on other matters affecting Magellan. Each Magellan stockholder will remain a stockholder of Magellan with a percentage ownership of the combined company that will be substantially smaller than the stockholder's percentage of Magellan prior to the merger. As a result of these reduced ownership percentages, Magellan stockholders will have materially less voting power in the combined company than they now have with respect to Magellan.

***Uncertainties associated with the merger may cause a loss of management personnel and other key employees, which could adversely affect the future business and operations of the combined company.***

Magellan and Tellurian Investments are dependent on the experience and industry knowledge of their directors, officers and other key employees to execute their business plans. Each company's success until the merger and the combined company's success after the merger will depend in part upon the ability of Magellan and Tellurian Investments to retain key management personnel and other key employees. Current and prospective employees of Magellan and Tellurian Investments may experience uncertainty about their roles within the combined company following the merger, which may have an adverse effect on the ability of each of Magellan and Tellurian Investments to attract or retain key management and other key personnel. Accordingly, no assurance can be given that the combined company will be able to attract or retain key management personnel and other key employees of Magellan and Tellurian Investments to the same extent that Magellan and Tellurian Investments have previously been able to attract or retain their own employees.

***The merger is subject to conditions, including certain conditions that may not be satisfied, or completed on a timely basis, if at all.***

The merger is subject to a number of conditions beyond Magellan's and Tellurian Investments' control that may prevent, delay or otherwise materially adversely affect its completion. We cannot predict whether and when these conditions will be satisfied. Any delay in completing the merger could cause the combined company not to realize some or all of the benefits that we expect to achieve if the



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merger is successfully completed within its expected time frame. See The Merger Agreement Conditions to the Completion of the Merger beginning on page 117.

***Failure to complete the merger could negatively impact the future business and financial results of Magellan and Tellurian Investments.***

Neither Magellan nor Tellurian Investments can make any assurances that it will be able to satisfy all of the conditions to the merger or succeed in any litigation if brought in connection with the merger. If the merger is not completed, the financial results of Magellan and/or Tellurian Investments may be adversely affected and Magellan and/or Tellurian Investments will be subject to several risks, including but not limited to the following:

being required to pay a termination fee of up to \$1,000,000 under certain circumstances provided in the merger agreement;

payment of costs relating to the merger, such as legal, accounting, financial advisor and printing fees, regardless of whether the merger is completed;

having had the focus of each company's management on the merger instead of on pursuing other opportunities that could have been beneficial to each company;

being subject to litigation related to any failure to complete the merger; and

in the case of Magellan, (i) the current market price of Magellan common stock may reflect a market assumption that the merger will occur, and a failure to complete the merger could result in negative market perception and a decline in the market price of Magellan common stock; and (ii) continuing to face the risks that it currently faces as an independent company, including limited capital and limited human resources.

In addition, Magellan and Tellurian Investments would not realize any of the expected benefits of having completed the merger. If the merger is not completed, Magellan and Tellurian Investments cannot assure their stockholders that these risks will not materialize and will not materially and adversely affect the business, financial results and market value of Magellan or Tellurian Investments.

***The merger agreement limits Magellan's ability to pursue alternatives to the merger.***

The merger agreement contains provisions that restrict Magellan's ability to solicit, initiate or knowingly facilitate or encourage competing third-party proposals to acquire all or a significant part of Magellan. 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 up to \$1,000,000 in cash if the merger agreement is terminated in specified circumstances in connection with an alternative transaction. In addition, even if the Magellan board of directors determines that a competing proposal is superior, Magellan may not exercise its right to terminate the merger agreement unless it notifies Tellurian Investments of its intention to do so and gives Tellurian Investments at least five business days to propose revisions to the terms of the merger agreement or to make another proposal in response to



the competing proposal. See The Merger Agreement Conduct of Business by Magellan and Tellurian Investments Pending Closing beginning on page 115.

Magellan agreed to these provisions as a condition to Tellurian Investments willingness to enter into the merger agreement. These provisions, however, might discourage a third party that might have an interest in acquiring Magellan from considering or proposing such an acquisition, even if that party were prepared to pay consideration with a higher value than the proposed merger consideration.

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Furthermore, the termination fee may result in a potential competing acquirer proposing to pay a lower price to acquire Magellan than it might otherwise have proposed to pay.

***Certain of Magellan's current and former directors and executive officers have interests in the merger that may be different from, or in addition to, the interests of Magellan stockholders generally.***

Certain of Magellan's current and former directors and executive officers have financial interests in the merger that may be different from, or in addition to, the interests of the Magellan stockholders generally. The members of the Magellan board of directors were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to Magellan stockholders that the merger agreement be approved. These interests include the following:

as a condition to the completion of the merger, Antoine J. Lafargue, Magellan's current President and Chief Executive Officer, shall have released any and all contractual or similar obligations payable to him from Magellan or its affiliates, or otherwise owed to him as a result of his services as an officer, director, agent or employee of Magellan or its affiliates, provided that such release, among other things, will be subject to receipt by Mr. Lafargue of an offer of employment by Magellan, effective as of the effective time of the merger, providing for terms and conditions substantially similar to those set forth in the Tellurian Investments disclosure schedule to the merger agreement;

J. Thomas Wilson, former President and Chief Executive Officer of Magellan, for his termination for Good Reason (as defined in his employment agreement) in connection with the merger will receive (i) monthly severance payments amounting to \$300,000 in the aggregate, for a period of 12 months, (ii) payment of his accrued vacation amounting to approximately \$106,000, (iii) reimbursement of medical benefits for a period of up to 18 months, estimated to amount to approximately \$35,000 in the aggregate, and (iv) reimbursement of outstanding expenses;

pursuant to the merger agreement, any and all contractual or similar obligations payable to Magellan directors from Magellan or its affiliates, or otherwise owed to the Magellan directors as a result of their services as Magellan directors, shall have been released, except for (A) 100,000 shares of Magellan common stock, which will be issued to and divided among the Magellan directors as of the closing of the merger and (B) the total sum of \$150,000, to be divided among the Magellan directors and payable in cash at the closing of the merger, provided that such release shall not affect any right of the Magellan directors to indemnification and insurance as provided in the merger agreement;

Magellan's directors and executive officers hold equity compensation plan awards under the Magellan 1998 Plan or the Magellan 2012 Plan, the vesting of which awards will be accelerated as a result of the merger, in accordance with the terms of those awards and the merger agreement; and

Magellan's directors and executive officers are entitled to continued indemnification and insurance coverage under the merger agreement, as more fully described in The Merger Agreement Indemnification and Insurance beginning on page 116.

If you are a Magellan stockholder, these interests may cause certain of Magellan's current or former directors and executive officers to view the merger proposal differently and more favorably

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than you may view it. See The Merger Interests of Magellan Directors and Executive Officers in the Merger beginning on page 96 for more information.

***If the merger does not qualify as a reorganization under Section 368(a) of the Code or an exchange under Section 351 of the Code, the stockholders of Tellurian Investments may be required to pay substantial U.S. federal income taxes.***

Although Magellan and Tellurian Investments intend that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and/or an exchange under Section 351 of the Code, it is possible that the Internal Revenue Service (the IRS) may assert that the merger fails to qualify as such. If the IRS were to be successful in such assertion, or if for any other reason the merger were to fail to qualify as a reorganization, or an exchange under Section 351 of the Code, each U.S. holder of shares of Tellurian Investments common stock would recognize gain or loss with respect to its shares of Tellurian Investments common stock based on the difference between (i) that U.S. holder's tax basis in such shares and (ii) the fair market value of the shares of Magellan common stock received. See Material U.S. Federal Income Tax Consequences of the Merger beginning on page 143.

***Magellan's ability to utilize its net operating loss and foreign tax credit carryforwards likely will be limited.***

As of June 30, 2016, Magellan had U.S. net operating loss carryforwards of approximately \$22.0 million and approximately \$9.1 million of U.S. foreign tax credit carryforwards. Under Sections 382 and 383 of the Code, Magellan's net operating loss and foreign tax credit carryforwards would become subject to the section 382 limitation if Magellan were to experience an ownership change. For this purpose, the term ownership change refers to an increase in ownership of at least 50% of Magellan shares by certain groups of stockholders during any three-year period, as determined under certain conventions. Magellan believes that the merger with Tellurian Investments will result in an ownership change for purposes of Sections 382 and 383 of the Code. As a result, upon the closing of the merger with Tellurian Investments, (i) Magellan's net operating loss carryforwards may only be used to offset an amount of income equal to the section 382 limitation in each taxable year, and (ii) Magellan's foreign tax credit carryforwards may only be used to offset tax liability attributable to an amount of income equal to the unused portions of Magellan's section 382 limitation in each taxable year. Any net operating loss or general business tax credits that could not be used as a result of the section 382 limitation would carry forward to future years, still subject to the same section 382 limitation, unless and until they expire unused. Magellan's section 382 limitation would generally equal the fair market value of Magellan's outstanding equity (as of the date of the ownership change) multiplied by a certain interest rate (as of the date of the ownership change) published monthly by the U.S. Treasury Department and known as the long-term tax exempt rate. In addition, to the extent that Magellan does not continue its business enterprise following the merger with Tellurian Investments, Magellan's section 382 limitation could be zero.

***Magellan or Tellurian Investments may waive one or more of the conditions to the merger without re-soliciting stockholders.***

Each of the conditions in the merger agreement to Magellan's or Tellurian Investments' obligations to complete the merger may be waived, in whole or in part, by Magellan or Tellurian Investments. The Magellan or Tellurian Investments board of directors may evaluate the materiality of any such waiver to determine whether amendment of this joint proxy statement/prospectus and re-

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solicitation of proxies is necessary. If the Magellan or Tellurian Investments board of directors were to determine that a waiver would materially alter the relative values of the consideration to be given or received in the merger, Magellan or Tellurian Investments 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 or Tellurian Investments will have the discretion, subject to limitations under Delaware law, to complete the merger without seeking further stockholder approval.

**Risks Relating to Magellan's Business and Common Stock*****There is substantial doubt about Magellan's ability to continue as a going concern.***

Magellan has incurred losses from operations of \$5.3 million and \$2.2 million for the year ended June 30, 2016 and the quarter ended September 30, 2016, respectively. As of September 30, 2016, its cash balance was \$892 thousand. Magellan continues to experience liquidity constraints and since July 2015, has been selling certain of its assets to fund its operations, which has resulted in a significant reduction in Magellan's monthly cash burn rate. However, these liquidity constraints continue and proceeds from these asset sales may not provide sufficient liquidity to fund Magellan's operations for the next 12 months. As a result of these conditions and events, there is substantial doubt about Magellan's ability to continue as a going concern. The consolidated financial statements included in this joint proxy statement/prospectus do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might result from the outcome of this uncertainty.

Magellan believes that upon the closing of the merger, the combined company will be better positioned to raise capital to fund the combined company's operations due to the attributes of Tellurian's business plan and management. Therefore, Magellan believes that its ability to continue as a going concern in the short-term is subject to the closing of the merger, the primary condition of which closing is the approval by Magellan stockholders of the merger agreement that is expected to be sought in the first quarter of calendar year 2017. However, following the closing of the merger, the combined company may not be able to raise sufficient capital in a timely manner to fund the operations of the combined company. Should the merger not close, Magellan will need to pursue other alternatives in order to continue as a going concern.

***Magellan's current liquidity position is very constrained.***

As of September 30, 2016, Magellan's cash balances amounted to approximately \$892 thousand, and Magellan currently has a monthly cash burn rate ranging between \$200 thousand and \$250 thousand, subject to potential increases related to transaction costs in connection with the merger. Accordingly, Magellan is facing liquidity constraints in the short term, and there is a substantial risk that Magellan will not be able to fund its activities beyond the anticipated closing of the merger. Although Magellan has been implementing cost savings initiatives to fund its activities, there is no assurance that those initiatives will be successful. For additional information, see "Financial Statements of Magellan Management's Discussion and Analysis of Financial Condition and Results of Operations of Magellan Consolidated Liquidity and Capital Resources" included in this joint proxy statement/prospectus.

***Regulations related to hydraulic fracturing could result in increased costs and operating restrictions or delays that could affect the value of Magellan's assets.***

Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations. The hydraulic fracturing process



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involves the injection of water, sand, and chemicals under pressure into formations to fracture the surrounding rock and stimulate production. Magellan owns interests in the Horse Hill-1 well and related licenses in the Weald Basin, onshore United Kingdom. Although the U.K. government lifted a temporary moratorium on hydraulic fracturing in December 2012 and an Office of Unconventional Gas and Oil has been established in the United Kingdom to coordinate the related activities of various regulatory authorities, hydraulic fracturing remains a publicly controversial topic, with media and local community concerns regarding the use of fracturing fluids, impacts on drinking water supplies, and the potential for impacts to surface water, groundwater, and the environment generally. For example, local planning permission requirements in the United Kingdom may have the effect of restricting or delaying drilling activities in general or hydraulic fracturing in particular. If drilling activities are restricted or delayed or made more costly, the volumes of oil and natural gas that can be economically recovered could be reduced, which would adversely affect the value of Magellan's interests.

***Magellan's use of 2-D and 3-D seismic data is subject to interpretation and may not accurately identify the presence of oil and natural gas, which could adversely affect the results of Magellan's Australian NT/P82 prospect and other exploration and development activities.***

Magellan has incurred significant expenditures to acquire extensive 2-D and 3-D seismic data with respect to its NT/P82 exploration permit area in the Bonaparte Basin, offshore Northern Territory, Australia, and Magellan uses 2-D and 3-D seismic data in its other exploration and development activities. Even when properly used and interpreted, 2-D and 3-D seismic data and visualization techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators, and do not enable the interpreter to know whether hydrocarbons are, in fact, present in those structures. In addition, the use of 3-D seismic and other advanced technologies requires greater predrilling expenditures than traditional drilling strategies, and Magellan could incur losses as a result of such expenditures. As a result, Magellan's drilling activities may not be successful or economical.

***Magellan may not be successful in sharing the exploration and development costs of the fields, licenses, and permits in which it holds interests, such as Magellan's Australian NT/P82 prospect.***

During the fiscal year ended June 30, 2016, Magellan tried to sell or farmout its 100% interest in the NT/P82 Exploration Permit in the Bonaparte Basin, offshore Northern Territory, Australia, with the support of its financial advisor for this matter, RFC Ambrian. Magellan was unsuccessful in executing a potential transaction, which Magellan believes was due to (i) the weak commodity price environment and material reduction in current export LNG prices in Australia, which are believed to have resulted in a significant reduction in exploration budgets of large companies operating in the area and (ii) the short remaining term of the license, which was due to expire by May 12, 2016, unless the work requirements of the license had been met. In April 2016, Magellan applied to the National Offshore Petroleum Titles Administrator (NOPTA) to extend the permit term by 18 months to allow the varied minimum work condition to be undertaken. On June 29, 2016, NOPTA informed Magellan that the Commonwealth-Northern Territory Offshore Petroleum Joint Authority approved these variations, and the term of the license is now due to end on November 12, 2017. If Magellan is not able to secure a farm-in, farmout, or other arrangement in a timely manner, or on terms which are economically attractive to it, Magellan may be forced to bear higher exploration and development costs with respect to its licenses and permits, in which case Magellan's results of operations, financial condition, and cash flows could be adversely affected and the market price of Magellan common stock could decline.

**Table of Contents*****Magellan may not realize the expected value and potential liquidity from its investments in Central Petroleum Limited ( Central ) and UK Oil and Gas Investments PLC ( UKOG ).***

On March 31, 2014, Magellan sold its non-core assets in the Amadeus Basin of Australia to Central, in exchange for AUD \$20.0 million in cash and 39.5 million shares of Central's stock, which are listed for trading on the Australian Securities Exchange ( ASX ) and which represented an approximately 11% equity ownership interest in Central. Under the terms of the agreement for that transaction, the Central shares were valued at AUD \$15.0 million. As of September 30, 2016, Magellan held approximately 8.2 million Central shares, which represented an approximately 1.9% equity ownership interest in Central and were carried on Magellan's consolidated balance sheet at a fair value of \$0.7 million, based on the closing per share market price for Central stock as reported on the ASX on that date and applicable foreign currency translation adjustments. On August 11, 2016, the transactions contemplated by the Asset Transfer Agreement relating to the sale to UKOG of the 50% interest of Magellan Petroleum (UK) Limited ( MPUK ) in Petroleum Exploration and Development Licenses ( PEDLs ) 231, 234, and 243 (the Weald ATA ) and the Asset Transfer Agreement relating to the sale to UKOG of MPUK's 22.5% interest in the Offshore Petroleum License P1916 (the IoW ATA ) closed and the Settlement Agreement with Celtique Energie Weald Ltd ( Celtique ) became effective, resulting in the net issuance to Magellan of approximately 50.9 million shares of UKOG, which shares are listed for trading on the Alternative Investment Market of the London Stock Exchange and at the time of closing represented an approximately 2.0% equity ownership in UKOG and were worth approximately GBP 703 thousand.

Central is a Brisbane, Australia-based junior exploration and production company that operates one of the largest holdings of prospective onshore acreage in Australia. UKOG is a London-based oil and gas company focused in the Weald Basin in southern England. Accordingly, each of Central and UKOG and the value of its respective stock is subject to similar business, industry, and oil and natural gas price fluctuation risk factors that Magellan is subject to, as well as each of Central's and UKOG's own particular risk factors based on its current circumstances and operating areas in Australia and England, respectively. As a result, or for other reasons, the market price of Central or UKOG stock may experience significant fluctuations, including significant decreases. Magellan does not control Central or UKOG, and Magellan's investment is subject to the risk that Central or UKOG may make business, financial, or management decisions with which Magellan does not agree. Although the shares of Central and UKOG that Magellan holds are not restricted and may be sold on the ASX or Alternative Investment Market of the London Stock Exchange, respectively, the average daily trading volumes for Central and UKOG stock relative to the number of Central or UKOG shares that Magellan holds may mean that Magellan's Central or UKOG shares would need to be sold over a substantial period of time, exposing Magellan's investment return to risks of downward movement in the market price during the intended disposition period. Accordingly, Magellan may ultimately realize a lower value and potential liquidity from its investments in Central and UKOG than Magellan expects.

***Exploration and development drilling may not result in commercially producible reserves.***

Crude oil and natural gas drilling and production activities are subject to numerous risks, including the risk that no commercially producible crude oil or natural gas will be found. The cost of drilling and completing wells is often uncertain, and crude oil or natural gas drilling and production activities may be shortened, delayed, or canceled as a result of a variety of factors, many of which are beyond Magellan's control. These factors include:

unexpected drilling conditions;

title problems;





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disputes with owners or holders of surface interests on or near areas where Magellan intends to drill;

pressure or geologic irregularities in formations;

engineering and construction delays;

equipment failures or accidents;

adverse weather conditions;

compliance with environmental and other governmental requirements; and

shortages or delays in the availability of or increases in the cost of drilling rigs and crews, equipment, pipe, water, and other supplies.

The prevailing prices for crude oil and natural gas affect the cost of, and demand for, drilling rigs, completion and production equipment, and other related services. However, changes in costs may not occur simultaneously with corresponding changes in commodity prices. The availability of drilling rigs can vary significantly from region to region at any particular time. Although land drilling rigs can be moved from one region to another in response to changes in levels of demand, an undersupply of rigs in any region may result in drilling delays and higher drilling costs for the rigs that are available in that region. In addition, general and industry economic and financial downturns can adversely affect the financial condition of some drilling contractors, which may constrain the availability of drilling services in some areas.

Another significant risk inherent in drilling plans is the need to obtain drilling permits from state, local, and other governmental authorities. Delays in obtaining regulatory approvals and drilling permits, including delays that jeopardize Magellan's ability to realize the potential benefits from leased or licensed properties within the applicable lease or license periods, the failure to obtain a drilling permit for a well, or the receipt of a permit with unreasonable conditions or costs could have a material adverse effect on Magellan's ability to explore on or develop the properties Magellan has or may acquire.

The wells Magellan drills may not be productive, and Magellan may not recover all or any portion of its investment in such wells. The seismic data and other technologies Magellan uses do not allow it to know conclusively prior to drilling a well if crude oil or natural gas is present, or whether it can be produced economically. The cost of drilling, completing, and operating a well is often uncertain, and cost factors can adversely affect the economics of a project. Drilling activities can result in dry holes or wells that are productive but do not produce sufficient net revenues after operating and other costs to cover initial drilling and completion costs.

Magellan's future drilling activities may not be successful. Although Magellan has identified potential drilling locations, it may not be able to economically produce oil or natural gas from them.

***The loss of key personnel could adversely affect Magellan's ability to operate.***

Magellan depends, and will continue to depend in the foreseeable future, on the services of its chief executive officer and other key personnel. The ability to retain officers and key employees is important to Magellan's success and growth. The unexpected loss of the services of one or more of these individuals could have a detrimental effect on Magellan's business. If Magellan cannot retain its

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technical personnel or attract additional experienced technical personnel and professionals, its ability to compete could be harmed.

***Magellan has limited management and staff and is dependent upon partnering arrangements.***

Magellan had four total employees as of September 30, 2016. Due to Magellan's limited number of employees, it expects that it will continue to require the services of independent consultants and contractors to perform various professional services, including reservoir engineering, land, legal, environmental, and tax services. Magellan also plans to pursue alliances with partners in the areas of geological and geophysical services and prospect generation, evaluation, and prospect leasing. Magellan's dependence on third-party consultants and service providers creates a number of risks, including but not limited to:

the possibility that such third parties may not be available to Magellan as and when needed; and

the risk that Magellan may not be able to properly control the timing and quality of work conducted with respect to its projects.

If Magellan experiences significant delays in obtaining the services of such third parties or poor performance by such parties, its results of operations may be materially adversely affected.

***There are risks inherent in foreign operations and investments, such as adverse changes in currency values and foreign regulations relating to MPUK's, Magellan Petroleum Australia Pty Ltd's, and Central's exploration and development operations, and potential taxes or restrictions on dividends to Magellan from foreign subsidiaries or investments.***

The properties in which Magellan has operating or investment interests that are located outside the United States are subject to certain risks related to the indirect ownership and development of, or investment in, foreign properties, including government expropriation and nationalization, adverse changes in currency values and foreign exchange controls, foreign taxes, U.S. taxes on the repatriation of funds to the United States, and other laws and regulations, any of which may have a material adverse effect on Magellan's properties, investments, financial condition, results of operations, or cash flows. Although there are currently no foreign exchange controls on the payment of dividends to Magellan by its subsidiaries or other entities in which it has invested, such payments could be restricted by foreign exchange controls, if implemented.

***Oil and natural gas prices are volatile. Further declines in prices could adversely affect Magellan's financial condition, results of operations, cash flows, access to capital, and ability to grow.***

Magellan's results of operations, future rate of growth, and the carrying value of Magellan's oil and gas properties depend heavily on the prices Magellan receives for any crude oil and natural gas Magellan sells. Prices also affect the amount of cash flow available for capital expenditures and Magellan's ability to borrow money or raise additional capital. The markets for crude oil and natural gas have historically been, and are likely to continue to be, volatile and subject to wide fluctuations in response to numerous factors, including the following:

worldwide and domestic supplies of oil and gas, and the productive capacity of the oil and gas industry as a whole;

changes in the supply and the level of consumer demand for such fuels;

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overall global and domestic economic conditions;

political conditions in oil, natural gas, and other fuel-producing and fuel-consuming areas;

the extent of U.K. and Australian domestic oil and gas production and the consumption and importation of such fuels and substitute fuels in U.K., Australian, and other relevant markets;

the availability and capacity of gathering, transportation, processing, and/or refining facilities in regional or localized areas that may affect the realized price for crude oil or natural gas;

the price and level of foreign imports of crude oil, refined petroleum products, and LNG;

weather conditions, including effects of weather conditions on prices and supplies in worldwide energy markets;

technological advances affecting energy consumption and conservation;

the ability of the members of the Organization of Petroleum Exporting Countries and other exporting countries to agree to and maintain crude oil prices and production controls;

the competitive position of each such fuel as a source of energy as compared to other energy sources;

strengthening and weakening of the U.S. dollar relative to other currencies; and

the effect of governmental regulations and taxes on the production, transportation, and sale of oil, natural gas, and other fuels.

These factors and the volatility of the energy markets make it extremely difficult to predict future oil and gas price movements with any certainty, but in general Magellan expects oil and gas prices to continue to fluctuate significantly.

Further and sustained declines in oil and gas prices could reduce the amount of oil and gas that Magellan can produce economically and, as a result, could have a material adverse effect on Magellan's financial condition, results of operations, and cash flows. Further, oil and gas prices do not necessarily move in tandem. Future oil and gas sales would generate lower revenue if oil and natural gas prices were to continue to decline. Prices for sales of oil production are primarily affected by global oil prices, and the volatility of those prices will affect future oil revenues.

***Competition in the oil and natural gas industry is intense, and many of Magellan's competitors have greater financial, technical, and other resources than Magellan does.***

Magellan faces intense competition from major oil and gas companies and independent oil and gas exploration and production companies that seek oil and gas investments throughout the world, as well as the equipment, expertise, labor, and materials required to explore, develop, and operate crude oil and natural gas properties. Many of Magellan's competitors have financial, technical, and other resources vastly exceeding those available to Magellan, and many crude oil and natural gas properties are sold in a competitive bidding process in which Magellan's competitors may be able and willing to pay more for development prospects and productive properties, or in which Magellan's competitors

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have technological information or expertise that is not available to Magellan to evaluate and successfully bid for the properties. In addition, shortages of equipment, labor, or materials as a result of intense competition may result in increased costs or the inability to obtain those resources as needed. Magellan may not be successful in acquiring, exploring, and developing profitable properties in the face of this competition.

Magellan also competes for human resources. Over the last several years, the number of talented people available across all disciplines in the industry has not grown significantly, and in many cases, is declining due to the demographics of the industry.

***Magellan's acquisition of or investments in new oil and gas properties or other assets may not be worth what Magellan pays due to uncertainties in evaluating recoverable reserves and other expected benefits, as well as potential liabilities.***

Successful property or other acquisitions or investments require an assessment of a number of factors sometimes beyond Magellan's control. These factors include exploration potential, future crude oil and natural gas prices, operating costs, and potential environmental and other liabilities. These assessments are not precise, and their accuracy is inherently uncertain.

In connection with Magellan's acquisitions or investments, Magellan typically performs a customary review of the properties that will not necessarily reveal all existing or potential problems. In addition, Magellan's review may not allow it to fully assess the potential deficiencies of the properties. Magellan does not inspect every well, and even when Magellan inspects a well, Magellan may not discover structural, subsurface, or environmental problems that may exist or arise. Magellan may not be entitled to contractual indemnification for pre-closing liabilities, including environmental liabilities. Normally, Magellan acquires interests or otherwise invests in properties on an as-is basis with limited remedies for breaches of representations and warranties.

In addition, significant acquisitions can change the nature of Magellan's operations and business if the acquired properties have substantially different operating and geological characteristics or are in different geographic locations or business sectors than Magellan's existing properties or business. To the extent acquired properties are substantially different than Magellan's existing properties or business, Magellan's ability to efficiently realize the expected economic benefits of such acquisitions may be limited.

Integrating acquired properties involves a number of other special risks, including the risk that management may be distracted from normal business concerns by the need to integrate operations and systems as well as retain and assimilate additional employees. Therefore, Magellan may not be able to realize all of the anticipated benefits of its acquisitions.

These factors could have a material adverse effect on Magellan's business, financial condition, results of operations, and cash flows. Consideration paid for any future acquisitions or investments could include Magellan stock or require that Magellan incur additional debt and contingent liabilities. As a result, future acquisitions or investments could cause dilution of existing equity interests and earnings per share.

***Magellan's operations are subject to complex laws and regulations, including environmental laws and regulations that result in substantial costs and other risks.***

U.K. and Australian governmental authorities extensively regulate the oil and natural gas industry. Legislation and regulations affecting the industry are under constant review for amendment or





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expansion, raising the possibility of changes that may become more stringent and, as a result, may affect, among other things, the pricing or marketing of crude oil and natural gas production. Noncompliance with statutes and regulations and more vigorous enforcement of such statutes and regulations by regulatory agencies may lead to substantial administrative, civil, and criminal penalties, including the assessment of natural resource damages, the imposition of significant investigatory and remedial obligations, and may also result in the suspension or termination of Magellan's operations. The overall regulatory burden on the industry increases the cost to place, design, drill, complete, install, operate, and abandon wells and related facilities and, in turn, decreases profitability.

Governmental authorities regulate various aspects of drilling for and the production of crude oil and natural gas, including the permit and bonding requirements of drilling wells, the spacing of wells, the unitization or pooling of interests in crude oil and natural gas properties, rights-of-way and easements, environmental matters, occupational health and safety, the sharing of markets, production limitations, plugging, abandonment, and restoration standards, and oil and gas operations. Public interest in environmental protection has increased in recent years, and environmental organizations have opposed, with some success, certain projects. Under certain circumstances, regulatory authorities may deny a proposed permit or right-of-way or impose conditions of approval to mitigate potential environmental impacts, which could, in either case, negatively affect Magellan's ability to explore or develop certain properties. Governmental authorities also may require any of Magellan's ongoing or planned operations on their leases or licenses to be delayed, suspended, or terminated. Any such delay, suspension, or termination could have a material adverse effect on Magellan's operations.

Magellan's operations are also subject to complex and constantly changing environmental laws and regulations adopted by governmental authorities in jurisdictions where Magellan is engaged in exploration or production operations. New laws or regulations, or changes to current requirements, could result in material costs or claims with respect to properties Magellan owns or has owned. Magellan will continue to be subject to uncertainty associated with new regulatory interpretations and inconsistent interpretations between various regulatory agencies. Under existing or future environmental laws and regulations, Magellan could incur significant liability, including joint and several liability or strict liability under environmental laws for noise emissions and for discharges of crude oil, natural gas, and associated liquids or other pollutants into the air, soil, surface water, or groundwater. Magellan could be required to spend substantial amounts on investigations, litigation, and remediation for these discharges and other compliance issues. Any unpermitted release of petroleum or other pollutants from Magellan's operations could result not only in cleanup costs but also natural resources, real or personal property, and other compensatory damages and civil and criminal liability. Existing environmental laws or regulations, as currently interpreted or enforced, or as they may be interpreted, enforced, or altered in the future, may have a material adverse effect on Magellan.

***Legislative and regulatory initiatives related to global warming and climate change could have an adverse effect on Magellan's operations and the demand for crude oil and natural gas.***

Due to concerns about the risks of global warming and climate change, a number of various national and regional legislative and regulatory initiatives to limit greenhouse gas emissions are currently in various stages of discussion or implementation. Legislative and regulatory programs to reduce emissions of greenhouse gases could require Magellan to incur substantially increased capital, operating, maintenance, and compliance costs, such as costs to purchase and operate emissions control systems, costs to acquire emissions allowances, and costs to comply with new regulatory or reporting requirements. Any such legislative or regulatory programs could also increase the cost of consuming,

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and thereby reduce demand for, the oil and natural gas Magellan produces. Consequently, legislative and regulatory programs to reduce emissions of greenhouse gases could have an adverse effect on Magellan's business, financial condition, results of operations, and cash flows.

In addition, there has been public discussion that climate change may be associated with more extreme weather conditions, such as increased frequency and severity of storms, droughts, and floods. Extreme weather conditions can interfere with Magellan's development and production activities, increase Magellan's costs of operations or reduce the efficiency of Magellan's operations, and potentially increase costs for insurance coverage in the aftermath of such conditions. Significant physical effects of climate change could also have an indirect effect on Magellan's financing and operations by disrupting the transportation or process related services provided by midstream companies, service companies, or suppliers with whom Magellan has a business relationship. Magellan may not be able to recover through insurance some or any of the damages, losses, or costs that may result from potential physical effects of climate change.

***Magellan's estimated reserves as of June 30, 2016 are based on many assumptions that may turn out to be inaccurate. Any significant inaccuracies in these reserve estimates or underlying assumptions may materially affect the quantities and present value of such reserves.***

This joint proxy statement/prospectus contains estimates of Magellan's proved and probable reserves and the estimated future net revenues from Magellan's proved reserves as of June 30, 2016. All of Magellan's reserves are related to the proved oil and gas properties of Poplar. As a result of the closing of the exchange with One Stone Holdings II LP (One Stone) on August 1, 2016, all of Magellan's reserves were disposed of as of that date. In any case, the reserve estimates are based upon various assumptions, including assumptions required by the SEC relating to oil and gas prices, drilling and operating expenses, capital expenditures, taxes, and availability of funds. The process of estimating oil and gas reserves is complex. The process involves significant decisions and assumptions in the evaluation of available geological, geophysical, engineering, and economic data for each reservoir. Actual future production, oil and gas prices, revenues, taxes, development expenditures, operating expenses, and quantities of recoverable oil and gas reserves will most likely vary from these estimates. Any significant variation of any nature could materially affect the estimated quantities and present value of Magellan's proved reserves, and the actual quantities and present value may be significantly less than Magellan has previously estimated. Estimates of proved reserves may be adjusted to reflect production history, results of exploration and development drilling, prevailing oil and natural gas prices, costs to develop and operate properties, and other factors, many of which are beyond Magellan's control. In addition, Magellan's properties may also be susceptible to hydrocarbon drainage from production by operators on adjacent properties. Probable reserves are less certain to be recovered than proved reserves.

The present value of future net cash flows from Magellan's proved reserves is not necessarily the same as the current market value of Magellan's estimated oil and natural gas reserves. Magellan bases the estimated discounted future net cash flows from Magellan's proved reserves on the average, first-day-of-the-month price during the 12-month period preceding the measurement date, in accordance with SEC rules. However, actual future net cash flows from Magellan's oil and natural gas properties also will be affected by factors such as:

actual prices Magellan receives for oil and natural gas;

actual costs of development and production expenditures;



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the amount and timing of actual production;

supply of and demand for oil and natural gas; and

changes in governmental regulations or taxation, including severance and excise taxes.

The timing of production from oil and natural gas properties and of related expenses affects the timing of actual future net cash flows from proved reserves, and thus their actual present value. In addition, the 10% discount factor required by the SEC to be used to calculate discounted future net cash flows for reporting purposes may not be the most appropriate discount factor in view of actual interest rates, costs of capital, and other risks to which Magellan's business or the oil and natural gas industry in general are subject.

***SEC rules could limit Magellan's ability to book proved undeveloped reserves in the future.***

SEC rules require that, subject to limited exceptions, proved undeveloped reserves may only be booked if they relate to wells scheduled to be drilled within five years after the date of booking. This requirement has limited and may continue to limit in the future Magellan's ability to book proved undeveloped reserves as Magellan pursues drilling programs on Magellan's undeveloped properties.

***Substantial capital is required for Magellan's business and projects.***

Magellan's exploration, development, and acquisition activities require substantial capital expenditures. Historically, Magellan has funded its capital expenditures through a combination of cash flows from operations, farming-in other companies or investors to Magellan's exploration and development projects in which Magellan has an interest, sales of non-core assets, and/or debt or equity financings. Future cash flows are subject to a number of variables, such as the level of production from existing wells, prices for oil and natural gas, and Magellan's success in developing and producing new reserves. If Magellan's cash flows from operations are not sufficient to fund its planned capital expenditures, Magellan must reduce its capital expenditures unless it can raise additional capital through debt, equity, or other financings, the divestment of assets or farm-in, farmout or other arrangements. Debt or equity financing may not always be available to Magellan in sufficient amounts or on acceptable terms, the proceeds offered to Magellan for potential divestitures may not always be of acceptable value to it, and farm-in, farmout or other arrangements may not be available to Magellan on terms which are economically attractive to it, or at all.

***If Magellan is not able to replace reserves, it will not be able to generate production.***

All of Magellan's reserves as of June 30, 2016 are related to the proved oil and gas properties of Poplar. As a result of the closing of the One Stone exchange on August 1, 2016, all of Magellan's reserves were disposed of as of that date. Magellan's future success depends, in part, upon its ability to find, develop, or acquire additional oil and gas reserves that are economically recoverable. Recovery of any additional reserves will require significant capital expenditures and successful drilling operations. Magellan may not be able to successfully find and produce reserves economically in the future. In addition, Magellan may not be able to acquire proved or probable reserves at acceptable costs.

***Future price declines may result in further write-downs of Magellan's asset carrying values.***

Magellan follows the successful efforts method of accounting for its oil and gas operations. Under this method, all property acquisition costs and costs of exploratory and development wells are



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capitalized when incurred, pending determination of whether proved reserves have been discovered. If proved reserves are not discovered with an exploratory well, the costs of drilling the well are expensed.

The capitalized costs of Magellan's oil and natural gas properties, on a depletion pool basis, cannot exceed the estimated undiscounted future net cash flows of that depletion pool. If net capitalized costs exceed undiscounted future net revenues, Magellan generally must write down the costs of each depletion pool to the estimated fair value (discounted future net cash flows of that depletion pool). For example, in the fiscal year ended June 30, 2016, as a result of significant declines in oil commodity prices, Magellan incurred an impairment loss of \$7.8 million on its proved oil and gas properties included in discontinued operations. Although only \$335 thousand of capitalized well costs remain as of September 30, 2016, a further significant decline in oil or natural gas prices from current levels, or other factors, could cause a further impairment write-down of capitalized costs and a non-cash charge against future earnings. Once incurred, a write-down of capitalized assets cannot be reversed at a later date, even if oil or natural gas prices increase.

### ***Oil and gas drilling and production operations are hazardous and expose Magellan to environmental liabilities.***

Oil and gas operations are subject to many risks, including well blowouts, cratering and explosions, pipe failure, fires, formations with abnormal pressures, uncontrollable flows of oil, natural gas, brine, or well fluids, and other environmental hazards and risks. Drilling operations involve risks from high pressures and from mechanical difficulties such as stuck pipes, collapsed casings, and separated cables. If any of these or similar events occur, Magellan could sustain substantial losses as a result of:

injury or loss of life;

severe damage to, or destruction of, property, natural resources, and equipment;

pollution or other environmental damage;

clean-up responsibilities;

regulatory investigations and penalties; and

suspension of operations.

Magellan's liability for environmental hazards may include those created either by the previous owners of properties that Magellan purchases, leases, or licenses, or by acquired companies prior to the date Magellan acquires them. Magellan maintains insurance against some, but not all, of the risks described above. Magellan's insurance may not be adequate to cover casualty losses or liabilities, and in the future, Magellan may not be able to obtain insurance at premium levels that justify its purchase.

### ***Weakness in economic conditions or uncertainty in financial markets may have material adverse impacts on Magellan's business that it cannot predict.***

In recent years, the U.S., U.K., Australian, and global economies and financial systems have experienced turmoil and upheaval characterized by extreme volatility and declines in prices of securities, diminished liquidity and credit availability, inability to access capital markets, the bankruptcy, failure, collapse, or sale of financial institutions, increased levels of unemployment, and an



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unprecedented level of government intervention. Although some portions of the economy appear to have stabilized and may be recovering, the extent and timing of a recovery, and whether it can be sustained, are uncertain. Renewed weakness in the U.K., Australian, or other large economies could materially adversely affect Magellan's business, financial condition, results of operations, and cash flows.

In addition, some of Magellan's oil and gas properties in the United Kingdom are operated by third parties that Magellan depends on for timely performance of drilling and other contractual obligations and, in some cases, for distribution to Magellan of its proportionate share of revenues from sales of oil and natural gas production. If weak economic conditions adversely impact Magellan's third-party operators, Magellan is exposed to the risk that drilling operations or revenue disbursements to it could be delayed or suspended.

### ***Magellan has limited control over the activities on properties it does not operate.***

Some of the U.K. properties in which Magellan has an ownership interest are operated by other companies. As a result, Magellan has limited ability to exercise influence over, and control the risks associated with, the development and operation of those properties. The timing and success of drilling and development activities on those properties depends on a number of factors outside of Magellan's control, including the operator's:

determination of the nature and timing of flow test, drilling and operational activities;

determination of the timing and amount of capital expenditures;

expertise and financial resources;

approval of other participants in drilling wells; and

selection of suitable technology.

The failure of an operator of Magellan's properties to adequately perform development and operational activities, an operator's breach of the applicable agreements, or an operator's failure to act in ways that are in Magellan's best interests could reduce production, revenues, and reserves, and have a material adverse effect on Magellan's financial condition, results of operations, and cash flows.

### ***Currency exchange rate fluctuations may negatively affect Magellan's operating results.***

The exchange rates between the U.S. dollar and the British pound, as well as the exchange rates between the Australian dollar and the U.S. dollar, have fluctuated in recent periods and may fluctuate substantially in the future. Because of Magellan's U.K. development program, a portion of Magellan's expenses, including exploration costs and capital and operating expenditures, will continue to be denominated in British pounds. Accordingly, any material appreciation of the British pound against the U.S. dollar could have a negative impact on Magellan's results of operations and financial condition. Magellan's foreign exchange transaction loss for the fiscal year ended June 30, 2016, was \$234 thousand and is included under general and administrative expenses in the consolidated statement of operations.



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***Proposed changes to U.S. tax laws, if adopted, could have an adverse effect on Magellan's business, financial condition, results of operations, and cash flows.***

The U.S. President's budget proposals have included recommendations that would, if enacted, make significant changes to U.S. tax laws applicable to oil and natural gas exploration and production companies, and legislation has been previously introduced in the U.S. Congress that would implement many of these proposals. These proposed changes include, but are not limited to:

eliminating the current deduction for intangible drilling and development costs;

eliminating the deduction for certain U.S. production activities for oil and natural gas production;

repealing the percentage depletion allowance for oil and natural gas properties; and

extending the amortization period for certain geological and geophysical expenditures.

These proposed changes in the U.S. tax laws, if adopted, or other similar changes that reduce or eliminate deductions currently available with respect to oil and natural gas exploration and development, could adversely affect Magellan's business, financial condition, results of operations, and cash flows.

***Certain of Magellan's interests in the United Kingdom and Australia are subject to licenses that could be forfeited if certain drilling requirements are not met.***

Magellan owns certain interests in the United Kingdom that are subject to licenses issued by the Secretary of State for Energy and Climate Change under the U.K. Petroleum Act 1998. In addition, Magellan owns a 100% interest in the NT/P82 Exploration Permit in the Bonaparte Basin, offshore Northern Territory, Australia, issued by the Commonwealth-Northern Territory Offshore Petroleum Joint Authority that is subject to certain terms. In order to retain the interests granted by the licenses and permit, Magellan is required to meet certain drilling, expenditure or seismic requirements. If the applicable requirements are not met or waived, the interests granted by the licenses or permit must be forfeited.

In the United Kingdom, with respect to PEDLs 137 and 246, Magellan and its partners negotiated with the U.K. Oil and Gas Authority ( OGA ) an amendment to the terms of the licenses, whereby for PEDL 137, the expiration of the second exploration term was extended to September 30, 2016, and for PEDL 246, the expiration of the initial exploration term was extended to June 30, 2016, and the expiration of the second exploration term was extended to June 30, 2019. Following the successful results of the flow test at the HH-1, the OGA and Secretary of State approved the work plan for each of these licenses (extending the expiration dates for PEDLs 137 and 246 to June 30, 2018 and June 30, 2017, respectively) and the creation of retention areas covering the entire geographic area of them, which retention areas effectively replace the second term of the licenses.

In the case of the Australian NT/P82 prospect, the term of the license was due to expire by May 12, 2016, unless the work requirements of the license had been met. In April 2016, Magellan applied to the NOPTA to extend the permit term by 18 months to allow the minimum work condition to be undertaken. On June 29, 2016, NOPTA informed Magellan that the Commonwealth-Northern Territory Offshore Petroleum Joint Authority approved the extension of

the term of the license to November 12, 2017.

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***Conservation measures and technological advances could reduce demand for oil and natural gas.***

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce demand for oil and natural gas. The impact of changing demand for oil and natural gas may have a material adverse effect on Magellan's business, financial condition, results of operations, and cash flows.

***The market price of Magellan common stock may fluctuate significantly, which may make certain projects uneconomical and/or result in losses for investors.***

During the past several years, the stock markets in general and for oil and gas exploration and production companies in particular have experienced significant price and volume fluctuations that have often been unrelated or disproportionate to the operating results and asset values of the underlying companies. In addition, due to relatively low trading volumes for Magellan common stock, the market price for Magellan common stock may fluctuate significantly more than the markets as a whole. The market price of Magellan common stock could fluctuate widely in response to a variety of factors, including factors beyond Magellan's control. These factors include:

changes in crude oil or natural gas commodity prices;

Magellan's quarterly or annual operating results;

investment recommendations by securities analysts following Magellan's business or Magellan's industry;

additions or departures of key personnel;

changes in the business, earnings estimates, or market perceptions of comparable companies;

changes in industry, general market, or regional or global economic conditions; and

announcements of legislative or regulatory changes affecting Magellan's business or Magellan's industry. Fluctuations in the market price of Magellan common stock may be significant and may make certain projects uneconomical and/or result in losses for investors.

***Magellan may issue a significant number of shares of common stock under outstanding stock options and future equity awards under the Magellan 2012 Plan, and common stockholders may be adversely affected by the issuance and sale of those shares.***

As of September 30, 2016, Magellan had 726,973 stock options outstanding, of which 720,723 were fully vested and exercisable. As of that date, there were 67,471 shares of common stock remaining available for future awards under the Magellan 2012 Plan. If all of the 726,973 outstanding stock options, which have exercise prices ranging from

\$6.32 to \$17.92 per share, are exercised, the shares of common stock issued would represent approximately 11% of the outstanding shares of common stock. Sales of those shares could adversely affect the market price of Magellan common stock, even if Magellan's business is doing well.

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***If Magellan common stock is delisted from the NASDAQ Capital Market, its liquidity and value could be reduced.***

In order for Magellan to maintain the listing of its shares of common stock on the NASDAQ Capital Market, Magellan's stockholders' equity must meet the minimum \$2.5 million required for continued listing on the NASDAQ Capital Market pursuant to NASDAQ Stock Market Rule 5550(b)(1). On May 17, 2016, Magellan received a letter from the Listing Qualifications Department of the NASDAQ Stock Market indicating that Magellan's stockholders' equity as reported in Magellan's quarterly report on Form 10-Q for the period ended March 31, 2016 did not meet the minimum \$2.5 million required for continued listing. After Magellan submitted a plan to the NASDAQ Stock Market to regain compliance, on July 29, 2016, Magellan received a letter from the Listing Qualifications Department of the NASDAQ Stock Market indicating that it had determined to grant Magellan an extension until October 14, 2016 to regain compliance with Rule 5550(b). In the letter dated July 29, 2016, the Listing Qualifications Department indicated that any future business combination with a non-NASDAQ entity would likely be considered a change of control of Magellan, which would require the post-combination company to apply for initial listing on the NASDAQ Capital Market and meet all applicable initial listing criteria. On October 18, 2016, Magellan received a letter from the Listing Qualifications Department of the NASDAQ Stock Market indicating that (i) based on the Annual Report on Form 10-K filed by Magellan for its fiscal year ended June 30, 2016, which included a pro forma consolidated balance sheet evidencing stockholders' equity of \$3.7 million, Magellan had regained compliance with NASDAQ Stock Market Rule 5550(b)(1), and (ii) if Magellan fails to evidence compliance upon filing its next periodic report, it may be subject to delisting.

Pursuant to the merger agreement, it is a condition to the completion of the merger that the shares of Magellan common stock to be issued to Tellurian stockholders pursuant to the merger be authorized for listing to be traded on the NASDAQ Capital Market, subject to official notice of issuance.

If Magellan common stock were delisted from trading on the NASDAQ Capital Market, it may be eligible for trading on the OTCQB, but the delisting of Magellan common stock could adversely impact the liquidity and value of Magellan common stock and Magellan's ability to raise capital or consummate the merger.

***The reverse stock split of Magellan common stock may have reduced and may continue to limit the market trading liquidity of the shares due to the reduced number of shares outstanding, and may potentially have an anti-takeover effect.***

In July 2015, Magellan effected a one share-for-eight shares reverse stock split of common stock in order to increase the bid price to more than \$1.00 per share and thus maintain the listing for Magellan common stock on the NASDAQ Capital Market. Although the reverse stock split was intended to avoid decreased liquidity for the shares in the event of a delisting from the NASDAQ Capital Market, the liquidity of the shares may be adversely affected by the reverse stock split as a result of the reduced number of shares outstanding following the reverse stock split. In addition, the reverse stock split may have increased the number of stockholders who own odd lots (less than 100 shares) of Magellan common stock, creating the potential for such stockholders to experience an increase in the cost of selling their shares and greater difficulty effecting such sales. Further, since the stockholder-approved reverse stock split was accomplished without a corresponding reduction in the number of shares authorized for issuance under Magellan's certificate of incorporation, the relative

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increase in the number of shares authorized for issuance could, under certain circumstances, have an anti-takeover effect by enabling the Magellan board of directors to issue additional shares of common stock in a transaction making it more difficult for a party to obtain control of Magellan by tender offer or other means.

***Magellan does not intend to pay cash dividends on its common stock in the foreseeable future, and therefore only appreciation of the price of Magellan common stock will provide a return to Magellan common stockholders.***

Magellan currently anticipates that it will retain future earnings, if any, to reduce its accumulated deficit and finance the growth and development of Magellan's business. Any future determination as to the declaration and payment of cash dividends on Magellan common stock will be at the discretion of the Magellan board of directors and will depend upon Magellan's financial condition, results of operations, contractual restrictions, capital requirements, business prospects, and any other factors that Magellan's board determines to be relevant. As a result, only appreciation of the price of Magellan common stock, which may not occur, will provide a return to Magellan common stockholders.

***Provisions in Magellan's charter documents and Delaware law make it more difficult to effect a change in control of Magellan, which could prevent stockholders from receiving a takeover premium on their investment.***

Magellan is a Delaware corporation, and the anti-takeover provisions of Delaware law impose various barriers to the ability of a third-party to acquire control of Magellan, even if a change of control would be attractive to Magellan's existing stockholders. In addition, Magellan's certificate of incorporation and by-laws contain several provisions that may make it more difficult for a third party to acquire control of Magellan without the approval of the Magellan board of directors. These provisions may make it more difficult or expensive for a third party to acquire a majority of Magellan's outstanding common stock. Among other things, these provisions:

authorize Magellan to issue preferred stock that can be created and issued by the board of directors without prior stockholder approval, with rights senior to those of the common stock;

classify the Magellan board of directors so that only some of Magellan's directors are elected each year;

prohibit stockholders from calling special meetings of stockholders; and

establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting.

These provisions also may delay, prevent, or deter a merger, acquisition, tender offer, proxy contest, or other transaction that might otherwise result in Magellan stockholders receiving a premium over the market price of their common stock.

## **Risks Relating to Tellurian Investments Business**

As discussed below, Tellurian Investments' business is subject to numerous risks and uncertainties. If the merger is completed, Tellurian Investments' business will comprise a substantial





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majority of the business of the combined company. Therefore, all of the risks described in this section will apply to the combined company if the merger is completed.

***Tellurian Investments is the sole interest holder of Tellurian LNG, which together with Tellurian LNG's subsidiaries, will develop the Driftwood LNG Project. Tellurian Investments does not expect to generate sufficient cash to pay dividends until the completion of construction of the Driftwood LNG Project by Tellurian LNG and its wholly owned subsidiaries, and any dividends will be attributable to distributions made by Tellurian LNG to Tellurian Investments.***

Tellurian Investments' only assets include its 100% membership or ownership interests in each of Tellurian LNG, Tellurian Services LLC and Tellurian LNG UK Ltd ( Tellurian UK ), and cash held for certain start-up and operating expenses. Tellurian Investments' cash flow and consequently its ability to distribute earnings is solely dependent upon the cash flow Tellurian LNG receives from the Driftwood LNG Project and the transfer of funds by Tellurian LNG to Tellurian Investments in the form of distributions or otherwise. Tellurian LNG's ability to complete the Driftwood LNG Project, as discussed further below, is dependent upon its, its subsidiaries and Tellurian Investments' ability to obtain necessary regulatory approvals and raise the capital necessary to fund the development of the project.

Although Tellurian Investments anticipates that cash distributions from Tellurian LNG will be made to Tellurian Investments when profits are available, the Tellurian LNG limited liability company agreement provides that Tellurian Investments, as the sole member of Tellurian LNG, and therefore Tellurian Investments' board of directors, will determine when distributions can be made. There is no assurance that such a determination will be made or can be obtained.

Although Tellurian Investments anticipates that cash distributions from Tellurian UK will be made to Tellurian Investments when profits are available, the Tellurian UK limited liability company agreement provides that Tellurian Investments, as the sole member of Tellurian UK, and therefore Tellurian Investments' board of directors, will determine when distributions can be made. There is no assurance that such a determination will be made or can be obtained.

In addition, because Tellurian Investments' business will have limited asset and geographic diversification, adverse developments in the natural gas and LNG industry, or to the Driftwood LNG Project, will have a greater impact on Tellurian Investments' financial condition than if it maintained a more diverse asset and geographic profile.

***Tellurian Investments will be required to seek additional debt and equity financing in the future to complete the Driftwood LNG Project, and may not be able to secure such financing on acceptable terms, or at all.***

Because Tellurian Investments will be unable to generate any revenue from its operations and expects to be in the development stage for multiple years, Tellurian Investments will need additional financing to provide the capital required to execute its business plan. Tellurian Investments will need significant funding to develop the Driftwood LNG Project as well as for working capital requirements and other operating and general corporate purposes.

There can be no assurance that Tellurian Investments will be able to raise sufficient capital on acceptable terms, or at all. If such financing is not available on satisfactory terms, or is not available at all, Tellurian Investments may be required to delay, scale back or eliminate the development of business opportunities, and its operations and financial condition may be adversely affected to a significant extent.



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Debt financing, if obtained, may involve agreements that include liens on its assets and covenants limiting or restricting the ability to take specific actions, such as paying dividends or making distributions, incurring additional debt, acquiring or disposing of assets and increasing expenses. Debt financing would also be required to be repaid regardless of Tellurian Investments' operating results.

In addition, the ability to obtain financing for the proposed Driftwood LNG Project is expected to be contingent upon, among other things, Tellurian Investments' ability to enter into sufficient long-term commercial agreements prior to the commencement of construction. To date, Tellurian Investments has not entered into any definitive third-party agreements for the proposed Driftwood LNG Project, and it may not be successful in negotiating and entering into such agreements.

### ***Tellurian Investments and Tellurian LNG have only a limited operating history.***

Both Tellurian Investments and Tellurian LNG were formed in 2016, and only recently commenced development. Although Tellurian Investments' current and anticipated directors, managers and officers have prior professional and industry experience, Tellurian Investments and Tellurian LNG have a limited prior operating history, track record and historical financial information upon which you may evaluate prospects.

Tellurian LNG has not yet commenced the construction of the Driftwood LNG Project. Accordingly, Tellurian Investments expects to incur significant additional costs and expenses through completion of development and construction of the Driftwood LNG Project. As a result, Tellurian Investments expects operating losses will increase substantially in the remainder of 2016 and thereafter, and expects to continue to incur operating losses and experience negative operating cash flow through at least 2022.

### ***Failure to retain and attract key executive officers and other skilled professional and technical employees could have an adverse effect on Tellurian Investments' business, results of operations, financial condition, liquidity and prospects.***

The success of Tellurian Investments' business relies heavily on its executive officers. Should Tellurian Investments' executive officers be unable to perform their duties on behalf of Tellurian Investments, or should Tellurian Investments be unable to retain or attract other members of management, Tellurian Investments' business, results of operations, financial condition, liquidity and prospects could be materially impacted.

### ***Tellurian Investments will be subject to risks related to doing business in, and having counterparties based in, foreign countries.***

Tellurian Investments may engage in operations or make substantial commitments and investments, or enter into agreements with counterparties, located outside the United States, which would expose Tellurian Investments to political, governmental, and economic instability and foreign currency exchange rate fluctuations.

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Any disruption caused by these factors could harm Tellurian Investments' business, results of operations, financial condition, liquidity and prospects. Risks associated with operations, commitments and investments outside of the United States include but are not limited to risks of:

currency fluctuations;

war or terrorist attack;

expropriation or nationalization of assets;

renegotiation or nullification of existing contracts;

changing political conditions;

changing laws and policies affecting trade, taxation, and investment;

multiple taxation due to different tax structures;

general hazards associated with the assertion of sovereignty over areas in which operations are conducted; and

the unexpected credit rating downgrade of countries in which Tellurian Investments' LNG customers are based.

Because Tellurian Investments' reporting currency is the United States dollar, any of the operations conducted outside the United States or denominated in foreign currencies would face additional risks of fluctuating currency values and exchange rates, hard currency shortages and controls on currency exchange. In addition, Tellurian Investments would be subject to the impact of foreign currency fluctuations and exchange rate changes on its financial reports when translating its assets, liabilities, revenues and expenses from operations outside of the United States into U.S. dollars at then-applicable exchange rates. These translations could result in changes to the results of operations from period to period.

***Tellurian Investments is currently classified as a United States real property holding company ( USRPHC ) under applicable tax laws, and non-U.S. investors may be subject to tax withholding and other tax consequences upon a disposition of their shares, as set forth further below under Material U.S. Federal Income Tax Consequences of the Merger.***

Tellurian Investments is a USRPHC under applicable tax laws, which subjects non-U.S. investors to tax withholding and other tax consequences upon a disposition of their shares. If the merger closes, Magellan will likely be classified

in the same manner, which subjects non-U.S. investors to tax withholding and other tax consequences upon a disposition of their Magellan shares. Non-U.S. investors should consult their tax advisors with respect to the application of this to their investment and other U.S. tax rules, as set forth further below under Material U.S. Federal Income Tax Consequences of the Merger.

***Tellurian Investments is a defendant in a lawsuit that could result in equitable relief and/or monetary damages that could have a material adverse effect on Tellurian Investments operating results and financial condition.***

Tellurian Investments and Tellurian Services LLC, along with each of Messrs. Houston and Daniels and certain entities in which each of them owned membership interests, as applicable, have

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been named as defendants in one recently initiated lawsuit. Although Tellurian Investments believes the plaintiffs claims are without merit, Tellurian Investments may not ultimately be successful and any potential liability Tellurian Investments may incur is not reasonably estimable. However, even if Tellurian Investments is successful in the defense of this litigation, Tellurian Investments could incur costs and suffer both an economic loss and an adverse impact on its reputation, which could have a material adverse effect on its business. In addition, any adverse judgment or settlement of the litigation could have an adverse effect on its operating results and financial condition. See *The Companies Tellurian Investments Inc. Legal Proceedings* beginning on page 67.

***Tellurian Investments estimated costs for the Driftwood LNG Project may not be accurate and are subject to change due to various factors.***

Tellurian Investments currently estimates that the construction costs for the Driftwood LNG Project will be between approximately \$13.0 and \$15.6 billion. However, cost estimates are only an approximation of the actual costs of construction and are before owners' costs, financing costs, pipeline construction costs and contingencies. Moreover, cost estimates may change due to various factors, such as the final terms of any definitive request for services with its engineering, procurement and construction ( EPC ) service provider, as well as change orders, delays in construction, legal and regulatory requirements, site issues, increased component and material costs, escalation of labor costs, labor disputes, increased spending to maintain Tellurian Investments' construction schedule and other factors.

***The construction and operation of the Driftwood LNG Project remains subject to further approvals, and some approvals may be subject to further conditions, review and/or revocation.***

The design, construction and operation of LNG export terminals is a highly regulated activity. The approval of the U.S. Federal Energy Regulatory Commission ( FERC ) under Section 3 of the Natural Gas Act, as well as several other material governmental and regulatory approvals and permits, is required in order to construct and operate an LNG terminal. Although the necessary authorizations to operate the proposed LNG Facilities may be obtained, such authorizations are subject to ongoing conditions imposed by regulatory agencies, and additional approval and permit requirements may be imposed.

Tellurian Investments will be required to obtain governmental approvals and authorizations to implement its proposed business strategy, which includes the construction and operation of the Driftwood LNG Project. In particular, authorization from FERC and the U.S. Department of Energy is required to construct and operate the proposed LNG Facilities. In addition to seeking approval for export to countries with which the United States has a Free Trade Agreement ( FTA ), Tellurian Investments will seek to obtain approval for export to non-FTA countries. There is no assurance that Tellurian Investments will obtain and maintain these governmental permits, approvals and authorizations, and failure to obtain and maintain any of these permits, approvals or authorizations could have a material adverse effect on its business, results of operations, financial condition and prospects.

***Tellurian Investments will be dependent on third-party contractors for the successful completion of the Driftwood LNG Project, and these contractors may be unable to complete the Driftwood LNG Project.***

There is limited recent industry experience in the United States regarding the construction or operation of large-scale liquefaction facilities. The construction of the Driftwood LNG Project is expected to take several years, will be confined to a limited geographic area and could be subject to

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delays, cost overruns, labor disputes and other factors that could adversely affect financial performance or impair Tellurian Investments' ability to execute its scheduled business plan.

Timely and cost-effective completion of the Driftwood LNG Project in compliance with agreed-upon specifications will be highly dependent upon the performance of third-party contractors pursuant to their agreements. However, Tellurian Investments has not yet entered into definitive agreements with certain of the contractors, advisors and consultants necessary for the development and construction of the Driftwood LNG Project. Tellurian Investments may not be able to successfully enter into such construction contracts on terms or at prices that are acceptable to it.

Further, faulty construction that does not conform to Tellurian Investments' design and quality standards may have an adverse effect on Tellurian Investments' business, results of operations, financial condition and prospects. For example, improper equipment installation may lead to a shortened life of Tellurian Investments' equipment, increased operations and maintenance costs or a reduced availability or production capacity of the affected facility. The ability of Tellurian Investments' third-party contractors to perform successfully under any agreements to be entered into is dependent on a number of factors, including force majeure events and such contractors' ability to:

design, engineer and receive critical components and equipment necessary for the Driftwood LNG Project to operate in accordance with specifications and address any start-up and operational issues that may arise in connection with the commencement of commercial operations;

attract, develop and retain skilled personnel and engage and retain third-party subcontractors, and address any labor issues that may arise;

post required construction bonds and comply with the terms thereof, and maintain their own financial condition, including adequate working capital;

adhere to any warranties the contractors provide in their EPC contracts; and

respond to difficulties such as equipment failure, delivery delays, schedule changes and failure to perform by subcontractors, some of which are beyond their control, and manage the construction process generally, including engaging and retaining third-party contractors, coordinating with other contractors and regulatory agencies and dealing with inclement weather conditions.

Furthermore, Tellurian Investments may have disagreements with its third-party contractors about different elements of the construction process, which could lead to the assertion of rights and remedies under the related contracts, resulting in a contractor's unwillingness to perform further work on the relevant project. Tellurian Investments may also face difficulties in commissioning a newly constructed facility. Any significant project delays in the development of the Driftwood LNG Project could materially and adversely affect Tellurian Investments' business, results of operations, financial condition and prospects.

***Tellurian Investments' ability to generate cash is substantially dependent upon it entering into contracts with third parties and the performance of those customers under those contracts.***



Tellurian Investments has not yet entered into, and may never be able to enter into, satisfactory commercial arrangements with third-party customers for products and services at the Driftwood LNG Project.

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Tellurian Investments' business strategy may change regarding how and when the proposed Driftwood LNG Project's export capacity is marketed. Also, Tellurian Investments' business strategy may change due to the inability to enter into agreements with customers or based on views regarding future prices, supply and demand of LNG, natural gas liquefaction capacity, and worldwide regasification capacity. If the efforts to market the proposed Driftwood LNG Project are not successful, Tellurian Investments' business, results of operations, financial condition and prospects may be materially and adversely affected.

***Tellurian LNG's construction and operations activities are subject to a number of development risks, operational hazards, regulatory approvals and other risks, which could cause cost overruns and delays and could have a material adverse effect on its business, results of operations, financial condition, liquidity and prospects.***

Siting, development and construction of the Driftwood LNG Project will be subject to the risks of delay or cost overruns inherent in any construction project resulting from numerous factors, including, but not limited to, the following:

Difficulties or delays in obtaining, or failure to obtain, sufficient debt or equity financing on reasonable terms;

Failure to obtain all necessary government and third-party permits, approvals and licenses for the construction and operation of any of the contemplated LNG Facilities;

Failure to obtain sale and purchase agreements that generate sufficient revenue to support the financing and construction of the Driftwood LNG Project;

Difficulties in engaging qualified contractors necessary to the construction of the contemplated Driftwood LNG Project or other LNG Facilities;

Shortages of equipment, material or skilled labor;

Natural disasters and catastrophes, such as hurricanes, explosions, fires, floods, industrial accidents and terrorism;

Unscheduled delays in the delivery of ordered materials;

Work stoppages and labor disputes;

Competition with other domestic and international LNG export terminals;

Unanticipated changes in domestic and international market demand for and supply of natural gas and LNG, which will depend in part on supplies of and prices for alternative energy sources and the discovery of new sources of natural resources;

Unexpected or unanticipated additional improvements; and

Adverse general economic conditions.

Delays beyond the estimated development periods, as well as cost overruns, could increase the cost of completion beyond the amounts that are currently estimated, which could require Tellurian Investments to obtain additional sources of financing to fund the activities until the proposed

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Driftwood LNG Project is constructed and operational (which could cause further delays). Any delay in completion of the Driftwood LNG Project may also cause a delay in the receipt of revenues projected from the Driftwood LNG Project or cause a loss of one or more customers. As a result, any significant construction delay, whatever the cause, could have a material adverse effect on Tellurian Investments' business, results of operations, financial condition, liquidity and prospects.

***Technological innovation may render Tellurian Investments' anticipated competitive advantage or its processes obsolete.***

Tellurian Investments' success will depend on its ability to create and maintain a competitive position in the natural gas liquefaction industry. In particular, although Tellurian Investments plans to construct the Driftwood LNG Project using proven technologies that it believes provides it with certain advantages, Tellurian Investments does not have any exclusive rights to any of the technologies that it will be utilizing. In addition, the technology Tellurian Investments anticipates using in the Driftwood LNG Project may be rendered obsolete or uneconomical by legal or regulatory requirements, technological advances, more efficient and cost-effective processes or entirely different approaches developed by one or more of its competitors or others, which could materially and adversely affect Tellurian Investments' business, results of operations, financial condition, liquidity and prospects.

***Decreases in the demand for and price of natural gas could lead to reduced development of LNG projects worldwide.***

Tellurian Investments is subject to risks associated with the development, operation and financing of domestic LNG facilities. The development of domestic LNG facilities and projects are generally based on assumptions about the future price of natural gas and LNG and the conditions of the global natural gas and LNG markets. Natural gas and LNG prices have been, and are likely to remain in the future, volatile and subject to wide fluctuations that are difficult to predict. Such fluctuations may be caused by factors such as the competitive liquefaction capacity in North America; the international supply and receiving capacity of LNG; LNG tanker capacity; weather conditions; domestic and global demand for natural gas; the effect of government regulation on the production, transportation and sale of natural gas; oil and natural gas exploration and production activities; the development of and changes in the cost of alternative energy sources for natural gas and political and economic conditions worldwide.

Further, the development of liquefaction facilities takes a substantial amount of time, requires significant capital investment, may be delayed by unforeseen and uncontrollable factors and is dependent on the financial viability and ability of Tellurian Investments to market LNG internationally.

***Competition in the liquefied natural gas industry is intense, and some of Tellurian Investments' competitors have greater financial, technological and other resources.***

Tellurian Investments plans to operate in the highly competitive area of liquefied natural gas production and faces intense competition from independent, technology-driven companies as well as from both major and other independent oil and natural gas companies and utilities.

Many competing companies have secured access to, or are pursuing development or acquisition of, LNG facilities to serve the North American natural gas market, including other proposed liquefaction facilities in North America. Tellurian Investments may face competition from major energy companies and others in pursuing its proposed business strategy to provide liquefaction and export products and services at its proposed Driftwood LNG Project. In addition, competitors have



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and are developing additional LNG terminals in other markets, which also compete with the proposed LNG Facilities. Almost all of these competitors have longer operating histories, more development experience, greater name recognition, larger staffs and substantially greater financial, technical and marketing resources than Tellurian Investments currently possesses. The superior resources that these competitors have available for deployment could allow them to compete successfully against Tellurian Investments, which could have a material adverse effect on Tellurian Investments' business, results of operations, financial condition, liquidity and prospects.

***There may be shortages of LNG vessels worldwide, which could have a material adverse effect on Tellurian Investments' business, results of operations, financial condition, liquidity and prospects.***

The construction and delivery of LNG vessels requires significant capital and long construction lead times, and the availability of the vessels could be delayed to the detriment of Tellurian Investments' business and customers due to the following:

an inadequate number of shipyards constructing LNG vessels and a backlog of orders at these shipyards;

political or economic disturbances in the countries where the vessels are being constructed;

changes in governmental regulations or maritime self-regulatory organizations;

work stoppages or other labor disturbances at the shipyards;

bankruptcies or other financial crises of shipbuilders;

quality or engineering problems;

weather interference or catastrophic events, such as a major earthquake, tsunami, or fire; or

shortages of or delays in the receipt of necessary construction materials.

***A terrorist or military incident involving an LNG carrier could result in delays in, or cancellation of, construction or closure of the proposed LNG Facilities.***

A terrorist or military incident involving an LNG carrier may result in delays in, or cancellation of, construction of new LNG facilities, including the proposed LNG Facilities, which would increase Tellurian Investments' costs and decrease cash flows. A terrorist incident may also result in temporary or permanent closure of Tellurian Investments' proposed LNG Facilities, including the Driftwood LNG Project, which could increase costs and decrease cash flows, depending on the duration of the closure. Operations at the proposed LNG Facilities, including the Driftwood LNG Project, could also become subject to increased governmental scrutiny that may result in additional security measures at a significant incremental cost. In addition, the threat of terrorism and the impact of military campaigns may lead to

continued volatility in prices for natural gas that could adversely affect Tellurian Investments' business and customers, including the ability of Tellurian Investments' suppliers or customers to satisfy their respective obligations under Tellurian Investments' commercial agreements.

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Future legislation and regulations, such as those relating to the transportation and security of LNG exported from the proposed LNG Facilities through the Calcasieu Ship Channel, could cause additional expenditures, restrictions and delays in connection with the proposed LNG Facilities and their construction, the extent of which cannot be predicted and which may require Tellurian Investments to limit substantially, delay or cease operations in some circumstances. Revised, reinterpreted or additional laws and regulations that result in increased compliance costs or additional operating costs and restrictions could have a material adverse effect on Tellurian Investments' business, results of operations, financial condition, liquidity and prospects.

***Tellurian Investments' operations will be subject to a number of environmental laws and regulations that impose significant compliance costs, and existing and future environmental and similar laws and regulations could result in increased compliance costs or additional operating restrictions.***

Tellurian Investments' business will be subject to extensive federal, state and local regulations and laws, including regulations and restrictions on discharges and releases to the air, land and water and the handling, storage and disposal of hazardous materials and wastes in connection with the development, construction and operation of its liquefaction facilities. These regulations and laws will require Tellurian Investments to maintain permits, provide governmental authorities with access to its facilities for inspection and provide reports related to its compliance. Violation of these laws and regulations could lead to substantial fines and penalties or to capital expenditures related to pollution control equipment that could have a material adverse effect on Tellurian Investments' business, results of operations, financial condition, liquidity and prospects. Federal and state laws impose liability, without regard to fault or the lawfulness of the original conduct, for the release of certain types or quantities of hazardous substances into the environment. As the owner and operator of the Driftwood LNG Project, Tellurian Investments could be liable for the costs of cleaning up hazardous substances released into the environment and for damage to natural resources.

In addition, future federal, state and local legislation and regulations may impose unforeseen burdens and increased costs on Tellurian Investments' business that could have a material adverse effect on Tellurian Investments' financial results, such as regulations regarding greenhouse gas emissions and the transportation of LNG.

***The operation of the proposed Driftwood LNG Project may be subject to significant operating hazards and uninsured risks, one or more of which may create significant liabilities and losses that could have a material adverse effect on Tellurian Investments' business, results of operations, financial condition, liquidity and prospects.***

The plan of operations for the proposed Driftwood LNG Project is subject to the inherent risks associated with LNG operations, including explosions, pollution, release of toxic substances, fires, hurricanes and other adverse weather conditions, and other hazards, each of which could result in significant delays in commencement or interruptions of operations and/or result in damage to or destruction of the proposed Driftwood LNG Project and assets or damage to persons and property. In addition, operations at the proposed Driftwood LNG Project and vessels of third parties on which Tellurian Investments' operations are dependent face possible risks associated with acts of aggression or terrorism.



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Tellurian Investments does not, nor does it intend to, maintain insurance against all of these risks and losses. Tellurian Investments may not be able to maintain desired or required insurance in the future at rates that it considers reasonable. The occurrence of a significant event not fully insured or indemnified against could have a material adverse effect on Tellurian Investments' business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

### ***Financial projections by Tellurian Investments may not prove to be reflective of actual future results.***

In connection with the merger and for the use of Petrie in connection with its fairness opinion delivered for Magellan, Tellurian Investments prepared and considered, among other things, internal financial forecasts for Tellurian Investments. These financial projections include assumptions regarding future revenue, EBITDA, capital expenditures and unlevered free cash flow. They speak only as of the date prepared and have not been, and will not be, updated. These financial projections were not provided with a view to public disclosure, are subject to significant economic, competitive, industry and other uncertainties and may not be achieved in full, at all or within projected timeframes. In addition, the failure to achieve projected results could have a material adverse effect on the combined company's share price and financial position following the merger. For additional information regarding these financial projections, see The Merger Opinion of Magellan's Financial Advisor Going Concern Analysis of Tellurian Investments Summary of Tellurian Investments Projections beginning on page 87.

### **Risks Relating to the Combined Company Relating to the Merger**

***Magellan's stock price is volatile and the value of the Magellan common stock to be issued in the merger will depend on its market price at the time of the merger; no adjustment in the number of shares of Magellan common stock to be issued in the merger will be made as a result of changes in the market price of Magellan common stock prior to the merger.***

At the closing of the merger, each share of Tellurian Investments common stock, other than shares for which appraisal rights held by Tellurian Investments stockholders are perfected, will be converted into the right to receive shares of Magellan common stock, as more particularly described herein. The number of shares to be issued will not be adjusted for changes in the market price of Magellan common stock. Consequently, the specific dollar value of Magellan common stock that Tellurian Investments stockholders will receive upon the completion of the merger will depend on the market value of Magellan common stock at that time and may vary from the date that any stockholder executes a proxy with respect to approval of the merger, or the date of the respective meetings of the stockholders. You are urged to obtain recent market quotations for Magellan common stock. Neither Magellan nor Tellurian Investments can predict or give any assurances as to the market price of Magellan common stock at any time before or after the merger.

***There can be no assurance that the business operations and personnel of Magellan and Tellurian Investments can be successfully integrated on a timely basis, if at all. As a result, the business and results of operations of the combined company could be materially and adversely affected.***

There can be no assurance that the integration will be completed on a timely basis, or that the anticipated benefits of the merger can be achieved. The respective boards of directors of Magellan and Tellurian Investments approved the merger based, in part, upon the expectation that the merger would produce a more valuable combined business. The integration process will divert the attention of senior management. Any unexpected difficulties in implementing the integration could cause a disruption in



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the ongoing business affairs of the combined company. Further, the process of combining Magellan and Tellurian Investments could negatively affect employee morale and the ability of the combined company to retain key employees after the merger.

***In connection with the merger, the combined company will incur certain transaction costs, as well as consolidation and integration expenses that cannot be accurately estimated at this time, either of which may negatively affect the combined company's financial condition and operating results.***

The combined company will incur certain transaction costs as a result of the merger, including legal and accounting fees. In addition, the combined company will incur consolidation and integration expenses and expenses relating to the continued operations of Magellan, which cannot be accurately estimated at this time. These costs could include the possible relocation of certain operations and employees from Colorado to other offices of the combined company as well as costs associated with terminating existing office leases and the loss of benefits of certain favorable office leases. It is expected that the combined company will charge consolidation and integration expenses to operations in Magellan's fiscal year 2017. Magellan and Tellurian Investments have estimated an aggregate of approximately \$2,000,000 of transaction costs and less than \$1,000,000 of consolidation and integration costs. Actual transaction costs may substantially exceed the combined company's estimates and may have an adverse effect on the combined company's financial condition and operating results.

***In the event that the merger is not completed on a timely basis, it could have a material adverse effect on both companies, including the loss of key employees and business opportunities.***

The completion of the merger is subject to a number of important conditions, including the conditions precedent to the merger described under "The Merger Agreement - Conditions to the Completion of the Merger." If these conditions precedent to the merger are not satisfied on a timely basis and the merger is significantly delayed, then such delays could have a material adverse effect on both companies, including the loss of key employees and business opportunities.

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**THE COMPANIES**

**Magellan Petroleum Corporation**

***General Overview of the Business***

Magellan is a publicly traded, independent oil and gas exploration and production company that owns exploration acreage in the Weald Basin, onshore United Kingdom, and an exploration block, NT/P82, in the Bonaparte Basin, offshore Northern Territory, Australia. Magellan conducts its operations through two wholly owned subsidiaries corresponding to the geographical areas in which Magellan operates: Magellan Petroleum (UK) Limited and Magellan Petroleum Australia Pty Ltd.

Magellan's management believes that its sources of value are embedded in Magellan's platform and portfolio of assets. Magellan's strategy is therefore focused on recovering shareholder value by realizing the value of its existing assets.

On July 10, 2015, Magellan completed a one share-for-eight shares reverse stock split with respect to Magellan common stock. All amounts of shares of common stock, per share prices with respect to common stock, amounts of stock options to purchase common stock, respective exercise prices of each such option, and amounts of shares convertible upon conversion of the Magellan Series A convertible preferred stock for periods both prior and subsequent to the split have been adjusted in this joint proxy statement/prospectus to reflect the reverse stock split.

Magellan was founded in 1957 and incorporated in Delaware in 1967. Its common stock has traded on the NASDAQ Stock Market since 1972 under the ticker symbol MPET. Magellan's principal offices are located at 1775 Sherman Street, Suite 1950, Denver, Colorado, 80203, and its telephone number is (720) 484-2400.

***United Kingdom***

**Horse Hill.** In PEDLs 137 and 246, where the Horse Hill-1 well ( HH-1 ) was drilled, Magellan holds a 35% interest in HH-1 and these licenses following a farmout agreement with Horse Hill Development, Ltd ( HHDL ) dated as of December 20, 2013, pursuant to which agreement Magellan's costs in relation to these licenses are 100% carried by HHDL until production and including costs related to conducting certain flow tests. During the first quarter of calendar year 2016, HHDL conducted a successful flow test of several formations of HH-1, including the Portland sandstone and two Kimmeridge limestone formations. UKOG, one of the principal interest owners of HHDL, then reported that the flow tests measured a stable dry oil rate of 1,688 barrels of oil per day in aggregate from these formations. Although the duration of the flow tests of each formation was relatively short, Magellan was very encouraged by these results. Magellan believes that HHDL is in the process of seeking regulatory permissions to conduct a significant long-term production testing and appraisal program of the productive Kimmeridge limestones and Portland oil-bearing reservoirs.

***Australia***

**NT/P82.** During fiscal year ended June 30, 2016, Magellan continued its efforts to try to sell or farmout its 100% interest in the NT/P82 Exploration Permit in the Bonaparte Basin, offshore Northern Territory, Australia, with the support of its financial advisor for this matter, RFC Ambrian. Magellan was unsuccessful in sourcing attractive potential transactions, which Magellan believes was due to (i) the weak commodity price environment and material reduction in current export LNG prices in



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Australia, which are believed to have resulted in a significant reduction in exploration budgets of large companies operating in the area and (ii) the short remaining term of the license, which was due to expire by May 12, 2016, unless the work requirements of the license had been met.

During the last two months of calendar year 2012, Magellan successfully conducted a 2-D and 3-D seismic survey over portions of its NT/P82 Exploration Permit in the Bonaparte Basin, offshore Northern Territory, Australia. During calendar year 2013, the seismic data underwent complete processing and interpretation and resulted in the identification of three prospects, including a potential conventional reservoir formed by a structural trap against a fault line and two potential stratigraphic plays identified based on amplitude variance versus offset analysis. The potential volume of gas present in these prospects could amount to several Tcf of gas, but these prospects are considered to be at the very early stage of the exploration phase and may not result in an actual discovery.

In April 2016, Magellan applied to the NOPTA to (i) increase the Year 6 minimum work requirement from 600 km<sup>2</sup> of 3-D seismic survey to 1,000 km<sup>2</sup> of new seismic data acquisition and processing, and geological and geophysical studies, (ii) suspend Year 6 conditions of title for 18 months, and (iii) extend the permit term by 18 months to allow the varied minimum work condition to be undertaken. On June 29, 2016, NOPTA informed Magellan that the Commonwealth-Northern Territory Offshore Petroleum Joint Authority approved these variations, and the term of the license is now due to end on November 12, 2017.

*Central Petroleum Shares.* As partial consideration for the sale of Magellan's onshore Australia assets in fiscal year 2014, Magellan received approximately 39.5 million shares of Central, a small oil and gas company listed on the Australian Securities Exchange. Between July 2015 and February 2016, Magellan sold on the open market shares of Central in order to help finance its activities during the strategic alternatives review process. Magellan's ownership of shares of Central was reduced from 39.5 million shares in July 2015 to 8.2 million in February 2016, and the volume-weighted average price realized for the sale of these shares, excluding brokerage fees, amounted to approximately AUD \$0.11 per share.

Magellan does not consider its shareholdings in Central to be a core asset and will potentially dispose of part or all of this interest. The timing of Magellan's decision to dispose of its interests will depend upon (i) the actual price per share of Central, which Magellan believes could increase in the medium term as Central achieves certain operational milestones and (ii) the foreign exchange rate between the AUD and the USD. During the fourth quarter of calendar year 2017, Magellan resumed disposing part of its shareholdings in Central. As of December 22, 2016, Magellan held 4,423,589 shares of Central.

### ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

### **River Merger Sub, Inc.**

River Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Magellan, was formed on August 2, 2016 for the sole purpose of effecting the merger. If the merger is completed, River Merger Sub, Inc. will merge with and into Tellurian Investments, with Tellurian Investments surviving as a subsidiary of Magellan.

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### **Tellurian Investments Inc.**

#### ***General Overview of the Business***

Tellurian Investments plans to own, develop and operate natural gas liquefaction facilities, storage facilities and loading terminals and to pursue complementary business lines in the energy industry. Tellurian Investments owns a 100% membership interest in Tellurian LNG LLC, a Delaware limited liability company ( Tellurian LNG ), a 100% membership interest in Tellurian Services LLC (f/k/a Parallax Services LLC), a Delaware limited liability company ( Tellurian Services ), and a 100% ownership interest in Tellurian UK. Tellurian Investments' only assets are its 100% membership or ownership interests in each of Tellurian LNG, Tellurian Services and Tellurian UK, and cash held for certain start-up and operating expenses. Tellurian Investments was incorporated in Delaware in 2016. Tellurian Investments' principal offices are located at 1201 Louisiana Street, Suite 3100, Houston, Texas 77002, and its telephone number is (832) 962-4000.

#### ***Description of the Business***

Tellurian Investments is planning on developing, through Tellurian LNG and Tellurian LNG's wholly owned subsidiaries, an LNG facility with liquefaction capacity of 26 million tonnes per annum on a single site in Calcasieu Parish, Louisiana. Assuming approximately two years of permitting work and receipt of the appropriate regulatory approvals and financing commitments necessary to commence construction, followed by a four-year construction schedule, the Driftwood LNG Project could deliver its first LNG as soon as 2022. Tellurian Investments also plans to pursue business that is complementary to its LNG business.

#### ***Competition***

The combined company plans to operate in the highly competitive area of liquefied natural gas production and faces intense competition from independent, technology-driven companies as well as from both major and other independent oil and natural gas companies and utilities.

Many competing companies have secured access to, or are pursuing development or acquisition of, LNG facilities, including other proposed liquefaction facilities in North America. The combined company may face competition from major energy companies and others in pursuing its proposed business strategy to provide liquefaction and export products and services at the proposed Driftwood LNG Project. In addition, competitors have and are developing additional LNG terminals in other markets, which also compete with the proposed LNG Facilities. Almost all of these competitors have longer operating histories, more development experiences, greater name recognition, larger staffs and substantially greater financial, technical and marketing resources than the combined company would possess upon completion of the merger. The superior resources that these competitors have available for deployment could allow them to compete successfully against the combined company, which could have a material adverse effect on the combined company's business, results of operations, financial conditions, liquidity and prospects.

#### ***Environmental Regulations***

The combined company's business will be subject to extensive federal, state and local regulations and laws, including regulations and restrictions on discharges and releases to the air, land and water and the handling, storage and disposal of hazardous materials and wastes in connection with the development, construction and operation of its liquefaction facilities. These regulations and laws





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will require the combined company to maintain permits, provide governmental authorities with access to facilities for inspection and provide reports related to its compliance. Violation of these laws and regulations could lead to substantial fines and penalties or to capital expenditures related to pollution control equipment that could have a material adverse effect on the combined company's business, results of operations, financial condition, liquidity and prospects. Federal and state laws impose liability, without regard to fault or the lawfulness of the original conduct, for the release of certain types or quantities of hazardous substances into the environment. As the owner and operator of the Driftwood LNG Project, the combined company or one or more of its subsidiaries could be liable for the costs of cleaning up hazardous substances released into the environment and for damage to natural resources.

In addition, future federal, state and local legislation and regulations may impose unforeseen burdens and increased costs on the combined company's business that could have a material adverse effect on the combined company's financial results, such as regulations regarding greenhouse gas emissions and the transportation of LNG.

## ***Employees***

The employees working on behalf of Tellurian Investments are employed by Tellurian Services and have been working on behalf of Tellurian Investments since April 9, 2016. As of January 6, 2017, Tellurian Services and Tellurian UK had 39 employees and two employees, respectively.

## ***Properties***

Tellurian LNG, through its wholly owned subsidiary Driftwood LNG LLC, purchased and entered into leases for certain tracts of land and buildings in Calcasieu Parish, Louisiana such that Tellurian LNG controls approximately 1,000 acres of land which is capable of accommodating an LNG facility with at least 26 mtpa of liquefaction capacity.

## ***Legal Proceedings***

On May 23, 2016, Simon Bonini and Paul Kettlety ( Bonini and Kettlety ) filed a lawsuit in the 129th Judicial District Court of Harris County, Texas (Cause No. 2016-33947) against Tellurian Investments and Tellurian Services, along with each of Messrs. Martin Houston and Christopher Daniels and certain entities in which each of Messrs. Houston and Daniels own membership interests, as applicable, alleging among other things, breach of contract, promissory estoppel, quantum meruit, fraud/fraudulent concealment, negligent misrepresentation, breach of fiduciary duty, usurpation/diversion of corporate opportunity, conversion, civil conspiracy and implied partnership.

Bonini and Kettlety allege that there was a binding agreement between each of Bonini and Kettlety and Messrs. Houston and Daniels to sell an interest in Parallax Enterprises, LLC ( Parallax Enterprises ) to Bonini and Kettlety and that the ultimate proposed ownership of Parallax Enterprises which was agreed to by Messrs. Houston, Daniels and two other members of Parallax Enterprises did not reflect the parties' agreement. Bonini and Kettlety allege that their agreed upon ownership in Parallax Enterprises (14.3% each) exceeded what was ultimately offered to them (9.9% each) and that the ultimate proposal subjected them to certain management, ownership and redemption terms to which they had not agreed. Bonini and Kettlety are seeking damages in excess of \$168 million.

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Although Tellurian Investments believes the claims of Bonini and Kettleby are without merit, and Tellurian Investments intends to engage in a vigorous defense of this litigation, Tellurian Investments may not ultimately be successful and any potential liability Tellurian Investments may incur is not reasonably estimable. Even if Tellurian Investments is successful, however, in the defense of this litigation, Tellurian Investments could incur costs, and suffer both an economical loss and an adverse impact on reputation, which could have a material adverse effect on the combined company's business.

***Transactions with Related Parties***

As of June 30, 2016, Tellurian Investments had ongoing agreements with certain related parties to provide general administrative and management services for a term of one year with automatic yearly extensions, including, without limitation, the sourcing, structuring and negotiation of potential business acquisitions and customer contracts. As of January 6, 2017, Tellurian Investments was in the process of terminating such agreements in accordance with their terms and expects to complete that process prior to the closing of the merger. For further details regarding these related party transactions and agreements, please see Historical Condensed Consolidated Financial Statements of Tellurian Investments Inc. Notes to Financial Statements of Tellurian Investments Note 1, *Organization and Description of Operations and Summary of Significant Account Policies* Transactions with Related Parties, Historical Condensed Consolidated Financial Statements of Tellurian Investments Inc. Notes to Financial Statements of Tellurian Investments Note 4, *Transactions with Related Parties*, Historical Consolidated Financial Statements of Tellurian Services LLC Notes to Financial Statements of Tellurian Services LLC Note 1, *Organization and Description of Operations and Summary of Significant Account Policies* Transactions with Related Parties, and Historical Consolidated Financial Statements of Tellurian Services LLC Notes to Financial Statements of Tellurian Services LLC Note 2, *Transactions with Related Parties*.

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**THE MAGELLAN MEETING**

**Date, Time and Place**

The Magellan meeting will take place at [ ] local time, on [ ], in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203.

**Purpose of the Magellan Meeting**

At the Magellan special meeting, holders of Magellan shares will be asked to consider and vote upon five proposals. The first proposal will be to approve the issuance of shares of Magellan common stock to Tellurian Investments stockholders in connection with the merger. The second proposal will be to approve the Magellan 2016 Plan, including the material terms of the performance goals set forth in the Magellan 2016 Plan for purposes of Section 162(m) of the Code. The third proposal will be to approve, on a non-binding advisory basis, the compensation that may become payable to Magellan's named executive officers in connection with the completion of the merger. The fourth proposal will be to approve the adjournment of the Magellan special meeting, if necessary or appropriate, to permit further solicitation of proxies. The fifth proposal will be to ratify the appointment of EKS&H as the independent registered public accounting firm of Magellan for the fiscal year ending June 30, 2017.

Holders of Magellan shares may also be asked to consider and vote upon an adjournment or postponement of the meeting. As of the mailing date of this joint proxy statement/prospectus, the Magellan board of directors knows of no other matter to be presented at the Magellan special 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 of Directors**

The Magellan board of directors has carefully reviewed and considered the terms and conditions of each of the matters to be considered at the Magellan special meeting. Based on its review, Magellan's board of directors has approved (1) the merger agreement, the merger and the other transactions contemplated by the merger agreement; (2) the Magellan 2016 Plan, including the material terms of the performance goals set forth in the Magellan 2016 Plan for purposes of Section 162(m) of the Code; (3) the compensation that may become payable to Magellan's named executive officers in connection with the completion of the merger; and (4) the appointment of EKS&H as the independent registered public accounting firm of Magellan. In addition, the Magellan board of directors has declared that the merger agreement and the merger are fair, advisable, expedient and in the best interests of Magellan and its stockholders. Accordingly, Magellan's board of directors recommends that you vote (1) FOR the approval of the issuance of shares of Magellan common stock to Tellurian Investments stockholders in connection with the merger; (2) FOR the approval of the Magellan 2016 Plan, including the material terms of the performance goals set forth in the Magellan 2016 Plan for purposes of Section 162(m) of the Code; (3) FOR the approval, on a non-binding advisory basis, of the compensation that may become payable to Magellan's named executive officers in connection with the completion of the merger; (4) FOR the proposal to approve the adjournment of the Magellan special meeting, if necessary or appropriate, to permit further solicitation of proxies; and (5) FOR the ratification of the appointment of EKS&H as the independent registered public accounting firm of Magellan for the fiscal year ending June 30, 2017.

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**Table of Contents****Record Date and Voting**

Each holder of record of Magellan common stock at the close of business on [ ], 2017, the record date, is entitled to notice of and to vote at the Magellan special meeting. Each such stockholder is entitled to cast one vote for each share of Magellan common stock on each matter properly submitted for the vote of stockholders at the Magellan special meeting. As of the record date, there were [ ] shares of Magellan common stock issued and outstanding and entitled to vote at the Magellan special meeting.

**Quorum; Voting*****Quorum Required***

A quorum of Magellan stockholders is necessary to hold the Magellan special meeting. In accordance with Magellan's bylaws, the holders of 33 1/3% of the total number of shares issued and outstanding and entitled to be voted at the Magellan special meeting, present in person or by proxy, will constitute a quorum for the transaction of business. Stockholders are counted as present at the Magellan special meeting if they are present in person or have authorized a proxy. The presence of holders of at least [ ] shares of Magellan common stock will constitute a quorum. Under Delaware law, 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 Magellan special meeting. Shares of Magellan common stock held by stockholders who are not present in person or by proxy will not be counted towards a quorum.

If a quorum is not present at the Magellan special meeting, or if a quorum is present at the Magellan special meeting but there are not sufficient votes at the time of the Magellan special meeting to approve Magellan Proposals 1, 2, 3 and 5, then the chairman of the meeting has the power to adjourn the meeting, or, alternatively, Magellan stockholders may be asked to vote on a proposal to adjourn the Magellan special meeting in order to permit the further solicitation of proxies. No notice of an adjourned meeting need be given unless the date, time and place of the resumption of the meeting are not announced at the adjourned meeting, the adjournment is for more than 30 days, or, if after the adjournment, a new record date is fixed for the adjourned meeting, in which cases a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At any adjourned meeting, all proxies will be voted in the same manner as they would have been voted at the original convening of the Magellan special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the adjourned meeting.

***Broker Non-Votes and Abstentions***

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 Magellan Proposal 5 (the proposal to ratify the appointment of EKS&H LLLP as the independent registered public accounting firm of Magellan), all of the matters to be voted on at the Magellan special meeting are considered non-routine. Accordingly, your broker will not be entitled to vote your shares on Magellan Proposal 1, 2, 3 or 4 unless you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this joint proxy statement/prospectus.

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Under Delaware law, an abstention represents a stockholder's affirmative choice to decline to vote on a proposal.

### ***Effects of Broker Non-Votes and Abstentions***

An abstention will have the same effect as a vote AGAINST Magellan Proposals 1, 2, 3, 4 and 5. Broker non-votes and shares of Magellan common stock held by stockholders who are not present in person or by proxy will have no effect on the outcome of voting on Magellan Proposals 1, 2, 3, 4 and 5.

### **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 596,791 shares of Magellan common stock, which represent approximately 10.2% of the voting power of the Magellan capital stock. The directors and executive officers of Magellan are expected to vote FOR all of the proposals being considered at the Magellan special meeting.

### **Required Vote**

Approval of each of Magellan Proposal 1, 2, 3 and 5 requires the affirmative vote of holders of a majority of the shares of Magellan common stock present in person or represented by proxy at the Magellan special meeting and entitled to vote on each respective proposal, assuming that a quorum is present. Approval of Magellan Proposal 4 requires the affirmative vote of holders of a majority of the shares of Magellan common stock present in person or represented by proxy at the Magellan special meeting and entitled to vote on the proposal, regardless of whether there is a quorum.

### **Adjournment and Postponement**

Adjournments and postponements of the Magellan special meeting may be made for the purpose of, among other things, soliciting additional proxies. The Magellan special meeting may be adjourned by the affirmative vote of holders of a majority of the shares of Magellan common stock present in person or represented by proxy at the meeting and entitled to vote on the proposal, regardless of whether there is a quorum.

### **Voting Methods**

#### ***Voting by Proxy Card***

All Magellan shares entitled to vote and represented by properly executed proxies received prior to the Magellan special meeting, and not revoked, will be voted at the meeting in accordance with the instructions indicated on the proxy card accompanying this joint proxy statement/prospectus. 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 Magellan special 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 Magellan special meeting.

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

Vote by telephone call toll free 1-800-690-6903.

Vote your proxy 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Standard Time on [ ], 2017.

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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.proxyvote.com>.

Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Standard Time on [ ], 2017.

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 Magellan special meeting. If a stockholder attends the Magellan special 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 Magellan special 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 Magellan special meeting to Magellan's Corporate Secretary, Antoine J. Lafargue:

if before commencement of the meeting on the date of the meeting, by personal delivery 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, at Magellan's offices, 1775 Sherman Street, Suite 1950, Denver, Colorado 80203;

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

Delivering a proxy will in no way limit your right to vote at the Magellan special 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



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obtain a proxy, executed in your favor, to be able to vote at the Magellan special 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 Magellan special 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 Magellan special meeting.

## **Solicitation of Proxies**

The entire expense of preparing and mailing this joint proxy statement/prospectus 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. 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, Magellan 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 \$20,000 in the aggregate. Magellan 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 Magellan for these services are approximately \$50,000, 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, of which \$20,304.24 has been spent to date.

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 Magellan 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 merger, and Magellan stockholders will keep their existing certificate(s).

## **Assistance**

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

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**THE TELLURIAN INVESTMENTS MEETING**

**Date, Time and Place**

The Tellurian Investments meeting will take place on [ ], 2017, at [ ] local time at the Petroleum Club located at 1201 Louisiana Street, 35th Floor, Houston, Texas 77002.

**Purpose of the Tellurian Investments Meeting**

At the Tellurian Investments special meeting, holders of Tellurian Investments shares will be asked to consider and vote upon one proposal. The proposal will be to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Holders of Tellurian Investments shares may also be asked to consider and vote upon such other matters as may properly come before the Tellurian Investments special meeting, or any adjournment or postponement of the meeting. As of the mailing date of this joint proxy statement/prospectus, the Tellurian Investments board of directors knows of no other matter to be presented at the Tellurian Investments special 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 Tellurian Investments Board of Directors**

The Tellurian Investments board of directors has carefully reviewed and considered the terms and conditions of each of the matters to be considered at the Tellurian Investments special meeting. Based on its review, Tellurian Investments board of directors has approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. In addition, the Tellurian Investments board of directors has declared that the merger agreement and the merger are fair, advisable, expedient and in the best interests of Tellurian Investments and its stockholders. Accordingly, Tellurian Investments board of directors recommends that you vote **FOR** the approval of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

**Record Date and Voting**

Each holder of record of Tellurian Investments common stock at the close of business on [ ], 2017, the record date, is entitled to notice of and to vote at the Tellurian Investments special meeting. Each such stockholder is entitled to cast one vote for each share of Tellurian Investments common stock on each matter properly submitted for the vote of stockholders at the Tellurian Investments special meeting. As of the record date, there were [ ] shares of Tellurian Investments common stock issued and outstanding and entitled to vote at the Tellurian Investments special meeting. Holders of Tellurian Investments Preferred Stock will not be entitled to vote on any proposal relating to the merger.

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### **Quorum; Voting**

#### ***Quorum Required***

A quorum of Tellurian Investments stockholders is necessary to hold the Tellurian Investments special meeting. In accordance with Tellurian Investments bylaws, the holders of a majority of the total number of shares issued and outstanding and entitled to be voted at the Tellurian Investments special meeting, present in person or by proxy, will constitute a quorum for the transaction of business. Stockholders are counted as present at the Tellurian Investments special meeting if they are present in person or have authorized a proxy. The presence of holders of at least [ ] shares of Tellurian Investments common stock will constitute a quorum. Under Delaware law, abstentions are counted as present and are, therefore, included for purposes of determining whether a quorum of shares is present at the Tellurian Investments special meeting. Shares of Tellurian Investments common stock held by stockholders who are not present in person or by proxy will not be counted towards a quorum.

#### ***Abstentions***

Under Delaware law, an abstention represents a stockholder's affirmative choice to decline to vote on a proposal.

#### ***Effects of Abstentions***

For Tellurian Investments Proposal 1, an abstention will have the same effect as a vote AGAINST the proposal.

### **Voting by Tellurian Investments Directors and Executive Officers**

As of the record date, the directors and executive officers of Tellurian Investments beneficially owned and were entitled to vote [ ] shares of Tellurian Investments common stock, which represent approximately [ ]% of the voting power of the Tellurian Investments capital stock. The directors and executive officers of Tellurian Investments are expected to vote FOR the proposal being considered at the Tellurian Investments special meeting.

### **Required Vote**

Approval of Tellurian Investments Proposal 1 requires the affirmative vote of holders of a majority of the outstanding shares of Tellurian Investments common stock entitled to vote thereon.

### **Adjournment and Postponement**

Adjournments and postponements of the Tellurian Investments special meeting may be made for the purpose of, among other things, soliciting additional proxies. The Tellurian Investments special meeting may be adjourned by the affirmative vote of holders of a majority of the shares of Tellurian Investments common stock present in person or represented by proxy at the meeting and entitled to vote thereon, regardless of whether there is a quorum.

### **Voting Methods**

#### ***Voting by Proxy Card***

All Tellurian Investments shares entitled to vote and represented by properly executed proxies received prior to the Tellurian Investments special meeting, and not revoked, will be voted at the



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

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

Vote by telephone call toll free 1-800-690-6903.

Vote your proxy 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Standard Time on [ ], 2017.

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.proxyvote.com>.

Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Standard Time on [ ], 2017.

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 Tellurian Investments 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.

Tellurian Investments has also retained 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 Tellurian Investments for these services are approximately \$10,000, 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, of which \$0 has been spent to date.

***Voting by Attending the Meeting***

Holders of record of Tellurian Investments shares and their authorized proxies may also vote their shares in person at the Tellurian Investments special meeting. If a stockholder attends the Tellurian Investments special 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.



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### **Revocability of Proxies**

You may revoke your proxy at any time before the vote is taken at the Tellurian Investments special meeting. You may revoke your proxy by:

1. giving written notice of revocation no later than the voting of the proxy at the Tellurian Investments special meeting to Tellurian Investments Corporate Secretary, Christopher Daniels:

if before the voting of the proxy on the date of the meeting, by personal delivery at the Petroleum Club located at 1201 Louisiana Street, 35th Floor, Houston, Texas 77002; and

if delivered before the date of the meeting, at Tellurian Investments offices, 1201 Louisiana Street, Suite 3100, Houston, Texas 77002; or

2. delivering no later than the commencement of the Tellurian Investments special meeting a properly executed, later-dated proxy.

Delivering a proxy will in no way limit your right to vote at the Tellurian Investments special meeting if you later decide to attend in person and revoke the proxy in writing. The persons authorized under the proxies will vote upon any other business that may properly come before the Tellurian Investments special 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, Tellurian Investments does not anticipate that any matters will be raised at the Tellurian Investments special meeting.

### **Exchange of Certificates**

Tellurian Investments stockholders existing stock certificate(s) will be converted into the right to receive Magellan certificates in accordance with the terms and provisions of the merger agreement.

### **Assistance**

If you need assistance in completing your proxy card, have questions regarding the Tellurian Investments special meeting, the proposals to be made at the meeting or how to submit your proxy, or want additional copies of this joint proxy statement/prospectus or the enclosed proxy card, please contact Christopher Daniels, the Corporate Secretary of Tellurian Investments, at (832) 962-4000.

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**THE MERGER**

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

**Effects of the Merger**

At the effective time of the merger, Merger Sub, a wholly owned subsidiary of Magellan that was formed for the sole purpose of effecting the merger, will merge with and into Tellurian Investments. Tellurian Investments will survive the merger and become a subsidiary of Magellan. In the merger, each share of Tellurian Investments common stock outstanding immediately prior to the effective time will be converted at the effective time into the right to receive 1.300 shares of Magellan common stock. If a holder of Tellurian Investments stock is entitled to receive any fractional shares of Magellan stock, such holder will receive such fractional share. Except for adjustments made to reflect stock splits, share issuances and similar changes, the exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger. Magellan stockholders will continue to hold their existing Magellan shares.

**Background of the Merger**

The Magellan board of directors continuously reviews Magellan's strategic goals, 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 merger.

Magellan was founded in 1957 and its assets and operations have changed substantially over the course of its history. In recent years, Magellan has focused on the development of a CO<sub>2</sub>-EOR project in the Poplar field, located in Montana. It has also pursued the development of exploration acreage it held 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 its assets may ultimately have considerable value, none currently produces revenue. Therefore, in order to continue to develop and ultimately monetize the projects, 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. Financing transactions included the issuance to One Stone of Magellan Series A Preferred Stock (the Preferred Stock) in May 2013 for proceeds of approximately \$23.5 million. A second financing transaction was completed in September 2014, when Magellan's Poplar subsidiary entered into a loan agreement with West Texas State Bank. Magellan guaranteed Poplar's obligations under the loan agreement. The amount outstanding under the loan agreement at the time of closing of the One Stone transaction described below was \$5.5 million.

In the last four years, Magellan has focused on the development of the CO<sub>2</sub>-EOR project at the Poplar field primarily by implementing a five-well pilot project. In May 2015, Magellan determined that CO<sub>2</sub>-EOR is a technically viable technique for recovery of hydrocarbons from the Charles formation at the Poplar field. 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 had a variety of adverse effects on Magellan, including reducing both the 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 common stock decreased significantly as well. In mid-



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2015, as it began to become increasingly apparent that oil prices were not going to recover quickly, Magellan's management and its board of directors considered various options for addressing the situation, including sales of significant assets or Magellan as a whole or focusing Magellan's business and strategy on certain of Magellan's other international assets.

With respect to the international assets, Magellan estimated that although the prospects identified through the seismic surveys conducted in 2012 and 2013 over the NT/P82 block in the Bonaparte Basin, offshore Australia, were promising, these prospects remained at an early stage of the exploration process and required significant capital to be further assessed. Therefore, Magellan's management and board of directors determined that Magellan's interests in NT/P82 should not form the basis of Magellan's core business at that time. With respect to Magellan's interests in the United Kingdom, Magellan considered the following factors: (i) the term of the main licenses in the central Weald Basin expiring in June 2016, (ii) the then-pending litigation with Celtique, which hampered Magellan's ability to strategically progress the potential play in the Weald, and (iii) the challenging political and social environment in the United Kingdom, particularly evidenced by the rejection of the planning application of Cuadrilla Resources Limited's proposed wells in Lancashire. Although the Horse Hill-1 well presents interesting prospects, these remained uncertain at the time of the review, and Magellan merely holds a 35% interest and is not the operator of the well, which, along with the factors noted above, undermined the viability of focusing Magellan's business plan on its U.K. assets. Accordingly, the Magellan board of directors directed its focus to a potential sale of Magellan or all or substantially all of its assets.

Recognizing that One Stone, which had two representatives on the Magellan board of directors, might be interested in participating in any sale process as a buyer, the Magellan board of directors formed the Special Committee on June 5, 2015. The Special Committee was comprised of independent directors Brendan S. MacMillan, Ronald P. Pettirossi and J. Robinson West, with Mr. West acting as chairperson. The Magellan board of directors authorized the Special Committee to, among other things, investigate, negotiate and pursue all strategic alternatives reasonably available to Magellan, including by 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 Delaware law, recommending that the Magellan board of directors 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 arose from or related to the strategic alternatives review process which it deemed to be inadequate or otherwise not in the best interests of Magellan stockholders, and the Magellan board of directors 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.

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 Magellan 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 Magellan's CQ-EOR projects. This process resulted in five introductory meetings, three companies being provided with access to Magellan's virtual data room and three companies being

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provided with technical reviews and data relating to the Poplar CO<sub>2</sub>-EOR project. However, none of the contacted companies submitted an indicative proposal for a strategic transaction, and each terminated discussions by or before January 2016, except (i) One Stone, as described below, and (ii) one private company ( Company A ), which 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. The Special Committee referred to the potential transaction with Company A, and any potential transaction similarly predicated on the elimination of the Preferred Stock and the West Texas State Bank loan, as the Black Transaction, and referred to a potential transaction involving Poplar, the Preferred Stock and the West Texas State Bank loan as the Green 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 was focused primarily during this period on a Green Transaction with One Stone because (i) none of the companies contacted by Petrie had expressed an interest in acquiring the entire company, (ii) eliminating the negative cash flows associated with the Poplar properties and the liabilities associated with the West Texas State Bank loan was a high priority given Magellan's strained liquidity position and (iii) it believed completing a Green Transaction would be a necessary prerequisite to a successful Black Transaction process, which the Special Committee believed had the greatest potential to provide value to Magellan common stockholders. However, in the initial stages of the process, the Special Committee did consider pursuing the Green and Black Transactions on a simultaneous basis. In mid-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. One Stone indicated its interest in a potential transaction involving an exchange of the Preferred Stock for Poplar or the Poplar field. 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 with Company A, 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. One Stone expressed to Petrie and to Antoine J. Lafargue, Magellan's then-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 with Magellan. In November 2015, Company A communicated to Petrie that it had decided not to pursue the Black Transaction further.

Negotiations regarding the Green Transaction continued with One Stone. The negotiation process with respect to the Green Transaction is described in more detail in the Background of the Exchange section of Magellan's definitive proxy statement filed with the SEC on June 6, 2016. On March 30, 2016, the Special Committee held a telephonic meeting at which it approved an exchange agreement with One Stone pursuant to which agreement Magellan would, among other things, transfer its interest in Poplar to One Stone in exchange for all of the outstanding shares of Preferred Stock and a cash payment. The parties entered into the exchange agreement on March 31, 2016. In a press release announcing the exchange agreement, Magellan indicated that it would focus on generating additional value for shareholders by monetizing [its] international assets and pursuing business combination

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opportunities, possibly with private companies or international parties interested in accessing United States capital markets. On May 18, 2016, Magellan completed the sale to Macquarie Bank of certain bonus rights related to the Mereenie field in Australia, which rights were contingent on certain gas sales volumes from the Mereenie field. On June 10, 2016, Magellan entered into several contemporaneous agreements, resulting in (i) the sale of the combined interests of Celtique and Magellan in the Weald Basin to UKOG in primarily Petroleum Exploration and Development License 234, where the potential Broadford Bridge well is located, and (ii) the settlement of the litigation with Celtique, which in each case were completed on August 11, 2016. On July 13, 2016, Magellan stockholders approved the transactions contemplated by the exchange agreement, and those transactions closed on August 1, 2016.

Between the execution of the exchange agreement and July 2016, Petrie contacted 30 companies with respect to a potential Black Transaction. Most, but not all, of these companies are involved in the upstream or midstream sectors of the energy industry. Of the 30 companies contacted, six became actively engaged in discussions, and four were selected to present their management teams and business plans to the Special Committee. Tellurian Investments was one of the companies contacted in April 2016, but it indicated to Petrie at that time that it was not interested in pursuing a transaction.

The principal of one of the four companies that presented its business plan to the Special Committee was the Founding Partner of Company A, although the focus of discussions at this time was on a different company controlled by the Founding Partner ( Company B ). Company B is in the process of developing a project that would provide water for drilling activities in an area of active oil and gas development. The Special Committee believed that Company B had an attractive business plan because it had access to a substantial water resource with attractive cost characteristics and the preliminary support of a large, financially stable company that would provide most of the necessary financing. On May 19, 2016, members of Magellan's management met with representatives of Company B and Petrie to discuss a potential business combination. On May 24, 2016, the Special Committee held a meeting to discuss potentially interested parties, including the five most active companies in the process, which included Company B. Magellan and Company B began a mutual due diligence process, and DGS and counsel for Company B began drafting transaction documents.

During this time, Company B indicated to Mr. Lafargue that it might be interested in retaining him following the completion of the business combination transaction in a Chief Financial Officer or similar role. Mr. Lafargue promptly reported this conversation to the Special Committee. On June 20, 2016 the Special Committee considered this issue, recognizing that while allowing Mr. Lafargue to negotiate the terms of his potential employment with Company B could create a conflict of interest with respect to the business combination transaction negotiations, prohibiting him from doing so could lead him to conclude that he had to consider other employment options. After deliberation, in light of the critical role Mr. Lafargue was playing and was expected to continue to play in both the Green and Black Transaction processes, the Special Committee instructed Mr. Lafargue that he would be permitted to discuss his potential future employment with Company B, but that he would be required to promptly report to Mr. West the substance of all such discussions.

In late June 2016, Tellurian Investments indicated to Petrie that Tellurian Investments was interested in discussing a potential business combination transaction with Magellan notwithstanding Tellurian Investments' statement to the contrary in April 2016. Petrie informed the Special Committee of this interest, and disclosed to the Special Committee that it had a number of relationships with Tellurian Investments: (i) it had assisted Tellurian Investments with a recent private placement of

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common stock, (ii) one of its principals, Michael Bock, is a member of Tellurian Investments' board of directors and (iii) several of its principals had personal investments in Tellurian Investments common stock, none of which was material to the personal net worth of the principal. The Special Committee considered these issues and their potential impact on the negotiation process with Tellurian Investments and the fairness opinion Petrie would be expected to give in connection with any transaction with Tellurian Investments. After deliberation, the Special Committee concluded that these issues would not likely have a material effect on the process but that it would consider them in its overall evaluation of the potential transaction.

On July 7, 2016, the Special Committee and Tellurian Investments met telephonically to discuss Tellurian Investments' management's experience, its business plan, and the proposed terms of a business combination. Between July 7 and July 9, 2016, Petrie negotiated with Tellurian Investments the exchange ratio representing the number of shares of Magellan common stock that would be issued to Tellurian Investments stockholders per issued and outstanding share of Tellurian Investments common stock, and tentatively agreed that the exchange ratio would be 1.300. This ratio was based on Tellurian Investments' view that the fair value of Magellan's assets was between \$10 million and \$15 million, which Magellan viewed as reasonable, and Magellan's view that the fair value of Tellurian Investments' business was between \$200 million and \$300 million, which Tellurian Investments viewed as reasonable. Based on approximately 90 million shares of Tellurian Investments common stock then outstanding, these values for Tellurian Investments implied a per share value of \$2.22 to \$3.33 per Tellurian Investments share. Based on approximately 5.9 million shares of Magellan common stock then outstanding, these values for Magellan implied a per share value of \$1.70 to \$2.54 per Magellan share. Comparing the low and the high end of the range for each company to the corresponding portion of the range for the other company yielded a relationship of approximately 1.3 shares of Magellan common stock for each share of Tellurian Investments common stock. In the meantime, discussions continued with Company B. During this period, Tellurian Investments indicated to Mr. Lafargue that it was interested in retaining him as Chief Financial Officer of the combined company. Mr. Lafargue reported this interest to the Special Committee, which instructed him to report to Mr. West on any discussions regarding his employment, as he had done with respect to Company B.

On Friday, July 8, 2016, the Special Committee met with the intention of deciding which of the potential transactions to pursue. It initially concluded that, although both proposals were attractive, Magellan should pursue the transaction with Company B. Later that day, however, Company B indicated to Mr. Lafargue that in conjunction with the business combination with Magellan, Company B would seek to raise additional financing and that the transfer of the water rights supporting the project would be subject to the success of the capital raising efforts, which differed from what Magellan had previously understood. Management and the Special Committee discussed these issues informally over that weekend. On Monday, July 11, 2016, the Special Committee met again and, in light of these discussions, unanimously decided to pursue the transaction with Tellurian Investments. On July 12, 2016, Magellan and Petrie indicated to Company B that it was pursuing negotiations with another party.

Magellan and Tellurian Investments entered into a confidentiality agreement on July 13, 2016. Initial reciprocal due diligence was conducted in Petrie's office on July 21, 2016, and additional due diligence continued until the execution of the merger agreement on August 2, 2016. DGS provided to Tellurian Investments and its counsel, Gray Reed & McGraw, P.C. ( GRM ), an initial draft of a merger agreement on July 15, 2016. On July 26, 2016, GRM provided to Magellan and DGS a revised draft of the merger agreement, which the parties discussed on July 28, 2016. During that discussion, both parties agreed, among other things, (i) to eliminate certain conditions precedent to completion of

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the merger, such as (A) receipt by both parties of any third-party consents and (B) satisfactory completion of Tellurian Investments' due diligence investigation of Magellan; (ii) to limit the scope of the representations and disclosure schedules of Magellan; and (iii) to provide for a reverse termination fee to Magellan under certain conditions. On July 28, 2016, DGS circulated a revised draft of the merger agreement reflecting these changes. On August 1, 2016, GRM distributed a further revised draft of the merger agreement, reflecting minor modifications. The parties continued to exchange drafts of the merger agreement and related disclosure schedules until the execution of the merger agreement.

After the exchange ratio in the merger agreement had been determined, the parties discussed three compensation- and governance-related issues. First, the parties considered the terms of Mr. Lafargue's potential employment with the combined company and the effect of Mr. Lafargue's then-existing compensation arrangements. Those arrangements would have provided Mr. Lafargue with a potentially significant severance payment in connection with the Black Transaction depending on Magellan's stock price performance following the announcement of such a transaction. For example, assuming a price per share of Magellan common stock of \$3.00 immediately following the closing of the Black Transaction, Mr. Lafargue would have been entitled to approximately \$2.4 million, excluding a severance payment of approximately \$600,000. As Mr. Lafargue reported to Mr. West, Tellurian Investments desired Mr. Lafargue to surrender his right to that payment in exchange for the compensation to be provided him pursuant to a new contractual arrangement. Second, the parties considered whether Mr. Wilson would resign as Magellan's Chief Executive Officer in connection with the merger and what severance he would receive. Third, the parties considered the fact that the members of the Special Committee had not received any board fees or other compensation, whether in stock or in cash, since June 2015. After discussion, Tellurian Investments proposed to resolve the issues regarding Mr. Wilson and the members of the Special Committee in the manner described in The Merger Interests of Magellan Directors and Executive Officers in the Merger. With respect to Mr. Lafargue, he and Tellurian Investments agreed on the terms of his future employment as set forth in a schedule to the merger agreement and described in The Merger Agreement Summary of Employment Contract Term Sheet of Mr. Lafargue. As instructed, Mr. Lafargue promptly disclosed the substance of these negotiations to the Special Committee.

On August 1, 2016, the Special Committee held a telephonic meeting, with representatives of Petrie and DGS and Messrs. Wilson and Lafargue attending. At this meeting, management reported that the transactions contemplated by the exchange agreement with One Stone closed on August 1, 2016. In addition, DGS reviewed with the Special Committee the key terms of the draft merger agreement, and Petrie presented the analyses underlying its fairness opinion process, in each case referring to written materials that had been circulated to the Special Committee prior to the meeting.

On August 2, 2016, the Magellan board of directors met to further consider the proposed merger agreement. Because the Green Transaction with One Stone had closed the day before, the Magellan board of directors no longer considered it necessary to conduct the process through the Special Committee. At this meeting, the Magellan board of directors discussed the current status of negotiations regarding the merger and the due diligence review of certain aspects of Tellurian Investments' business as conducted by DGS and Magellan. Petrie then orally delivered its fairness opinion to the Magellan board of directors to the effect that the consideration contemplated in the merger agreement was fair, from a financial point of view, to Magellan, which was followed by delivery of its written opinion dated August 2, 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 B hereto. Following discussion and deliberation, the Magellan board of directors then unanimously (i) determined that it



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was in the best interests of Magellan and its stockholders to enter into the merger agreement and the merger, (ii) approved the merger agreement and the merger, (iii) submitted the merger agreement for a vote of the Magellan stockholders and (iv) recommended approval of the merger agreement and the merger by the Magellan stockholders.

In October and November 2016, Tellurian Investments and Magellan considered various ways to address the pressing liquidity concerns of the combined company, including a possible equity investment from GE, a company with which certain board members and executives of Tellurian Investments have had a long-standing business relationship. On November 23, 2016, Tellurian Investments and GE entered into a preferred stock purchase agreement pursuant to which Tellurian Investments issued to GE 5,467,851 shares of Tellurian Investments Preferred Stock for an aggregate purchase price of \$25 million. On the same date, Magellan, Tellurian Investments and Merger Sub entered into an amendment to the merger agreement in order to permit the issuance of the Tellurian Investments Preferred Stock, to revise certain related representations of Tellurian Investments in the merger agreement and to extend the date after which Magellan or Tellurian Investments may terminate the merger agreement, among other items. Also on November 23, 2016, Magellan and GE entered into a guaranty and support agreement pursuant to which Magellan will, contingent on the closing of the merger, guarantee to GE the performance of all of the obligations of Tellurian in connection with the preferred stock purchase agreement.

In addition, the management of Tellurian Investments and TOTAL S.A., the parent company of TOTAL, had various discussions over the second half of 2016, some of which involved the possibility of an equity investment in Tellurian Investments by TOTAL or one of its affiliates. As with GE, members of Tellurian Investments management have long-standing relationships with TOTAL S.A. In early December 2016, TOTAL S.A. proposed a transaction in which it would invest approximately \$200 million in Tellurian Investments at a price based on a modest discount to the market price of Magellan common stock. Tellurian Investments discussed this proposal with Magellan, and both agreed that the proposal was attractive based on the amount of financing to be provided and the per share price. In addition, both companies believed that the TOTAL Investment, like the GE investment, would benefit Tellurian Investments and the post-merger company. On December 19, 2016, Tellurian Investments and TOTAL entered into a common stock purchase agreement pursuant to which Tellurian Investments agreed to issue 35,384,615 shares of its common stock to TOTAL for an aggregate purchase price of approximately \$207 million (or \$5.85 per share). Tellurian Investments agreed to provide TOTAL certain registration rights and pre-emptive rights with respect to the purchased shares, and Magellan agreed that those rights would apply to shares of Magellan common stock issued to TOTAL in the merger. Also, Tellurian Investments agreed to provide TOTAL the right to designate one member of the Tellurian Investments board of directors, and Magellan agreed that this right will apply to the Magellan board of directors following completion of the merger. The TOTAL Investment was completed on January 3, 2017.

Upon the closing of the transactions contemplated by the common stock purchase agreement between Tellurian Investments and TOTAL, (i) Magellan, Tellurian Investments, TOTAL, Charif Souki, the Souki Family 2016 Trust, and Martin Houston entered into a voting agreement pursuant to which Mr. Souki, the Souki Family 2016 Trust, and Mr. Houston agreed to vote all shares of the combined company's stock they own in favor of the TOTAL board designee for so long as TOTAL owns not less than ten percent (10%) of the outstanding shares of Tellurian Investments common stock or Magellan common stock, as applicable; (ii) Magellan and TOTAL entered into a guaranty and support agreement pursuant to which Magellan will, contingent on the closing of the merger, guarantee to TOTAL the performance of all of the obligations of Tellurian Investments in connection with the

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common stock purchase agreement; and (iii) Tellurian Investments and TOTAL entered into a pre-emptive rights agreement pursuant to which TOTAL was granted a right to purchase its pro rata portion of any new equity securities that Tellurian Investments may issue to a third party on the same terms and conditions as such equity securities are offered and sold to such party, subject to certain excepted offerings. In connection with the common stock purchase agreement, following the closing of the merger, Magellan and TOTAL will enter into a pre-emptive rights agreement with terms and conditions similar to those contained in the form of pre-emptive rights agreement between Tellurian Investments and TOTAL but subject to additional excepted offerings.

**Magellan's Reasons for the Merger; Recommendation of the Magellan Board of Directors and Special Committee**

On June 5, 2015, the Magellan board of directors 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 Magellan, 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 Delaware law, recommending that the Magellan board of directors 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 Magellan stockholders, and the Magellan board of directors resolved to uphold and act in accordance with any such rejection by the Special Committee. After careful consideration, the Magellan board of directors (which assumed the functions of the Special Committee following the closing of the Green Transaction with One Stone) unanimously determined that the merger is in the best interests of Magellan and the holders of its common stock. This explanation of the reasons of the Special Committee and the Magellan board of directors for recommending the merger 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**.

Each of the Special Committee and the Magellan board of directors considered the following material factors that it believes support its determinations:

***Strategic Considerations and Benefits from the Merger***

the benefit to holders of Magellan common stock resulting from their ability to participate in the growth of the combined company, taking into account (i) the business plan of Tellurian Investments, (ii) the experience and credentials of Tellurian Investments' senior management as recognized global leaders in the LNG business and (iii) the track records of the members of Tellurian Investments' management in building value for shareholders of their prior employers;

the long-term prospects for the LNG industry, which the Special Committee and the Magellan board of directors believe to be favorable (although the Special Committee and the Magellan board of directors recognize that the near- and medium-term prospects for the industry will likely be more challenging);





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that although Magellan retains assets it believes have certain potential value, none of these assets currently generates revenue and therefore, pursuant to Magellan's announced strategy, it will need to pursue a business combination transaction in the relatively near future;

the belief of the Magellan board of directors that the combined company will be able to benefit stockholders by executing on Tellurian Investments' business plan and taking advantage of Magellan's remaining assets and public reporting platform;

most of the alternative candidates Magellan considered as potential merger partners are in the upstream or midstream sectors of the energy industry and are experiencing varying degrees of financial stress as a result of the current commodity price environment, while Tellurian Investments' business plan contemplates that it will not be directly exposed to commodity price risk for a number of years;

that the business plan of Company B, while attractive in some respects, is at an early stage of implementation and will require the support of a third party that is not obligated at present to provide such support;

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 several dozen potentially interested parties regarding a transaction involving a merger or sale of Magellan or its assets;

***Opinion of Petrie Partners Securities, LLC***

the financial presentation and opinion, dated August 2, 2016, of Petrie to the Magellan board of directors as to the fairness, from a financial point of view and as of the date of such opinion, of the exchange ratio to Magellan, 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 Merger Agreement***

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

the fact that the merger agreement allows the Magellan board of directors, under specified circumstances, to change or withdraw its recommendation to the Magellan stockholders with respect to the approval of the merger; and

the fact that if Tellurian Investments controlling stockholders cause the merger agreement to be terminated by voting against the approval of the merger at the Tellurian Investments meeting, Magellan will receive a termination fee of \$1 million.

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***Risks and Potentially Negative Factors***

The Special Committee and the Magellan board of directors also considered a variety of risks and other potentially negative factors concerning the merger agreement and the merger, including the following:

the fact that Magellan's existing stockholders will own only a minority interest in the combined company, and will therefore experience a high degree of dilution in terms of their current ownership as a result of the merger;

the fact that Tellurian Investments' business plan does not contemplate the combined company generating revenues from operations for several years, and that implementation of that plan is subject to numerous risks and uncertainties;

the fact that, while Magellan expects the merger will be consummated, there can be no guarantee that all conditions to the parties' obligations to consummate the merger will be satisfied, in particular because Tellurian Investments' stockholders could elect to vote against approval of the merger at the Tellurian Investments meeting;

the fact that, under certain circumstances, Magellan may be required to pay a termination fee upon termination of the merger agreement in specified circumstances;

the fact that the analyses and projections on which the Magellan board of directors made its determinations are uncertain; and

the fact that actual or potential conflicts of interest existed relating to Messrs. Wilson and Lafargue and Petrie as discussed in *The Merger Interests of Magellan Directors and Executive Officers in the Merger*, *The Merger Background of the Merger* and *The Merger Opinion of Magellan's Financial Advisor*, although the Special Committee and the Magellan board of directors concluded that these conflicts were either not material to the negotiating process and/or were appropriately addressed during the process.

The Magellan board of directors unanimously 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 Magellan board of directors 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 Magellan board of directors 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 Magellan board of directors may have given differing weights to different factors.

**Opinion of Magellan's Financial Advisor**

***Opinion of Petrie Partners Securities, LLC to the Magellan Board of Directors***

On June 29, 2015, Magellan and Petrie entered into an engagement letter (such engagement letter was amended in certain respects as of March 14, 2016) pursuant to which Petrie is acting as financial advisor to Magellan. On August 2, 2016, at a meeting of the Magellan board of directors, Petrie rendered its oral opinion, subsequently confirmed by delivery of its written opinion, that, as of August 2, 2016, and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the exchange ratio was fair, from a financial point of view, to Magellan.

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**The full text of the written opinion of Petrie, dated as of August 2, 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 B to this joint proxy statement/prospectus and is incorporated by reference in its entirety into this joint proxy statement/prospectus. 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 Magellan board of directors in connection with its evaluation of whether the exchange ratio 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 information relating to Magellan, including (i) the Annual Report on Form 10-K and related audited financial statements for the fiscal year ended June 30, 2015, and (ii) the Quarterly Report on Form 10-Q and related unaudited financial statements for the fiscal quarter ended March 31, 2016;

reviewed the Tellurian Investments Confidential Offering Memorandum dated June 14, 2016 and unaudited financial statements for the period ended June 30, 2016;

reviewed certain non-public operating data relating to Magellan and Tellurian Investments prepared and furnished to Petrie by the respective management team and staff of Magellan and Tellurian Investments;

reviewed certain non-public financial and operating projections relating to Tellurian Investments prepared and furnished to Petrie on July 27, 2016 by the management team and staff of Tellurian Investments;

discussed current operations, financial positioning and future prospects of Magellan and Tellurian Investments with the respective management team of Magellan and Tellurian Investments;

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

compared the financial terms of the merger with the financial terms of similar transactions Petrie has deemed relevant;

participated in certain discussions and negotiations among the representatives of Magellan and its legal advisors and Tellurian Investments and its legal advisors;

reviewed a draft of the merger agreement dated July 28, 2016; and

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

In rendering its opinion, upon the advice of Magellan and Tellurian Investments, 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 and Tellurian Investments. Petrie further relied upon the assurances of representatives of the management and staff of Magellan

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and Tellurian Investments 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 and Tellurian Investments, 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 and Tellurian Investments relating to the future financial and operational performance of Magellan and Tellurian Investments, respectively. Petrie expressed no view as to any projected financial and operating data relating to Magellan and Tellurian Investments or the assumptions upon which they were based.

Petrie did not make an independent evaluation or appraisal of the assets or liabilities of Magellan or Tellurian Investments, nor was Petrie furnished with any such evaluations or appraisals, nor did Petrie evaluate the solvency or fair value of Magellan or Tellurian Investments 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 Magellan or Tellurian Investments.

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 merger agreement were true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the merger agreement and that all conditions to consummation of the merger 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 merger 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 merger or that would materially reduce the benefits of the merger to Magellan.

Petrie's opinion relates solely to the fairness, from a financial point of view, of the exchange ratio to Magellan. Petrie did not express any view on, and its opinion does not address, the fairness of the merger to, or any consideration received in connection with the merger by, any creditors or other constituencies of Magellan, nor does it address 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 merger would not vary in any material respect from what was assumed in its analysis and that the final merger agreement was, in all material respects, the same as the draft of the merger agreement reviewed by Petrie. Petrie's advisory services and the opinion expressed herein were provided for the information and benefit of the Magellan board or directors in connection with its consideration of the transactions contemplated by the merger 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 merger agreement. Petrie's opinion does not address the relative merits of the merger 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 merger. Petrie was not asked to consider, and its opinion does not address, the prices at which Magellan common stock will actually trade at any time, including following the announcement or consummation of the merger. 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 merger.



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Petrie acted as financial advisor to Magellan, and Petrie has received a fee from Magellan for its services related to the rendering of its opinion, regardless of the conclusions expressed therein. In addition, Magellan agreed to reimburse Petrie's expenses, and Petrie will be entitled to receive a success fee if the merger 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, certain of Petrie's affiliates provided financial advisory services to Magellan, and received fees from Magellan in connection with an exchange transaction involving Magellan and One Stone. In 2016, certain of Petrie's affiliates provided financial advisory services to Tellurian Investments, and received fees of approximately \$1.0 million from Tellurian Investments in connection with a private placement of equity securities by Tellurian Investments (the Private Placement). Several of Petrie's principals are beneficial owners of an aggregate of approximately 1,550,000 shares of Tellurian Investments common stock (representing 1.1% of the Tellurian Investments common stock currently outstanding), the beneficial interests in which were acquired in connection with the Private Placement. On March 24, 2016 one of Petrie's principals, Michael Bock, was appointed to, and currently serves on, the board of directors of Tellurian Investments. Otherwise, during the two-year period prior to the date hereof, no material relationship existed between Petrie and its affiliates, on the one hand, and Magellan or Tellurian Investments and their applicable affiliates, on the other hand, pursuant to which Petrie or any of its affiliates received compensation as a result of such relationship. Petrie may provide financial or other services to Magellan and Tellurian Investments in the future and in connection with any such services Petrie may receive customary compensation. Furthermore, in the ordinary course of business, Petrie or its affiliates may trade in the debt or equity securities of Magellan or Tellurian Investments for Petrie's own account 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 August 2, 2016 and the conditions and prospects, financial and otherwise, of Magellan and Tellurian Investments as they were represented to Petrie as of August 2, 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 Magellan board of directors in connection with rendering its oral opinion on August 2, 2016, and the preparation of its written opinion letter dated August 2, 2016. Each analysis was provided to the Magellan board of directors. 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 such analyses do not represent any relative importance or particular weight given to such 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 August 2, 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.**

**Table of Contents****Reference Value Analyses**

Petrie performed a series of analyses to derive a range of implied exchange ratios by utilizing the following methodologies to arrive at per share equity value ranges for Magellan and Tellurian Investments.

**Sum-of-the-Parts Analysis of Magellan**

Petrie performed a sum-of-the-parts analysis. A sum-of-the-parts analysis is a method of valuing a company by determining what its aggregate assets would be worth if they were acquired by another company. As of August 2, 2016, Magellan's principal assets consisted of cash and cash equivalents, securities available for sale, oil and gas assets in the United Kingdom and Australia and rights to a contingent bonus payment related to a hydrocarbon field in Australia.

For the value of Magellan's cash and cash equivalents of approximately \$3.5 million, Petrie reviewed Magellan's cash balance as of March 31, 2016, pro forma for the exchange agreement with One Stone and the cash proceeds from the sale of the Mereenie bonus and Central Weald Basin assets. For the value of Magellan's securities available for sale of approximately \$1.6 million, consisting of common stock of Central Petroleum Limited and common stock of UK Oil & Gas Investments PLC, Petrie used the most recent trading price for each security.

For the value of Magellan's oil and gas assets in the United Kingdom of approximately \$6.0 million to \$10.0 million, Petrie reviewed selected publicly available information for five oil and gas transactions announced between August 2014 and April 2016 that included interests in Horse Hill Development Limited, Magellan's 65% working interest partners in the Horse Hill-1 well and the Petroleum Exploration and Development Licenses 137 and 246.

**Precedent Transactions**

<b>Date Announced</b>	<b>Buyer</b>	<b>Seller</b>	<b>Value (\$ in millions)</b>
04/18/16	UK Oil & Gas Investments PLC	Angus Energy Ltd	\$2.6
02/22/16	Regency Mines	Angus Energy Ltd	\$0.6
03/13/15	UK Oil & Gas Investments PLC	Danadav Investments Ltd.	\$0.5
03/09/15	UK Oil & Gas Investments PLC	Angus Energy Ltd; Danadav Investments Ltd.	\$0.6
08/13/14	UK Oil & Gas Investments PLC	Undisclosed Seller	\$1.3

The value of Magellan's oil and gas assets in Australia was estimated at \$1.0 million to \$3.0 million. The value of the farm-out of the NT/P82 exploration license was based on Magellan management's estimate of the costs associated with the required work commitment (AUD \$8.0 million to AUD \$12.0 million) and the delivery by Magellan to a third party of a partial working interest in the NT/P82 exploration license in exchange for such third party completing the work commitment at its own expense. The value of the contingent Palm Valley bonus was based on the present value of expected bonus payments calculated using Magellan management's estimate of future Palm Valley production and various commodity price scenarios.

From the enterprise reference values implied by this analysis, Petrie subtracted liabilities including accounts payable and accrued liabilities and notes payable as of March 31, 2016 to determine a composite equity value reference range of \$1.35 to \$2.30 per share of Magellan common stock.

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***Public Market Premium Analysis of Magellan***

Petrie reviewed publicly available information for selected completed corporate transactions, announced since January 1, 2010, wherein the target was a publicly traded U.S. company, to determine the equity prices paid in transactions relative to the trading prices of the target companies prior to announcement of the transaction. Petrie reviewed publicly available information, including, but not limited to, SEC filings, databases and industry reports for these selected transactions, to arrive at premiums paid for a group of companies, which, in Petrie's judgment, were generally comparable to Magellan, based upon criteria set forth below. In each specific transaction, Petrie determined the premium or discount paid based on the value of the per share consideration received in the transaction, relative to the closing price of the target company (i) on the day prior to the announcement, (ii) 30 days prior to the announcement and (iii) 60 days prior to the announcement.

Petrie selected transactions by applying the following criteria:

Target companies that were U.S. corporations publicly traded on domestic exchanges;

Target companies in the upstream oil and gas industry;

Transactions that were announced after January 1, 2010; and

Transaction values of less than \$1.0 billion.

Petrie analyzed the following nine comparable public company transactions:

Earthstone Energy, Inc. acquisition of Oak Valley Resources LLC

Stratex Oil & Gas Holdings, Inc. acquisition of Richfield Oil & Gas Co.

Contango Oil & Gas Co. acquisition of Crimson Exploration, Inc.

Forestar Group, Inc. acquisition of CREDO Petroleum Corp.

Halcon Resources LLC acquisition of Ram Energy Resources, Inc.

Denver Parent Corp. acquisition of Venoco, Inc.

Magnum Hunter Resources Corp. acquisition of NGAS Resources, Inc.

Hess Corp. acquisition of American Oil & Gas, Inc.

CONSOL Energy, Inc. acquisition of CNX Gas Corporation

Petrie did not knowingly exclude or omit from its analysis any comparable public company transaction that Petrie had reviewed and that met the criteria set forth above.

The following table sets forth the maximum, mean, median and minimum premiums for the per share consideration received in the transaction, relative to the closing price of the target company (i) on the day prior to the announcement, (ii) 30 days prior to the announcement and (iii) 60 days prior to the announcement.

	<b>One Day Prior</b>	<b>30 Days Prior</b>	<b>60 Days Prior</b>
Maximum	66%	62%	57%
Mean	29%	29%	26%
Median	29%	28%	23%
Minimum	8%	6%	5%

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In order to determine a composite equity value reference range for Magellan common stock, Petrie selected premium ranges for each time period as shown below and applied those ranges to the respective closing prices of Magellan common stock. For (i) the day prior to the announcement, Petrie selected 20% to 40%; for (ii) 30 days prior to the announcement, Petrie selected 15% to 30%; and for (iii) 60 days prior to the announcement, Petrie selected 10% to 30%. Based on the application of these premium ranges to the relevant stock prices, Petrie determined a composite equity value reference range of \$1.45 to \$1.75 per share of Magellan common stock.

**Going Concern Analysis of Tellurian Investments**

Petrie analyzed the potential standalone financial performance of Tellurian Investments, without giving effect to the merger, for a 10-year period covering the fiscal years 2016–2025. In April 2016, the management and staff of Tellurian Investments prepared the financial and operating projections and estimates upon which this analysis was based. These projections assume Driftwood LNG liquefaction operations begin in 2022, with the facility reaching full liquefaction capacity by 2025. A quantitative summary of the financial and operational projections is set forth below in tabular format. Petrie applied terminal cash flow capitalization rates of 9.0%, 8.0% and 7.0% to estimated 2025 cash flow and utilized discount rates ranging from 12.0% to 16.0%. From the enterprise reference values implied by this analysis, Petrie subtracted liabilities including long-term debt as of June 30, 2016 to determine a composite equity value reference range of \$2.25 to \$5.25 per share of Tellurian Investments common stock.

**Summary of Tellurian Investments Projections**

(\$ in millions)	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Revenue	\$	\$	\$	\$	\$	\$	\$ 925	\$ 3,702	\$ 6,489	\$ 7,435
EBITDA (1)	\$ (37)	\$ (26)	\$ (38)	\$ (55)	\$ (100)	\$ (152)	\$ (102)	\$ 1,146	\$ 2,348	\$ 2,756
After-tax income	\$ (37)	\$ (26)	\$ (38)	\$ (55)	\$ (100)	\$ (152)	\$ (102)	\$ 1,194	\$ 1,780	\$ 2,102
Unlevered free cash flow (2)	\$ (83)	\$ (83)	\$ (1,788)	\$ (3,769)	\$ (3,647)	\$ (2,122)	\$ (887)	\$ 837	\$ 1,613	\$ 2,099

(1) For purposes of the Tellurian Investments projections, EBITDA is a non-GAAP measurement defined as net earnings before interest expense, taxes, depreciation and amortization expenses, including stock-based compensation.

(2) For purposes of the Tellurian Investments projections, unlevered free cash flow is a non-GAAP measurement defined as EBITDA minus taxes, minus capital expenditures, and plus or minus changes in net working capital.

From the results of the analyses described above, Petrie divided the lowest Tellurian Investments per share equity value implied by going concern analysis by the highest Magellan per share equity values implied by the sum-of-the-parts analysis and public market premium analysis and divided the highest Tellurian Investments per share equity value implied by the going concern analysis by the lowest Magellan per share equity values implied by the sum-of-the-parts analysis and public market premium analysis to determine a range of implied exchange ratios of 0.979 to 3.892 and 1.286 to 3.621 shares of Magellan common stock per share of Tellurian Investments common stock, respectively, and compared these implied exchange ratios to the exchange ratio of 1.300.

Tellurian Investments does not as a matter of course make public projections as to future revenue, earnings, or other results. However, the management of Tellurian Investments prepared the



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projected financial information set forth above for the purpose of the going concern analysis prepared by Petrie. The projected financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to projected financial information, but, in the view of Tellurian Investments' management, was prepared on a reasonable basis, reflected the then-best available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected future financial performance of Tellurian Investments. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the projected financial information. Neither Tellurian Investments' independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the projected financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the projected financial information.

The inclusion of the projected financial information in this joint proxy statement/prospectus should not be regarded as an indication that Tellurian Investments, Magellan or any of their respective advisors or representatives considered or consider such forecasts to be accurate predictions of future events, and the projected financial information should not be relied upon as such. In fact, the projected financial information was, as indicated above, prepared in April 2016 and does not reflect factual developments or changes in judgment since that time. The projected financial information reflects significant estimates, assumptions and subjective judgments that make it inherently less comparable to the similarly titled GAAP measures in the historical GAAP financial statements of Tellurian Investments. None of Tellurian Investments, Magellan or their respective advisors or representatives has made or makes any representation regarding the projected financial information, and none of those persons can provide any assurance that the assumptions underlying the projected financial information will reflect future conditions or otherwise be realized, or that actual results will not be significantly higher or lower than estimated. Since the projected financial information covers multiple years, such information by its nature becomes less predictive with each successive year. You are urged to review the Risk Factors' section of this joint proxy statement/prospectus as well as Cautionary Statement Regarding Forward-Looking Statements' for information regarding risks and uncertainties affecting Tellurian Investments and the combined company, including risks and uncertainties that could have a material impact on the estimates and assumptions underlying the projected financial information.

TELLURIAN INVESTMENTS AND MAGELLAN DO NOT INTEND TO UPDATE OR OTHERWISE REVISE THE PROJECTED FINANCIAL INFORMATION TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE IT WAS PREPARED, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH INFORMATION ARE NO LONGER APPROPRIATE, EXCEPT AS MAY BE REQUIRED BY LAW.

***Miscellaneous***

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by Petrie. In connection with the review of the merger by the Magellan board of directors, Petrie performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary described above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Petrie's opinion. In arriving at its fairness



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determination, Petrie considered the results of all the analyses and did not draw, in isolation, conclusions from, or with regard to, any one analysis or factor considered by it for purposes of its opinion. Rather, Petrie made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all the analyses. In addition, Petrie may have given various analyses and factors more or less weight than other analyses and factors and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above should not be taken to be the view of Petrie with respect to the actual value of the Magellan common stock. No company reviewed or considered in the above analyses for comparison purposes is directly comparable to Magellan or Tellurian Investments, and no transaction reviewed or considered is directly comparable to the merger. Furthermore, Petrie's analyses involved complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the merger, public trading or other values of the companies or transactions considered, including judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Magellan or Tellurian Investments or their respective management team, staff and advisors.

Petrie prepared these analyses solely for the purpose of providing an opinion to the Magellan board of directors as to the fairness, from a financial point of view, of the exchange ratio to Magellan. These analyses do not purport to be appraisals or to necessarily reflect the prices at which the businesses or securities actually may be sold. Any estimates contained in these analyses are not necessarily indicative of actual future results, which may be significantly more or less favorable than those suggested by such estimates. Accordingly, estimates used in, and the results derived from, Petrie's analyses are inherently subject to substantial uncertainty, and Petrie assumed no responsibility if future results are materially different from those forecasted in such estimates.

The issuance of the fairness opinion was approved by Petrie's opinion committee.

The exchange ratio was determined through arm's-length negotiations between Magellan and Tellurian Investments and was approved by the Magellan board of directors. Petrie provided advice to the Magellan board of directors during these negotiations. Petrie did not, however, recommend any specific exchange ratio to the Magellan board of directors or Magellan or that any specific exchange ratio constituted the only appropriate consideration for the merger. Petrie's opinion to the Magellan board of directors was one of many factors taken into consideration by the Magellan board of directors in deciding to approve Magellan entering into the merger agreement. Consequently, the analyses as described above should not be viewed as determinative of the opinion of the Magellan board of directors with respect to the exchange ratio or of whether the Magellan board of directors would have been willing to agree to different consideration.

Under the terms of Petrie's engagement letter with Magellan, Petrie provided Magellan and the Magellan board of directors financial advisory services and a fairness opinion in connection with the merger. Pursuant to the terms of that engagement letter (as amended), Magellan has agreed to pay Petrie customary fees for its services in connection with its engagement, including a success fee that is payable to Petrie if the merger is consummated. The total compensation earned by Petrie in connection with the contemplated transaction is a success fee of \$1,250,000, payable in shares of Magellan common stock based on the 10-day volume weighted average price of Magellan common stock prior to the execution of the merger agreement and against which the following payments have been credited: (i) a fairness opinion fee of \$300,000 already paid to Petrie following delivery of its fairness opinion to the Magellan board of directors, which fee would have been earned by Petrie regardless of the

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conclusion regarding fairness expressed in the opinion; and (ii) the success fee of \$450,000 already paid to Petrie in connection with the exchange transaction. In addition, Magellan has agreed to reimburse Petrie for its reasonable out-of-pocket expenses (including reasonable legal fees, expenses and disbursements) incurred in connection with its engagement and to indemnify Petrie and its affiliates and their respective directors, officers, employees, agents and controlling persons from and against certain potential liabilities and expenses arising out of its engagement and any related transaction.

Magellan engaged Petrie to act as a financial advisor to Magellan and the Magellan board of directors based on its qualifications, experience and reputation. Petrie is a nationally recognized investment banking firm and is regularly engaged in the valuation of businesses in connection with mergers and acquisitions, restructurings, competitive sales processes, private placements and other purposes.

## **Interests of Magellan Directors and Executive Officers in the Merger**

Certain of Magellan's current and former directors and executive officers have interests that differ from, and may be in conflict with, those of the stockholders of Magellan with respect to the merger agreement. Each member of the Magellan board of directors was aware of these interests and considered them in making its recommendations in this joint proxy statement/prospectus.

### ***Mr. Lafargue***

As discussed in "Background of the Merger," one topic addressed in the negotiations between Magellan and Tellurian Investments related to Tellurian Investments' desire for Mr. Lafargue, now Magellan's President and Chief Executive Officer, to have a continuing role with the combined company following the completion of the merger. Under Mr. Lafargue's existing compensation arrangements, Mr. Lafargue would have been entitled to a potentially significant severance payment in connection with the merger depending on Magellan's stock price performance following the announcement of the merger. For example, assuming a price per share of Magellan common stock of \$3.00 immediately following the closing of the merger, Mr. Lafargue would have been entitled to a payment of approximately \$2.4 million, excluding a severance payment of approximately \$600,000. Tellurian Investments desired Mr. Lafargue to surrender his right to that payment in exchange for the compensation to be provided him pursuant to a new contractual arrangement. Following discussions between Mr. Lafargue and Tellurian Investments about the terms of Mr. Lafargue's future employment and the determination of the exchange ratio, Magellan and Tellurian Investments agreed that, as a condition to the completion of the merger, Mr. Lafargue shall have released any and all contractual or similar obligations payable to him from Magellan or its affiliates, or otherwise owed to him as a result of his services as an officer, director, agent or employee of Magellan or its affiliates, provided that such release, among other things, will be subject to receipt by Mr. Lafargue of an offer of employment by Magellan, effective as of the effective time of the merger, providing for terms and conditions substantially similar to those set forth in the section entitled "The Merger Agreement - Summary of Employment Contract Term Sheet of Mr. Lafargue."

### ***Mr. Wilson***

Magellan and Tellurian Investments also considered whether Mr. Wilson, who was until recently Magellan's President and Chief Executive Officer, would resign from Magellan in connection with the merger and what severance he would receive. After determination of the exchange ratio, Tellurian Investments and Magellan agreed that a result of his termination for "Good Reason" (as



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defined in his employment agreement) in connection with the merger, Magellan would pay Mr. Wilson (i) monthly severance payments amounting to \$300,000 in the aggregate, for a period of 12 months, (ii) payment of his accrued vacation amounting to approximately \$106,000, (iii) reimbursement of medical benefits for a period of up to 18 months, estimated to amount to approximately \$35,000 in the aggregate, and (iv) reimbursement of outstanding expenses.

**Golden Parachute Compensation Table**

The following table sets forth the amounts of golden parachute compensation (for purposes of Item 402(t) of Regulation S-K) that each named executive officer of Magellan could receive in connection with the merger.

For purposes of calculating such amounts, Magellan has (i) taken into account Mr. Wilson's termination of employment for good reason and his associated severance benefits, (ii) assumed that all contractual or similar obligations payable to Mr. Lafargue from Magellan or its affiliates related to the merger are released, and that Mr. Lafargue will instead receive compensation pursuant to a new employment agreement to be entered into between him and Tellurian Investments, as described below in the section entitled "The Merger Agreement Summary of Employment Contract Term Sheet of Mr. Lafargue," and (iii) used the average of the closing prices of Magellan common stock for the first five (5) business days following the date of the first announcement of the merger as the per share price of Magellan common stock.

Name	Cash (\$) (1)	Equity (\$) (4)	Perquisites/ benefits (\$) (2)	Other (\$) (3)	Total (\$)
J. Thomas Wilson	300,000	(4)	142,648		442,648
Antoine J. Lafargue				3,695,600	3,695,600

(1) Represents cash severance payable to Mr. Wilson as a result of his termination for good reason on August 5, 2016.

(2) Represents (i) the payment to Mr. Wilson of his accrued vacation amounting to approximately \$106,000, (ii) the reimbursement of medical benefits for a period of up to 18 months, estimated to amount to approximately \$35,000 in the aggregate, and (iii) the reimbursement of certain outstanding expenses of \$1,648, in each case pursuant to his termination for good reason on August 5, 2016.

(3) Represents the following compensation payable to Mr. Lafargue pursuant to his expected new employment agreement with Tellurian Investments: (i) \$990,000 cash payment upon closing of the merger, and (ii) the value (assuming the five-day average share price described above, which is \$3.38 per share), of the 800,000 shares of stock expected to be issued to Mr. Lafargue, of which 150,000 will vest in equal quarterly installments over an 18-month period and the remaining 650,000 will not vest until the affirmative final investment decision by the combined company's board of directors to move forward with a project ( FID ).

(4) None of Mr. Wilson's stock options are in-the-money. Accordingly, no amounts are included in this table in respect of Mr. Wilson's equity awards.

**Members of the Special Committee**

In their negotiations, Magellan and Tellurian Investments also addressed the fact that the members of the Special Committee had not received any board fees or other compensation, whether in

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stock or in cash, since June 2015. After the exchange ratio had been determined, the parties agreed that at the closing of the merger, any and all contractual or similar obligations payable to Magellan directors from Magellan or its affiliates, or otherwise owed to the Magellan directors as a result of their services as Magellan directors, shall have been released, except for (i) 100,000 shares of Magellan common stock, which will be issued to and divided among the Magellan directors as of the closing of the merger and (ii) the total sum of \$150,000, to be divided among the Magellan directors and payable in cash at the closing of the merger, provided that such release shall not affect any right of the Magellan directors to indemnification and insurance as provided in the merger agreement.

### ***Other Issues***

In addition, Magellan's directors, executive officers and employees hold equity compensation plan awards under the Magellan 1998 Plan or the Magellan 2012 Plan, the vesting of which awards will be accelerated as a result of the merger, in accordance with the terms of those awards and the merger agreement. In total, the vesting of 6,250 options with an exercise price of \$6.91 and 4,166 shares of Magellan restricted stock will be accelerated as a result of and upon the closing of the merger with Tellurian. Finally, Magellan's directors and executive officers are entitled to continued indemnification and insurance coverage under the merger agreement, as more fully described in The Merger Agreement Indemnification and Insurance beginning on page 116.

### **Tellurian Investments Reasons for the Merger; Recommendation of the Tellurian Investments Board of Directors**

The board of directors of Tellurian Investments believes that the merger is fair to and in the best interest of its stockholders. In the course of reaching this decision, the Tellurian Investments board considered a number of factors, including:

Access to public securities markets; and

The ability of the combined company to more easily attract and retain skilled personnel.

### **Interests of Tellurian Investments Directors and Executive Officers in the Merger**

Certain executive officers and directors of Tellurian Investments possess unrestricted shares of Tellurian Investments common stock and/or restricted shares of Tellurian Investments common stock issued pursuant to the Tellurian Investments 2016 Omnibus Incentive Plan. The merger agreement provides that, on the terms and subject to the conditions set forth in the merger agreement and in accordance with Delaware law, at the effective time of the merger, Merger Sub will merge with and into Tellurian Investments. Tellurian Investments will be the surviving corporation in the merger and will become a subsidiary of Magellan.

### **Combined Company's Board of Directors and Management Following the Merger**

The board of directors of the combined company is expected to consist of Charif Souki, Martin Houston, Meg A. Gentle, Michael Bock, Dillon J. Ferguson, Diana Derycz-Kessler, Brooke A. Peterson and Jean Jaylet. The Tellurian Investments board of directors has concluded that each of Messrs. Bock, Ferguson, Peterson and Jaylet and Ms. Derycz-Kessler will qualify as independent for purposes of Nasdaq rule 5605(a)(2).

Upon closing of the merger, the audit committee of the combined company will be comprised of Messrs. Bock and Peterson and Ms. Derycz-Kessler. The board of directors of the combined

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company will also have a compensation committee comprised of Mr. Peterson and Ms. Derycz-Kessler and a governance and nominating committee comprised of Messrs. Bock and Ferguson. The Tellurian Investments board of directors has concluded that each committee member will satisfy all independence and qualification requirements imposed by Nasdaq and SEC rules with respect to service on the relevant committee(s).

The management of the combined company is expected to be its Chairman, Charif Souki; Executive Vice Chairman, Martin Houston; President and Chief Executive Officer, Meg A. Gentle; Executive Vice President and Chief Operating Officer, R. Keith Teague; Senior Vice President and Chief Financial Officer, Antoine J. Lafargue; General Counsel, Daniel A. Belhumeur; Corporate Secretary, Christopher Daniels; Senior Vice President Projects, Howard Candelet; Senior Vice President Gas Supply, Mark Evans; and Senior Vice President LNG Trading, Tarek Souki.

None of the proposed directors or executive officers of the combined company had a direct or material indirect interest in a transaction in which Magellan was a participant in Magellan's three preceding fiscal years, or is party to any such proposed transaction, for which disclosure is required under Item 404(a) of SEC Regulation S-K, except that Magellan has agreed to appoint Mr. Jaylet to its board of directors upon completion of the merger as a term of the TOTAL Investment (see Summary GE and TOTAL Investments ), and Mr. Jaylet is an officer of TOTAL.

***Corporate Governance of Magellan Following the Merger***

Immediately following the closing of the transactions contemplated by the merger agreement, Magellan expects to file a certificate of amendment to Magellan's restated certificate of incorporation and to amend Magellan's bylaws for the purpose of effecting a name change of the company from Magellan Petroleum Corporation to Tellurian Inc. Pursuant to Section 242(b)(1) of the DGCL and the bylaws of Magellan, the name change will not require stockholder approval but will need to be approved by the board of directors of the combined company. The name change will not affect the rights of Magellan's existing stockholders. There will be no other changes to the certificate of incorporation or bylaws of Magellan in connection with the name change.

For more information on the officers and directors of Magellan following the merger, see The Merger Agreement Officers of the Combined Company beginning on page 116 and The Merger Agreement Proposed Directors of the Combined Company beginning on page 119.



**Table of Contents*****Tellurian Investments Director Compensation***

The following table sets forth all of the compensation paid by Tellurian Investments and its subsidiaries, including Tellurian Services LLC, formerly known as Parallax Services LLC, for the fiscal year ended December 31, 2016 to the individuals who will serve as directors of the combined company.

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards</b>	<b>Option Awards</b>	<b>Non-equity Incentive Plan Compensation</b>	<b>Nonqualified Deferred Compensation Earnings</b>	<b>All Other Compensation</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Charif	\$	\$140,000	\$	\$	\$	\$	\$140,000
Souki (1)							
Martin	\$	\$140,000	\$	\$	\$	\$14,330	\$154,330
Houston (2)							
Michael	\$	\$140,000	\$	\$	\$	\$	\$140,000
Bock (3)							
Brooke A.	\$	\$35,000	\$	\$	\$	\$	\$35,000
Peterson (4)							

- (1) Mr. Souki served as Chairman of the Board of Tellurian Investments during the fiscal year ended December 31, 2016. Mr. Souki's compensation for the fiscal year ended December 31, 2016 included the issuance of 40,000 shares of Tellurian Investments common stock for his service as a director.
- (2) Mr. Houston served as Executive Vice Chairman of Tellurian Investments during the fiscal year ended December 31, 2016. He also served as President of Tellurian Investments until August 30, 2016. Mr. Houston's compensation for the fiscal year ended December 31, 2016 included the issuance of 40,000 shares of Tellurian Investments common stock for his service as a director and premiums for health insurance plans of \$11,940, parking expenses of \$900 and cell phone reimbursement of \$1,490.
- (3) Mr. Bock served as a director of Tellurian Investments during the fiscal year ended December 31, 2016. Mr. Bock's compensation for the fiscal year ended December 31, 2016 included the issuance of 40,000 shares of Tellurian Investments common stock for his service as a director.

- (4) Mr. Peterson served as a director of Tellurian Investments during the fiscal year ended December 31, 2016. Mr. Peterson's compensation for the fiscal year ended December 31, 2016 included the issuance of 10,000 shares of Tellurian Investments common stock for his service as a director.

Tellurian Investments currently pays its directors \$200,000 annually, payable in unrestricted shares of Tellurian Investments common stock. The shares are issued to the directors on August 1 of each year and the number of shares paid to the directors is based on the average value of Tellurian Investments' common stock over the thirty days leading up to the August 1 on which such shares are payable. If a director leaves before August 1, such director shall receive a pro-rated amount of such shares based on the number of quarters such former director served as director since the previous August 1. For their service as directors through August 2016, Charif Souki, Martin Houston and Michael Bock each received 40,000 shares of Tellurian Investments common stock and Brooke A. Peterson received 10,000 shares of Tellurian Investments common stock.

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Following the merger, the combined company intends to pay each of its directors in the same manner in which Tellurian Investments currently compensates its directors.

***Tellurian Investments Executive Compensation***

The following table sets forth the compensation paid by Tellurian Investments and its subsidiaries, including Tellurian Services LLC, formerly known as Parallax Services LLC, for the fiscal years ended December 31, 2015 and December 31, 2016, to the individuals who will serve as executive officers of the combined company.

<b>Name and Principal</b>				<b>Stock Awards</b>	<b>All Other Compensation</b>	
<b>Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>(5)</b>	<b>\$(6)</b>	<b>Total (\$)</b>
Martin Houston (1)	2015	\$	\$	\$	\$10,863	\$10,863
	2016	\$	\$	\$ 140,000	\$14,330	\$154,330
Meg A. Gentle (2)	2015	\$	\$	\$	\$	\$
	2016	\$ 200,000	\$	\$	\$12,768,915	\$12,968,915
R. Keith Teague (3)	2015	\$	\$	\$	\$	\$
	2016	\$ 91,026	\$ 100,000	\$	\$5,903,893	\$6,094,919
Howard Candelet (4)	2015	\$	\$	\$	\$	\$
	2016	\$ 262,500	\$ 350,000	\$ 1,000,000	\$1,301,891	\$2,914,391

- (1) Mr. Houston served as Chairman and President of Tellurian Services LLC during the fiscal year ended December 31, 2015. He served as Executive Vice Chairman of Tellurian Investments during the fiscal year ended December 31, 2016 and served as President of Tellurian Investments until August 30, 2016.
- (2) Ms. Gentle served as President and Chief Executive Officer of Tellurian Investments during the fiscal year ended December 31, 2016.
- (3) Mr. Teague served as Executive Vice President and Chief Operating Officer of Tellurian Investments during the fiscal year ended December 31, 2016.
- (4) Mr. Candelet served as the person in charge of day-to-day projects oversight of Tellurian Services LLC during the fiscal year ended December 31, 2015. Mr. Candelet received no benefits or compensation in 2015 other than benefits worth less than \$10,000 in each year. Mr. Candelet served as Senior Vice President Projects of Tellurian Investments during the fiscal year ended December 31, 2016.
- (5) On March 10, 2016, Tellurian Investments board of directors granted Mr. Candelet 500,000 shares of Tellurian Investments common stock. Mr. Houston received 40,000 shares of Tellurian Investments common stock for his service as a director of Tellurian Investments.

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- (6) The amounts for the fiscal years ended December 31, 2015 and December 31, 2016 in the column entitled "All Other Compensation" are detailed in the following table:

Name	Year	Health Plan Premiums (\$)	401(k) Matching	Parking	Cell Phone Expenses	Other (1)	Total (\$)
Martin	2015	\$8,825	\$	\$	\$2,038	\$	\$10,863
Houston	2016	\$11,940	\$	\$900	\$1,490	\$	\$14,330
Meg A. Gentle	2015	\$	\$	\$	\$	\$	\$
R. Keith Teague	2016	\$9,030	\$9,000	\$885	\$	\$12,750,000	\$12,768,915
Howard Candelet	2015	\$	\$	\$	\$	\$	\$
	2016	\$3,218	\$	\$675	\$	\$5,900,000	\$5,903,893
	2015	\$	\$	\$	\$	\$	\$
	2016	\$5,626	\$16,500	\$2,900	\$1,865	\$1,275,000	\$1,301,891

- (1) On September 16, 2016, Tellurian Investments' board of directors allowed Ms. Gentle to purchase 2,000,000 shares of Tellurian Investments common stock for \$0.50 per share and Tellurian Investments has recognized \$3.00 per share as compensation to Ms. Gentle. On August 30, 2016, Tellurian Investments' board of directors allowed Ms. Gentle to purchase 4,500,000 shares of Tellurian Investments common stock for \$2.00 per share and Tellurian Investments has recognized \$1.50 per share as compensation to Ms. Gentle. On September 23, 2016, Tellurian Investments' board of directors allowed Mr. Teague to purchase 2,000,000 shares of Tellurian Investments common stock for \$0.50 per share, and Tellurian Investments has recognized \$2.95 per share as compensation to Mr. Teague. On April 19, 2016, Tellurian Investments' board of directors allowed Mr. Candelet to purchase 850,000 shares of Tellurian Investments common stock for \$0.50 per share and Tellurian Investments has recognized \$1.50 per share as compensation to Mr. Candelet.

The following table sets forth the outstanding equity awards as of December 31, 2016.

Name	Number of shares or units of stock that have not vested (#) (1)	Market Value of shares or units of stock that have not vested (\$)
Martin Houston		\$
Meg A. Gentle	2,500,000	\$0
R. Keith Teague	2,500,000	\$0
Howard Candelet	500,000	\$0

- (1) Ms. Gentle, Mr. Teague and Mr. Candelet all own restricted shares of Tellurian Investment common stock which do not vest until FID.

The following table sets forth the compensation paid by Magellan for the fiscal years ended June 30, 2015 and June 30, 2016 to the individual who will serve as an executive officer of the combined company.

Year	Total (\$)
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<b>Name and Principal Position</b>		<b>Salary (\$) (1)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)</b>	<b>Option Awards (\$)</b>	<b>All Other Compensation (\$) (3)</b>	
Antoine J. Lafargue (4)	2015	\$319,902	\$	\$54,000 (2)	\$221,050 (2)	\$37,633	\$632,581
	2016	\$321,008	\$	\$ (2)	\$	\$31,714	\$352,720

(1) Salary for 2016 and 2015 includes amounts of accrued additional salary for vacation days not taken of \$18,474 and \$29,512, respectively.

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- (2) Amounts reported represent the aggregate grant date fair value of the equity awards calculated in accordance with Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) Topic 718, *Compensation Stock Compensation*. The grant date values have been determined based on assumptions and methodologies discussed in Notes 1 and 11 of the Notes to the Consolidated Financial Statements of Magellan as of and for the Fiscal Years Ended June 30, 2016 and 2015 contained herein. Certain of the option awards are subject to performance conditions, and the grant date fair values reported reflect the determination that the probable outcome of such conditions will be the achievement of the highest level of such performance conditions. On October 12, 2015, Mr. Lafargue was granted 62,500 shares of restricted stock scheduled to vest immediately prior the completion of a qualifying transaction. In accordance with ASC Topic 718, the grant date value of such shares is \$0.
- (3) The amounts for fiscal years 2015 and 2016 entitled *All Other Compensation* are detailed in the following table:

Name	Year	Qualified Retirement Plan Employer Match	Premiums for Health Insurance Plans	Premiums for Life and Disability Insurance Plans	Secured Parking Fees	Health Savings Account	Total
Antoine J.	2015	\$7,813	\$18,836	\$1,444	\$2,340	\$7,200	\$37,633
Lafargue	2016	\$9,356	\$18,455	\$1,444	\$2,460	\$	\$31,714

- (4) Mr. Lafargue served as (a) the Senior Vice President, Chief Financial Officer, Treasurer, and Corporate Secretary of Magellan from June 2015 to August 2016, (b) the Senior Vice President of Strategy and Business Development and Chief Commercial Officer of Magellan from October 2014 to June 2015, and (c) the Vice President, Chief Financial Officer and Treasurer from August 2010 to October 2014. On August 5, 2016, Mr. Lafargue was promoted to President and Chief Executive Officer of Magellan.

***Overview of Compensation for Martin Houston, Executive Vice Chairman***

Mr. Houston currently serves as Executive Vice Chairman of Tellurian Investments and until August 30, 2016, was also President of Tellurian Investments. Other than Mr. Houston's 2016 stock grant received for his service on Tellurian Investments' board of directors, he has not received any other compensation from Tellurian Investments, including related to his service as President.

***Overview of Compensation for Meg A. Gentle, President and Chief Executive Officer***

Ms. Gentle's employment letter provides for an annual base salary of \$600,000. On August 30, 2016, Tellurian Investments' board of directors allowed Ms. Gentle to purchase 4,500,000 shares of Tellurian Investments common stock for \$2.00 per share and Tellurian Investments has recognized \$1.50 per share as compensation to Ms. Gentle. On September 16, 2016, Tellurian Investments' board of directors allowed Ms. Gentle to purchase 2,000,000 shares of Tellurian Investments common stock pursuant to the Tellurian Investments 2016 Omnibus Incentive Plan for \$0.50 per share and Tellurian Investments has recognized \$3.00 per share as compensation to Ms. Gentle. On September 19, 2016, Ms. Gentle was granted 2,500,000 shares of Tellurian Investments restricted common stock pursuant to the Tellurian Investments 2016 Omnibus Incentive Plan. Such restricted shares do not vest until FID.



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**Table of Contents*****Overview of Compensation for R. Keith Teague, Executive Vice President and Chief Operating Officer***

Mr. Teague's employment letter provides for an annual base salary of \$400,000. On September 23, 2016, Tellurian Investments' board of directors allowed Mr. Teague to purchase 2,000,000 shares of Tellurian Investments common stock for \$0.50 per share, and Tellurian Investments has recognized \$2.95 per share as compensation to Mr. Teague. Additionally, upon Mr. Teague commencing employment on October 10, 2016, Mr. Teague was granted 2,500,000 shares of Tellurian Investments restricted common stock pursuant to the Tellurian Investments 2016 Omnibus Incentive Plan. Such restricted shares do not vest until FID.

***Overview of Compensation for Antoine J. Lafargue, Senior Vice President and Chief Financial Officer***

The principal terms and conditions of Mr. Lafargue's future employment are described in The Merger Agreement Summary of Employment Contract Term Sheet of Mr. Lafargue.

***Overview of Compensation for Daniel A. Belhumeur, General Counsel***

Mr. Belhumeur's employment letter provides for an annual base salary of \$300,000. Beginning on January 1, 2018, Tellurian Services has the right to increase the base salary. Mr. Belhumeur received a signing bonus of \$200,000 on the first payroll date following his commencement of employment. Mr. Belhumeur's employment letter also provides for an annual target bonus of 100% of Mr. Belhumeur's base salary with a stretch target of 150%. The annual bonus is purely discretionary on the part of Tellurian Services and will be based on achievement of various performance milestones of Tellurian Services, Tellurian Investments and Mr. Belhumeur. On October 10, 2016, Mr. Belhumeur was granted 1,000,000 shares of Tellurian Investments restricted common stock pursuant to the Tellurian Investments 2016 Omnibus Incentive Plan. 900,000 of such restricted shares do not vest until FID, and the remaining 100,000 do not vest until the closing of the merger.

***Overview of Compensation for Christopher Daniels, Corporate Secretary***

Mr. Daniels' Employment Agreement with Tellurian Services dated April 1, 2016 (the Daniels Employment Agreement) provides for an annual base salary of \$350,000. Beginning on January 1, 2017, Tellurian Services has the right to increase the base salary. Mr. Daniels received a signing bonus of \$29,166.67 upon entering into the Daniels Employment Agreement. The Daniels Employment Agreement also provides for an annual target bonus of 150% of Mr. Daniels' base salary with a stretch target of 200%. The annual bonus is purely discretionary on the part of Tellurian Services and will be based on achievement of various performance milestones of Tellurian Services, Tellurian Investments and Mr. Daniels. If Mr. Daniels terminates his employment for Good Reason or Tellurian Services terminates Mr. Daniels without Cause (each as defined in the Daniels Employment Agreement), then Tellurian Services must pay to Mr. Daniels the salary that would have otherwise been owed to Mr. Daniels up to and including the expiration of the Daniels Employment Agreement, and any unvested shares held by him shall automatically vest. The Daniels Employment Agreement provides for an initial term of five years and automatically renews for successive one-year terms unless either party elects not to renew or the Daniels Employment Agreement is earlier terminated in accordance with its terms. On April 15, 2016, Mr. Daniels was granted 500,000 shares of Tellurian Investments restricted common stock pursuant to the Tellurian Investments 2016 Omnibus Incentive Plan. Such restricted shares do not vest until FID. Further, on March 10, 2016, Tellurian Investments' board of directors granted Mr. Daniels 500,000 shares of Tellurian Investments common stock and Tellurian Investments has recognized \$2.00 per share as compensation to Mr. Daniels.





**Table of Contents*****Overview of Compensation for Howard Candelet, Senior Vice President Projects***

Mr. Candelet's Employment Agreement with Tellurian Services dated April 8, 2016 (the Candelet Employment Agreement) provides for an annual base salary of \$350,000. Beginning on January 1, 2017, Tellurian Services has the right to increase the base salary. Mr. Candelet received a signing bonus of \$43,749.99 upon entering into the Candelet Employment Agreement. The Candelet Employment Agreement also provides for an annual target bonus of 150% of Mr. Candelet's base salary with a stretch target of 200%. The annual bonus is purely discretionary on the part of Tellurian Services and will be based on achievement of various performance milestones of Tellurian Services, Tellurian Investments and Mr. Candelet. If Mr. Candelet terminates his employment for Good Reason or Tellurian Services terminates Mr. Candelet without Cause (each as defined in the Candelet Employment Agreement), then Tellurian Services must pay to Mr. Candelet the salary that would have otherwise been owed to Mr. Candelet up to and including the expiration of the Candelet Employment Agreement and any unvested shares held by him shall automatically vest. The Candelet Employment Agreement provides for an initial term of five years and automatically renews for successive one-year terms unless either party elects not to renew or the Candelet Employment Agreement is earlier terminated in accordance with its terms. On April 15, 2016, Mr. Candelet was granted 500,000 shares of Tellurian Investments restricted common stock pursuant to the Tellurian Investments 2016 Omnibus Incentive Plan. Such restricted shares do not vest until FID. Further, on March 10, 2016, Tellurian Investments' board of directors granted Mr. Candelet 500,000 shares of Tellurian Investments common stock and Tellurian Investments has recognized \$2.00 per share as compensation to Mr. Candelet. Additionally, on April 19, 2016, Tellurian Investments board of directors allowed Mr. Candelet to purchase 850,000 shares of Tellurian Investments common stock for \$0.50 per share and Tellurian Investments has recognized \$1.50 per share as compensation to Mr. Candelet.

***Overview of Compensation for Mark Evans, Senior Vice President Gas Supply and Business Development***

Mr. Evans' Employment Agreement with Tellurian Services dated April 15, 2016 (the Evans Employment Agreement) provides for an annual base salary of \$350,000. Beginning on January 1, 2017, Tellurian Services has the right to increase the base salary. Mr. Evans received a signing bonus of \$43,749.99 upon entering into the Evans Employment Agreement. The Evans Employment Agreement also provides for an annual target bonus of 150% of Mr. Evans' base salary with a stretch target of 200%. The annual bonus is purely discretionary on the part of Tellurian Services and will be based on achievement of various performance milestones of Tellurian Services, Tellurian Investments and Mr. Evans. If Mr. Evans terminates his employment for Good Reason or Tellurian Services terminates Mr. Evans without Cause (each as defined in the Evans Employment Agreement), then Tellurian Services must pay to Mr. Evans the salary that would have otherwise been owed to Mr. Evans up to and including the expiration of the Evans Employment Agreement and any unvested shares held by him shall automatically vest. The Evans Employment Agreement provides for an initial term of five years and automatically renews for successive one-year terms unless either party elects not to renew or the Evans Employment Agreement is earlier terminated in accordance with its terms. On April 15, 2016, Mr. Evans was granted 500,000 shares of Tellurian Investments restricted common stock pursuant to the Tellurian Investments 2016 Omnibus Incentive Plan. Such restricted shares do not vest until FID. Further, on March 10, 2016, Tellurian Investments' board of directors granted Mr. Evans (through an entity controlled by Mr. Evans) 500,000 shares of Tellurian Investments common stock and Tellurian Investments has recognized \$2.00 per share as compensation to

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Mr. Evans. Additionally, on April 19, 2016, Tellurian Investments' board of directors allowed Mr. Evans (through an entity controlled by Mr. Evans) to purchase 200,000 shares of Tellurian Investments common stock for \$0.50 per share and Tellurian Investments has recognized \$1.50 per share as compensation to Mr. Evans.

### ***Overview of Compensation for Tarek Souki, Senior Vice President - LNG Trading***

Mr. Souki's Employment Agreement (under U.K. law) with Tellurian UK dated August 5, 2016 (the "T. Souki Employment Agreement") provides for an annual base salary of £267,000. Mr. Souki received a signing bonus of £89,000 upon entering into the T. Souki Employment Agreement. The T. Souki Employment Agreement also provides for an annual target bonus of 150% of Mr. Souki's base salary with a stretch target of 200%. The annual bonus is purely discretionary on the part of Tellurian UK and will be based on achievement of various performance milestones of Tellurian UK, Tellurian Investments and Mr. Souki. The T. Souki Employment Agreement is terminable by either party upon six months' written notice and by Tellurian UK for "Cause" (as defined in the T. Souki Employment Agreement). In connection with the T. Souki Employment Agreement, Mr. Souki was granted 500,000 shares of Tellurian Investments restricted common stock pursuant to the Tellurian Investments 2016 Omnibus Incentive Plan. Such restricted shares do not vest until FID. If the T. Souki Employment Agreement is terminated for any reason other than "Cause," any unvested shares held by Mr. Souki shall automatically vest. The T. Souki Employment Agreement does not have a fixed term and is continuous subject to termination under the terms of the T. Souki Employment Agreement.

### **Pension/Retirement Benefits**

Tellurian Investments and Tellurian Services do not provide qualified pension benefits or any supplemental executive retirement benefits to any of its executive officers or directors. Tellurian Services has a defined contribution plan ("401(k) Plan") which allows eligible employees, including its executive officers, to contribute up to 100% of their compensation up to the IRS maximum. Tellurian Services matches each employee's salary deferrals (contributions at 100%) up to 6% of compensation and may make additional contributions at its discretion. Employees are immediately vested in the contributions made by Tellurian Services. Tellurian Services has made no discretionary contributions to the 401(k) Plan to date.

### **Additional Benefit Programs**

Certain officers and directors are entitled to the following benefits: certain club memberships, parking, health insurance, and cell phone reimbursement.

### **Equity-Based Compensation**

Tellurian Investments has granted stock and restricted stock to employees under the Tellurian Investments Inc. 2016 Omnibus Incentive Plan. The maximum number of shares of Tellurian Investments' common stock reserved for issuance under such plan is 30,000,000. As of January 6, 2017, there were 18,787,000 shares remaining available for issuance.

### **Regulatory Clearances Required for the Merger**

Neither Magellan nor Tellurian Investments is aware of any material governmental or regulatory approvals required for the completion of the merger or compliance with the applicable corporate law of the State of Delaware. While not a regulatory agency, NASDAQ has listing requirements which must be complied with in order to be listed on that exchange, which listing requirement is a condition to closing under the merger agreement.



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### **Treatment of Magellan Equity Awards**

Certain current and former Magellan employees, officers and directors hold equity compensation plan awards under the Magellan 1998 Plan or the Magellan 2012 Plan. At the closing of the transactions contemplated by the merger agreement, any outstanding options held by Magellan current and former employees, officers and directors will remain exercisable for such period of time as provided in the applicable award agreement and the Magellan 1998 Plan or the Magellan 2012 Plan. The vesting of awards to current and former Magellan employees, officers and directors will be accelerated as a result of the merger, in accordance with the terms of the applicable award agreement and the merger agreement.

### **Treatment of Tellurian Investments Equity Awards**

Pursuant to the Tellurian Investments 2016 Omnibus Incentive Plan, Tellurian Investments has issued and outstanding both restricted and unrestricted shares of Tellurian Investments common stock. In addition, Tellurian Investments issued shares of unrestricted Tellurian Investments common stock to members of management. The merger agreement provides that, on the terms and subject to the conditions set forth in the merger agreement and in accordance with Delaware law, at the effective time of the merger, Merger Sub will merge with and into Tellurian Investments. Tellurian Investments will be the surviving corporation in the merger and will become a subsidiary of Magellan. At the effective time of the merger, each outstanding share of Tellurian Investments common stock, including unrestricted shares outstanding under the Tellurian Investments 2016 Omnibus Incentive Plan, will be converted into the right to receive 1.300 shares of Magellan common stock. Effective immediately prior to the effective time of the merger, each restricted share of Tellurian Investments common stock granted and then outstanding under the Tellurian Investments 2016 Omnibus Incentive Plan and any associated restricted stock agreements and notices of grant will be converted into 1.300 shares of comparable restricted stock of Magellan.

If a holder of Tellurian Investments stock is entitled to receive any fractional shares of Magellan stock, such holder will receive such fractional share.

The exchange ratio will be adjusted prior to the effective time of the merger to provide Tellurian Investments common stockholders the same economic effect as contemplated by the merger agreement to account for any stock split, reverse stock split, stock dividend, subdivision, reclassification, recapitalization, combination, exchange of shares or the like that occurs with respect to the shares of either Magellan common stock or Tellurian Investments common stock outstanding after the date of the merger agreement and prior to the effective time of the merger.

### **Dividend Policies**

Magellan has never paid a cash dividend on its common stock. The merger agreement prohibits Magellan from paying dividends to holders of Magellan common stock until the earlier of the effective time of the merger and the termination of the merger agreement in accordance with its terms. Any future dividends on Magellan common stock will be at the discretion of the reconstituted board of directors and will be dependent upon Magellan's earnings, financial condition and other factors. The declaration and payment of future dividends to holders of common stock will be at the sole discretion of the reconstituted board of directors and will depend on many factors, including actual results of operations, financial condition, capital requirements, contractual restrictions, restrictions in debt agreements, and other factors deemed relevant by the reconstituted board of directors. The reconstituted board of directors does not currently contemplate making dividend payments on common stock in the near future.



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### **Listing of Shares of Magellan Common Stock**

It is a condition to the completion of the merger that the shares of Magellan common stock to be issued to Tellurian Investments stockholders pursuant to the merger be authorized for listing to be traded on the NASDAQ Capital Market, subject to official notice of issuance.

### **Appraisal Rights**

#### ***Magellan***

The holders of Magellan common stock are not entitled to appraisal rights in connection with the merger under Delaware law.

#### ***Tellurian Investments***

Under Delaware law, Tellurian Investments stockholders have the right to dissent from the merger and to receive payment in cash for the fair value of their shares of Tellurian Investments common stock as determined by the Delaware Court of Chancery, together with interest, if any, as determined by the court, in lieu of the consideration Tellurian Investments stockholders would otherwise be entitled to pursuant to the merger agreement. These rights are known as appraisal rights. Tellurian Investments stockholders electing to exercise appraisal rights must comply with the provisions of Section 262 of the DGCL in order to perfect their rights. Tellurian Investments will require strict compliance with the statutory procedures.

The following is intended as a brief summary of the material provisions of the Delaware statutory procedures required to be followed by a Tellurian Investments stockholder in order to dissent from the merger and perfect appraisal rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Section 262 of the DGCL, the full text of which appears in Annex D to this joint proxy statement/prospectus. Failure to precisely follow any of the statutory procedures set forth in Section 262 of the DGCL may result in a termination or waiver of appraisal rights. All references in this summary to a stockholder are to the record holder of shares of Tellurian Investments common stock unless otherwise indicated.

Section 262 requires that stockholders for whom appraisal rights are available be notified not less than 20 days before the stockholders meeting to vote on the merger that appraisal rights will be available. A copy of Section 262 must be included with such notice. This joint proxy statement/prospectus constitutes notice to Tellurian Investments stockholders of the availability of appraisal rights in connection with the merger in compliance with the requirements of Section 262. If a Tellurian Investments stockholder wishes to consider exercising appraisal rights, such stockholder should carefully review the text of Section 262 contained in Annex D to this joint proxy statement/prospectus because failure to timely and properly comply with the requirements of Section 262 will result in the loss of appraisal rights under Delaware law.

If you elect to demand appraisal of your shares, Tellurian Investments stockholders must satisfy each of the following conditions:

You must deliver to Tellurian Investments a written demand for appraisal of your shares before the vote with respect to the merger is taken. This written demand for appraisal must be in addition to and separate from any proxy or vote abstaining from or voting against the adoption and approval of the

merger agreement and the merger. Voting against or failing to vote for the adoption and approval of the merger agreement and the merger by itself does not constitute a demand for appraisal within the meaning of Section 262.



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You must not vote in favor of, or consent in writing to, the adoption and approval of the merger agreement and the merger. A vote in favor of the adoption and approval of the merger agreement and merger, by proxy or in person, will constitute a waiver of your appraisal rights in respect of the shares so voted and will nullify any previously filed written demands for appraisal. A proxy which does not contain voting instructions will, unless revoked, be voted in favor of the adoption and approval of the merger agreement and the merger. Therefore, a Tellurian Investments stockholder who votes by proxy and who wishes to exercise appraisal rights must vote against the merger agreement and the merger or abstain from voting on the merger agreement and the merger.

You must continue to hold your shares of Tellurian Investments common stock through the effective date of the merger. Therefore, a stockholder who is the record holder of shares of Tellurian Investments common stock on the date the written demand for appraisal is made but who thereafter transfers the shares prior to the effective date of the merger will lose any right to appraisal with respect to such shares.

If you fail to comply with any of these conditions and the merger is completed, you will be entitled to receive the merger consideration, but you will have no appraisal rights with respect to your shares of Tellurian Investments common stock.

All demands for appraisal should be addressed to Tellurian Investments Inc., 1201 Louisiana Suite 3100, Houston, Texas 77002, Attention: Corporate Secretary, and must be delivered before the vote on the merger agreement is taken at the special meeting of Tellurian Investments stockholders and should be executed by, or on behalf of, the record holder of the shares of Tellurian Investments common stock. The demand must reasonably inform Tellurian Investments of the identity of the stockholder and the intention of the stockholder to demand appraisal of his, her or its shares.

To be effective, a demand for appraisal by a holder of common stock must be made by, or in the name of, such registered stockholder, fully and correctly, as the stockholder's name appears on his, her or its stock certificate(s). Beneficial owners who do not also hold the shares of record may not directly make appraisal demands to Tellurian Investments. The beneficial holder must, in such cases, have the registered owner, such as a broker, bank or other nominee, submit the required demand in respect of those shares. If shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of a demand for appraisal should be made by or for the fiduciary; and if the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, he or she is acting as agent for the record owner. A record owner, such as a broker, who holds shares as a nominee for others, may exercise his or her right of appraisal with respect to the shares held for one or more beneficial owners, while not exercising this right for other beneficial owners. In that case, the written demand should state the number of shares as to which appraisal is sought. Where no number of shares is expressly mentioned, the demand will be presumed to cover all shares held in the name of the record owner.

If a Tellurian Investments stockholder holds shares of common stock in a brokerage account or in other nominee form and wishes to exercise appraisal rights, such stockholder should consult with his, her or its broker or the other nominee to determine the appropriate procedures for the making of a demand for appraisal by the nominee.



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Within 10 days after the effective time of the merger, Tellurian Investments, as the surviving corporation, must give written notice that the merger has become effective to each former Tellurian Investments stockholder who has properly filed a written demand for appraisal and who did not vote in favor of the merger agreement and the merger. Within 120 days after the effective date of the merger, any stockholder who has complied with Section 262 will, upon written request to Tellurian Investments as the surviving corporation, be entitled to receive a written statement setting forth the aggregate number of shares not voted in favor of the merger agreement and the merger and with respect to which demands for appraisal rights have been received and the aggregate number of holders of such shares. A person who is the beneficial owner of shares of common stock held in a voting trust or by a nominee on behalf of such person may, in such person's own name, request from the surviving corporation the statement described in the previous sentence. Such written statement will be mailed to the requesting Tellurian Investments stockholder within 10 days after such written request is received by the surviving corporation or within 10 days after expiration of the period for delivery of demands for appraisal, whichever is later. Within 120 days after the effective time, either the surviving corporation or any Tellurian Investments stockholder who has complied with the requirements of Section 262 and who is otherwise entitled to appraisal rights may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares held by all Tellurian Investments stockholders entitled to appraisal. A person who is the beneficial owner of shares of Tellurian Investments common stock held in a voting trust or by a nominee on behalf of such person may, in such person's own name, file the petition described in the previous sentence. Upon the filing of the petition by a Tellurian Investments stockholder, service of a copy of such petition shall be made upon Tellurian Investments, as the surviving corporation. The surviving corporation has no obligation to file such a petition in the event there are dissenting Tellurian Investments stockholders. Accordingly, the failure of a Tellurian Investments stockholder to file such a petition within the period specified could nullify the Tellurian Investments stockholder's previously written demand for appraisal. There is no present intent on the part of Tellurian Investments to file an appraisal petition, and Tellurian Investments stockholders seeking to exercise appraisal rights should not assume that Tellurian Investments will file such a petition or that Tellurian Investments will initiate any negotiations with respect to the fair value of such shares. Accordingly, Tellurian Investments stockholders who desire to have their shares appraised should initiate any petitions necessary for the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262.

If a petition for appraisal is duly filed by a Tellurian Investments stockholder and a copy of the petition is delivered to the surviving corporation, the surviving corporation will then be obligated, within 20 days after receiving service of a copy of the petition, to provide the Delaware Court of Chancery with a duly verified list containing the names and addresses of all Tellurian Investments stockholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached by the surviving corporation. After notice to dissenting stockholders who demanded appraisal of their shares, the Delaware Court of Chancery is empowered to conduct a hearing upon the petition, and to determine those Tellurian Investments stockholders who have complied with Section 262 and who have become entitled to the appraisal rights provided thereby. The Delaware Court of Chancery may require the Tellurian Investments stockholders who have demanded appraisal for their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any Tellurian Investments stockholder fails to comply with that direction, the Delaware Court of Chancery may dismiss the proceedings as to that stockholder.

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After determination of the Tellurian Investments stockholders entitled to appraisal of their shares of common stock, the Delaware Court of Chancery will appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any. Unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. Notwithstanding the foregoing, at any time before the entry of judgment in the proceedings, Tellurian Investments may pay to each stockholder entitled to appraisal an amount in cash, in which case interest shall accrue thereafter as provided herein only upon the sum of (i) the difference, if any, between the amount so paid and the fair value of the shares as determined by the Delaware Court of Chancery, and (ii) interest theretofore accrued, unless paid at that time. When the value is determined, the Delaware Court of Chancery will direct the payment of such value, with interest thereon accrued during the pendency of the proceeding, if the Delaware Court of Chancery so determines, to the Tellurian Investments stockholders entitled to receive the same, upon surrender by such holders of the certificates representing those shares.

In determining fair value, and, if applicable, interest, the Delaware Court of Chancery is required to take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered, and that fair price obviously requires consideration of all relevant factors involving the value of a company.

Section 262 provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court construed Section 262 to mean that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered.

Tellurian Investments stockholders should be aware that the fair value of Tellurian Investments shares as determined under Section 262 could be more than, the same as, or less than the value that such Tellurian Investments stockholder is entitled to receive under the terms of the merger agreement.

Costs of the appraisal proceeding may be imposed upon the surviving corporation and the Tellurian Investments stockholders participating in the appraisal proceeding by the Delaware Court of Chancery as the Court deems equitable in the circumstances. Upon the application of a Tellurian Investments stockholder, the Delaware Court of Chancery may order all or a portion of the expenses incurred by any Tellurian Investments stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts, to be charged pro rata against the value of all shares entitled to appraisal. Any Tellurian Investments stockholder who had demanded appraisal rights will not, after the effective time of the merger, be entitled to vote shares subject to that demand for any purpose or to receive payments of dividends or any other distribution with respect to those shares, other than with respect to payment as of a record.

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date prior to the effective time; however, if no petition for appraisal is filed within 120 days after the effective time of the merger, or if the Tellurian Investments stockholder delivers a written withdrawal of such stockholder's demand for appraisal and an acceptance of the terms of the merger within 60 days after the effective time of the merger, then the right of that Tellurian Investments stockholder to appraisal will cease and that Tellurian Investments stockholder will be entitled to receive 1.300 shares of Magellan stock for shares of his, her or its shares of Tellurian Investments common stock pursuant to the merger agreement. No appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any Tellurian Investments stockholder without the prior approval of the Court, and such approval may be conditioned upon such terms as the Delaware Court of Chancery deems just; provided, however, that any Tellurian Investments stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party will maintain the right to withdraw its demand for appraisal and to accept the cash that such holder would have received pursuant to the merger agreement within 60 days after the effective date of the merger.

In view of the complexity of Section 262, Tellurian Investments stockholders who may wish to dissent from the merger and pursue appraisal rights should consult their legal advisors.

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**THE MERGER AGREEMENT**

The following section summarizes material provisions of the merger agreement, as amended, which is included in this joint proxy statement/prospectus as Annex A and is incorporated herein by reference in its entirety. The rights and obligations of Magellan and Tellurian Investments are governed by the express terms and conditions of the merger agreement and not by this summary or any other information contained in this joint proxy statement/prospectus. Magellan and Tellurian Investments stockholders are urged to read the merger agreement carefully and in its entirety as well as this joint proxy statement/prospectus before making any decisions regarding the merger, including the approval and adoption of the merger agreement, and the transactions contemplated by the merger agreement, including the merger, and the approval of the issuance of shares of Magellan common stock to Tellurian Investments stockholders pursuant to the merger.

The merger agreement is included in this joint proxy statement/prospectus to provide you with information regarding its terms and is not intended to provide any factual information about Magellan or Tellurian Investments. The merger agreement contains representations and warranties by each of the parties to the merger agreement. These representations and warranties have been made solely for the benefit of the other parties to the merger agreement and:

are not necessarily intended as statements of fact, but rather as a way of allocating the risk between the parties in the event that the statements therein prove to be inaccurate;

have been qualified by certain disclosures that were made between the parties in connection with the negotiation of the merger agreement, which disclosures are not reflected in the merger agreement; and

may apply standards of materiality in a way that is different from what may be viewed as material by you or other investors.

Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read together with the information provided elsewhere in this joint proxy statement/prospectus and in the documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 169.

This summary is qualified in its entirety by reference to the merger agreement.

**Terms of the Merger; Merger Consideration**

The merger agreement provides that, on the terms and subject to the conditions set forth in the merger agreement and in accordance with Delaware law, at the effective time of the merger, Merger Sub will merge with and into Tellurian Investments. Tellurian Investments will be the surviving corporation in the merger and will become a subsidiary of Magellan. At the effective time of the merger, each outstanding share of Tellurian Investments common stock will be converted into the right to receive 1.300 shares of Magellan common stock. Effective immediately prior to the effective time of the merger, each restricted share of Tellurian Investments common stock granted and then outstanding under the Tellurian Investments 2016 Omnibus Incentive Plan and any associated restricted stock agreements and notices of grant will be converted into 1.300 shares of comparable restricted stock of Magellan. The Tellurian Investments Preferred Stock will remain outstanding as preferred stock of the surviving corporation but will become convertible in whole, but not in part, into an equal number of shares of Magellan common stock or shares of a

substantially similar class of Magellan Preferred Stock.

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If a holder of Tellurian Investments stock is entitled to receive any fractional shares of Magellan stock, such holder will receive such fractional share.

The exchange ratio will be adjusted prior to the effective time of the merger to provide Tellurian Investments common stockholders the same economic effect as contemplated by the merger agreement to account for any stock split, reverse stock split, stock dividend, subdivision, reclassification, recapitalization, combination, exchange of shares or the like that occurs with respect to the shares of either Magellan common stock or Tellurian Investments common stock outstanding after the date of the merger agreement and prior to the effective time of the merger.

## **Completion of the Merger**

The parties will complete the transactions contemplated by the merger agreement when all of the conditions to the completion of the transactions, as provided in the merger agreement, are satisfied or waived. The merger will become effective at the date and time the parties file the certificate of merger with the Delaware Secretary of State or at such subsequent time as agreed to in writing by Magellan and Tellurian Investments and specified in the certificate of merger.

Magellan and Tellurian Investments currently expect the closing of the merger to occur in the first calendar quarter of 2017. However, as the merger is subject to the satisfaction or waiver of other conditions described in the merger agreement, it is possible that factors outside the control of Magellan and Tellurian Investments could result in the merger being completed at an earlier time, a later time or not at all.

## **Exchange of Shares in the Merger**

Prior to the effective time of the merger, Magellan will appoint an exchange agent reasonably acceptable to Tellurian Investments for the purpose of exchanging shares of Tellurian Investments common stock in connection with the merger. At the effective time of the merger, each share of Tellurian Investments common stock will be converted into the right to receive 1.300 shares of Magellan common stock.

Promptly after the effective time of the merger, the exchange agent will mail to each holder of one or more Tellurian Investments common stock certificates or shares of Tellurian Investments common stock represented by book-entry, a letter of transmittal specifying, among other things, that delivery will be effected, and risk of loss and title to any certificates will pass, only upon proper delivery of such certificates to the exchange agent, or in the case of book-entry shares, upon adherence to the procedures set forth in the letter of transmittal. That letter of transmittal will also include instructions explaining the procedure for surrendering Tellurian Investments stock certificates or, in the case of book-entry shares, the surrender of such shares for payment of the merger consideration.

After the effective time of the merger, shares of Tellurian Investments common stock will no longer be outstanding. At the effective time, those shares will be automatically canceled and will cease to exist, and each certificate or book-entry share, if any, that previously represented shares of Tellurian Investments common stock will represent only the right to receive the merger consideration as described above, and any dividends or other distributions to which the holders of the certificates become entitled upon surrender of such certificates or book-entry shares. With respect to those shares of Magellan common stock deliverable upon the surrender of Tellurian Investments stock certificates or book-entry shares, until holders of such Tellurian Investments stock certificates or book-entry shares have surrendered those stock certificates or book-entry shares to the exchange agent, those holders will





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not receive dividends or distributions declared or made with respect to such shares of Magellan common stock with a record date after the effective time of the merger.

**Representations and Warranties**

The merger agreement contains representations and warranties made by each party to the merger agreement regarding aspects of such party's business, financial condition, structure and other facts pertinent to the merger. Each of Magellan and Tellurian Investments has made representations and warranties regarding, among other things:

due organization, organizational power, and qualification to do business;

capitalization and due authorization of outstanding equity;

authorization in connection with the merger agreement and related agreements;

non-contravention of the merger agreement with organizational documents and material agreements;

ownership of subsidiaries and their jurisdiction of incorporation or organization;

absence of required governmental consents or filings in connection with the merger agreement;

accuracy of financial statements and absence of material changes after latest unaudited financial statements;

absence of undisclosed liabilities or brokerage fees;

conduct of operations in the ordinary course of business and in compliance with applicable laws, including tax, property and environmental laws, and maintenance of necessary government permits;

absence of material legal proceedings;

regulatory, environmental, and employee matters;

material contracts;

intellectual property;

hedging;

compliance with and exemption from securities laws; and

required stockholder approval to adopt the merger agreement.

Magellan has also made additional representations and warranties relating to:

legal title to material real property, leaseholds, and personal property, and the absence of material encumbrances on owned and leased property;

insurance matters;

absence of non-consent, undisclosed non-current payments or undisclosed royalties;

compliance with anti-corruption and money laundering laws;

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receipt of the fairness opinion; and

compliance of benefit plans with applicable law.

Tellurian Investments has also made additional representations and warranties relating to:

compliance of benefit plans with applicable law;

absence of ownership of Magellan stock by Tellurian Investments, its affiliates and associates; and

certain investment representations and acknowledgements.

Tellurian Investments also made a representation and warranty relating to its lack of ownership of Magellan common stock that would cause it to be an interested stockholder as such term is defined in Section 203 of the DGCL.

The merger agreement also contains certain representations and warranties of Magellan with respect to its wholly owned subsidiary, Merger Sub, including, without limitation, representations about Merger Sub's organizational power, corporate authority with respect to the execution, delivery and performance of the merger agreement, and absence of conflicts and violations.

Many of the representations and warranties in the merger agreement are qualified by a materiality or material adverse effect standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, would, as the case may be, be material or have a material adverse effect). For purposes of the merger agreement, a material adverse effect means, with respect to a person, a change, effect, event or occurrence that is materially adverse to the business, financial condition, or results of operations of that person and its subsidiaries, taken as a whole, but excluding:

any change, effect, event or occurrence in general economic or financial market conditions (but any such change, effect, event or occurrence will be taken into account to the extent it disproportionately affects that person compared to other persons in the same industry);

any change, effect, event or occurrence resulting from or relating to the announcement or pendency of the transactions contemplated by the merger agreement;

any change in the market price or trading volume of Magellan common stock;

the outbreak or escalation of war or terrorism or the occurrence of natural disasters (but any such outbreak, escalation or occurrence will be taken into account to the extent it disproportionately affects that person compared to other persons in the same industry);

any change in any applicable laws or regulations applicable to such person or applicable accounting regulations or principles or the interpretation thereof (but any such change will be taken into account to the extent it disproportionately affects that person compared to other persons in the same industry);

any litigation arising from any alleged breach or other violation of applicable law relating to the merger agreement or the transactions contemplated by the merger agreement; and

any change, effect, event or occurrence that generally affects the prices of oil, gas, natural gas, natural gas liquids or other commodities.

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**Conduct of Business by Magellan and Tellurian Investments Pending Closing**

Each of Magellan and Tellurian Investments has agreed to certain covenants in the merger agreement restricting the conduct of its business between the date of the merger agreement and the effective time of the merger. In general, each of Magellan and Tellurian Investments has agreed to conduct its business in the ordinary course consistent with past practice and to use commercially reasonable efforts to preserve intact its present business organization and the goodwill of those having business relationships with it, retain its officers and key employees, and comply in all material respects with applicable law.

In addition, each of Magellan and Tellurian Investments has agreed to specific restrictions relating to the conduct of its business between the date of the merger agreement and the effective time, including, without limitation, to not do any of the following (subject, in each case, to exceptions specified below and in the merger agreement or previously disclosed in writing as provided in the merger agreement or as agreed in writing by the parties, or as required by law):

issue or redeem equity or declare dividends, except that Tellurian Investments is permitted to issue (i) up to a specified number of shares of common stock (including, pursuant to an amendment to the merger agreement entered into on December 19, 2016, 35,384,615 shares of Tellurian Investments common stock to TOTAL pursuant to the TOTAL Investment) and (ii) pursuant to the amendment to the merger agreement entered into on November 23, 2016, the Tellurian Investments Preferred Stock;

issue notes or other debt securities or enter into borrowing agreements or other financing arrangements;

sell or otherwise dispose of any the properties with a fair market value in excess of \$50,000 in the aggregate;

make capital expenditures in excess of \$50,000 in the aggregate for any fiscal year;

merge with any entity or acquire assets outside the ordinary course of business;

make any loans to any person;

enter into, terminate or amend certain material agreements;

make certain accounting and tax-related changes;

amend its organizational documents;

adopt a plan of liquidation, dissolution, restructuring or other reorganization;

fail to use commercially reasonable efforts to maintain insurance;

enter into certain litigation settlements; or

commit or agree to take any of the foregoing actions.

See Section 5.2 of the merger agreement for the full list of activities that Magellan and Tellurian Investments are prohibited from engaging in prior to closing.

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### **No Solicitation**

The merger agreement provides that Magellan will not (i) solicit, facilitate, encourage or induce any inquiries or proposals that could reasonably be expected to lead to or constitute the submission of an alternative merger with a person or entity other than Tellurian Investments (an Alternative Proposal ), (ii) furnish any confidential information in connection with an Alternative Proposal, (iii) approve, recommend or enter into any agreement relating to an Alternative Proposal, or (iv) withdraw or modify the recommendation to vote for the proposed merger.

However, Magellan's non-solicitation obligations are qualified by fiduciary out provisions which provide that Magellan may take certain otherwise prohibited actions with respect to an unsolicited Alternative Proposal if the board of directors determines that the failure to take such action would be reasonably likely to be inconsistent with its fiduciary duties and certain other requirements are satisfied. Magellan shall promptly advise Tellurian Investments of any Alternative Proposal. Magellan may recommend to its stockholders that it accept the Alternative Proposal under circumstances set forth in Section 5.3 of the merger agreement. In particular, if at any time prior to stockholder approval of the merger agreement Magellan's board of directors receives an Alternative Proposal that (i) the board of directors deems to be *bona fide* and (ii) the board of directors, after consultation with its financial and legal advisors, determines to be more favorable to Magellan stockholders from a financial point of view than the transactions contemplated by the merger agreement (a Superior Proposal ), then the board of directors may change its recommendation that the Magellan stockholders approve the merger agreement and may enter into negotiations and execute a definitive agreement with respect to the Superior Proposal, subject to (A) providing five business days notice to Tellurian Investments of the Superior Proposal and (B) at Tellurian Investments' request, negotiating in good with faith with Tellurian Investments during such five business day period in connection with an alternative transaction.

### **Indemnification and Insurance**

Following the merger, Magellan and Tellurian Investments will be responsible for jointly and severally indemnifying officers, directors and employees of the Magellan to the extent that such persons were subject to indemnification prior to the merger. Magellan shall purchase six years of tail insurance to provide for indemnification of existing Magellan directors, officers and employees for acts committed prior to the date of the merger.

### **Additional Covenants**

Included among the obligations of the parties are the following:

Magellan is obligated to file this joint proxy statement/prospectus with the SEC and give notice of and convene a special meeting of stockholders as provided in this joint proxy statement/prospectus to approve the merger and the other transactions contemplated by the merger agreement;

Magellan is obligated to file with the SEC a registration statement containing this joint proxy statement/prospectus, and Magellan and Tellurian Investments are obligated to use all reasonable best efforts to have the registration statement declared effective by the SEC;



Magellan and Tellurian Investments shall use commercially reasonable efforts (i) to consummate the closing of the merger and (ii) to cause Magellan common stock to be

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eligible for continued listing on the NASDAQ Capital Market following the effective time of the merger; and

all fees and expenses incurred in connection with the transactions contemplated by the merger agreement are the obligation of the respective party incurring such fees.

**Conditions to the Completion of the Merger**

Conditions to Magellan's and Tellurian Investments' obligations to effect the merger, as set forth in the merger agreement, include the following:

Magellan stockholder approval of the merger and the other transactions contemplated by the merger agreement;

Tellurian Investments stockholder approval of the merger and the other transactions contemplated by the merger agreement;

Absence of any governmental injunction, judgment or ruling preventing consummation of the transactions contemplated by the merger agreement; and

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

In addition, Tellurian Investments' obligation to effect the merger, as set forth in the merger agreement, is conditioned on the following:

The resignation of all directors and officer of Magellan and each Magellan subsidiary, except for any person(s) that might be designated by Tellurian Investments;

Antoine J. Lafargue shall have released any and all contractual or similar obligations payable to him from Magellan or its affiliates, or otherwise owed to him as a result of his services as an officer, director, agent or employee of Magellan or its affiliates, provided that such release (i) will be subject to receipt by Mr. Lafargue of an offer of employment by Magellan, effective as of the effective time of the merger, providing for terms and conditions substantially similar to those set forth in the Tellurian Investments disclosure schedule to the merger agreement and (ii) will not affect any right of Mr. Lafargue to indemnification and insurance as provided in the merger agreement; and

The Magellan shares to be issued in the merger shall have been approved for listing on the NASDAQ Capital Market.

**Summary of Employment Contract Term Sheet of Mr. Lafargue**

As noted above, Tellurian Investments' obligation to effect the merger is conditioned on the release by Antoine J. Lafargue of any and all contractual or similar obligations payable to him from Magellan or its affiliates, or otherwise owed to him as a result of his services as an officer, director, agent or employee of Magellan or its affiliates, which release will be subject to receipt by Mr. Lafargue of an offer of employment by Magellan, effective as of the effective time of the merger, providing for terms and conditions substantially similar to those set forth in the Tellurian Investments disclosure schedule to the merger agreement, the principal terms and conditions of which are summarized below.

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Mr. Lafargue's title will be Senior Vice President and Chief Financial Officer of Magellan. His initial salary will be set at an annual rate of \$350,000, subject to annual merit-based increases beginning on January 1, 2018. Beginning on January 1, 2017, Mr. Lafargue will be eligible to receive an annual target cash bonus of 150% of his annual salary (with a stretch target cash bonus of 200% of his annual salary) that will be discretionary and based on company and personal performance milestones which will be agreed between the President of the combined company and Mr. Lafargue within one month of his start date. The employment agreement will have a three-year term, and Mr. Lafargue's employment will be subject to termination by Magellan for cause. Mr. Lafargue will receive a signing bonus of (i) \$990,000 in cash, payable on the day after the closing of the transactions contemplated by the merger agreement, subject to the release by Mr. Lafargue of any and all contractual or similar obligations payable to him from Magellan or its affiliates, or otherwise owed to him as a result of his services as an officer, director, agent or employee of Magellan or its affiliates; and (ii) 800,000 shares of Magellan stock expected to be issued to Mr. Lafargue, of which 150,000 will vest in equal quarterly installments over an 18-month period and the remaining 650,000 will not vest until FID. Mr. Lafargue will also be entitled to participate in the employee benefit programs of the combined company. The terms and conditions of Mr. Lafargue's employment agreement remain subject to further negotiation and approval by the board of directors of Tellurian Investments.

## **Termination of the Merger Agreement**

The merger agreement may be terminated for reasons that include the following:

By mutual written consent of the board of directors of each of Magellan and Tellurian Investments;

By Magellan or Tellurian Investments if (i) the merger has not been completed by February 28, 2017, subject to certain conditions; (ii) if a governmental injunction, judgment or ruling preventing consummation of the transactions contemplated by the merger agreement is in effect and becomes final and nonappealable, subject to certain exceptions; (iii) the Magellan meeting has concluded and the Magellan stockholders have not approved the transactions contemplated by the merger agreement; or (iv) the Tellurian Investments meeting has concluded and the Tellurian Investments stockholders have not approved the transactions contemplated by the merger agreement;

By Magellan if (i) the Magellan board of directors receives a Superior Proposal and determines to accept the Superior Proposal; however, Tellurian Investments will have the right to negotiate with the Magellan board of directors for a five business day period following notice from Magellan to Tellurian Investments of such Superior Proposal prior to Magellan's acceptance of such Superior Proposal; or (ii) Tellurian Investments has breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the merger agreement, which breach or failure (A) would cause the failure by Tellurian Investments to satisfy its closing conditions, and (B) is not cured or is not curable within 30 days; and

By Tellurian Investments if (i) the Magellan board of directors withdraws, modifies or qualifies, or proposes publicly to withdraw, modify or qualify, in a manner adverse to Tellurian Investments, its recommendation that stockholders approve the merger 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; or

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(ii) Magellan or Merger Sub has breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the merger agreement, which breach or failure (A) would cause the failure by Magellan to satisfy its closing conditions, and (B) is not cured or is not curable within 30 days.

**Termination Fee**

A termination fee will be payable by Magellan to Tellurian Investments for any and all third-party transaction fees and expenses incurred by Tellurian Investments with the drafting, negotiation, execution and delivery of the merger agreement and related documents (including fees and expenses for attorneys, accountants and other advisors), subject to a maximum of \$1,000,000 in the aggregate, in the following circumstances:

an Alternative Proposal has been publicly proposed and not withdrawn at the date of the Magellan special meeting, (ii) either party terminates the merger agreement because (A) the merger has not occurred by a specified end date described below, or (B) Magellan stockholders do not approve the merger, and (iii) Magellan enters into a definitive agreement with respect to, or consummates a transaction that constitutes, an Alternative Proposal within 12 months of the termination of the merger agreement (except that references to 20% in the definition of Alternative Proposal in the merger agreement shall be deemed references to 50%);

the merger agreement is terminated by Tellurian Investments if the Magellan board of directors changes its recommendation that the Magellan stockholders vote in favor of the merger;

the merger agreement is terminated by Tellurian Investments if Magellan or Merger Sub has breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the merger agreement, which breach or failure (i) would cause the failure by Magellan or Merger Sub to satisfy its closing conditions, and (ii) is not cured or is not curable within 30 days; or

the merger agreement is terminated by Magellan in order to accept a Superior Proposal.

The end date originally specified in the merger agreement was December 31, 2016. Pursuant to the amendment to the merger agreement entered into on November 23, 2016, the end date was changed to January 31, 2017, and the end date was further changed to February 28, 2017 pursuant to the amendment to the merger agreement entered into on December 19, 2016.

**Reverse Termination Fee**

A termination fee of \$1,000,000 will be payable by Tellurian Investments to Magellan in the following circumstances:

the merger agreement is terminated by Magellan or Tellurian Investments because Tellurian Investments stockholders do not approve the merger at their special meeting;

Tellurian Investments has breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the merger agreement, which breach or failure (i) would cause the failure by Tellurian Investments to satisfy its closing conditions, and (ii) is not cured or is not curable within 30 days; or

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the merger agreement is terminated by Magellan because Tellurian Investments does not use commercially reasonable efforts to secure the approval for listing the Magellan shares to be issued in the merger.

**Amendment of the Merger Agreement**

The merger agreement may be amended or supplemented in any and all respects by written consent of both Magellan and Tellurian Investments, with the exception that, following receipt of Magellan or Tellurian Investments stockholder approval, no provision in the merger agreement can be amended if it would require further approval by the Magellan or Tellurian Investments stockholders, without such approval.

**Officers of the Combined Company**

<b>Name</b>	<b>Title</b>	<b>Age</b>
Martin Houston	Executive Vice Chairman	58
Meg A. Gentle	President and Chief Executive Officer	42
R. Keith Teague	Executive Vice President and Chief Operating Officer	51
Antoine J. Lafargue	Senior Vice President and Chief Financial Officer	42
Daniel A. Belhumeur	General Counsel	38
Christopher Daniels	Corporate Secretary	43
Howard Candelet	Senior Vice President Projects	72
Mark Evans	Senior Vice President Gas Supply	50
Tarek Souki	Senior Vice President LNG Sales	39

**Martin Houston** has served as Executive Vice Chairman since August 30, 2016 and as a Director of Tellurian Investments since February 23, 2016. He was also President of Tellurian Investments from February 23, 2016 until August 31, 2016. Immediately prior to Tellurian Investments, Mr. Houston served as Chairman of Parallax Enterprises starting in December of 2014. From February 2014 until December 2014, Mr. Houston was performing preliminary work related to the formation and business of Parallax Enterprises. Having spent more than three decades at BG Group plc, a FTSE 10 international integrated oil and gas company, Mr. Houston retired in February 2014 as the Group's Chief Operating Officer and an executive director, which positions he held since November 2011 and 2009, respectively. From 2004 to 2009, he was a non-executive director of Severn Trent plc, he is a former director of the Society of International Gas Tanker and Terminal Operators (SIGTTO), and from 2008 to 2014 he was the vice president for the Americas of GIIGNL, the International Group of Liquefied Natural Gas Importers. Mr. Houston is the international chairman of the Houston-based investment bank Tudor Pickering Holt, sits on the National Petroleum Council of the United States, is a non-executive director of The British United Provident Association Limited (BUPA) (an international healthcare group, serving more than 14 million customers in over 190 countries), is a senior advisor to Pine Brook Partners (a private equity firm based in New York), and is a nonexecutive director of CC Energy Development (a private oil and gas exploration and production company). He was the first recipient of the CWC LNG Executive of the Year award in 2011 and is a Companion of the Institution of Gas Engineers and Managers as well as a Fellow of the Geological



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Society of London. As a lover of opera, he sits on the Development Committee of the Royal Opera House in London. Mr. Houston is qualified to serve as a director of the combined company due to his knowledge of and experience in the LNG industry. In addition to his industry experience, he is qualified due to his leadership skills and long-standing senior management experience in the energy industry.

**Meg A. Gentle** has served as President and Chief Executive Officer of Tellurian Investments since August 31, 2016. Ms. Gentle previously served as Executive Vice President-Marketing at Cheniere Energy, Inc. ( Cheniere ) from February 2014 until August 26, 2016 and served as Senior Vice President-Marketing from June 2013 to February 2014, Senior Vice President and Chief Financial Officer from March 2009 to June 2013, Senior Vice President-Strategic Planning & Finance from February 2008 to March 2009, Vice President of Strategic Planning from September 2005 to February 2008 and Manager of Strategic Planning from June 2004 to September 2005. Prior to joining Cheniere, Ms. Gentle spent eight years in energy market development, economic evaluation and long-range planning. She conducted international business development and strategic planning for Anadarko Petroleum Corporation, a publicly traded integrated energy company, from January 1998 to May 2004 and energy market analysis for Pace Global Energy Services, an energy management and consulting firm, from August 1996 to December 1998. Ms. Gentle received a B.A. in Economics and International Affairs from James Madison University in May 1996 and an M.B.A. from Rice University in May 2004. Ms. Gentle is qualified to serve as a director of the combined company due to her knowledge of and experience in the LNG industry and her experience and expertise in finance and financial reporting. In addition to her industry experience and financial qualifications, she is qualified due to her leadership skills and senior management experience in the LNG industry.

**R. Keith Teague** has served as Executive Vice President and Chief Operating Officer of Tellurian Investments since October 10, 2016. Mr. Teague previously served as Executive Vice President, Asset Group at Cheniere from February 2014 until September 22, 2016. Mr. Teague served at Cheniere as Senior Vice President-Asset Group from April 2008 to February 2014. Mr. Teague also served as President of CQH Holdings Company, LLC (formerly known as Cheniere Pipeline Company), a wholly owned subsidiary of Cheniere, from January 2005 until September 22, 2016. Prior to April 2008, he served as Vice President-Pipeline Operations of Cheniere since May 2006. Mr. Teague began his career with Cheniere in February 2004 as Director of Facility Planning. Prior to joining Cheniere, Mr. Teague served as the Director of Strategic Planning for the CMS Panhandle Companies from December 2001 until September 2003. He began his career with Texas Eastern Transmission Corporation where he managed pipeline operations and facility expansion. Mr. Teague received a B.S. in Civil Engineering from Louisiana Tech University and an M.B.A. from Louisiana State University.

**Antoine J. Lafargue** has served as Magellan's President, Chief Executive Officer, Chief Financial Officer, Treasurer and Corporate Secretary since August 5, 2016. From June 2015 to August 5, 2016, Mr. Lafargue served as Magellan's Senior Vice President, Chief Financial Officer, Treasurer, and Corporate Secretary. From October 2014 to June 2015, Mr. Lafargue served as Magellan's Senior Vice President of Strategy and Business Development and Chief Commercial Officer, and from August 2010 to October 2014, Mr. Lafargue served as Magellan's Vice President, Chief Financial Officer and Treasurer. Previously, he has served in a number of senior financial management positions during a career in the United States and Europe. Mr. Lafargue served as the Chief Financial Officer of Falcon Gas Storage, a natural gas storage company based in Houston, Texas as a principal for Arcapita, a global financial services firm, focusing on investments in the energy and infrastructure sectors, and in various financial and strategic advisory roles in the energy sector based in

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London working for Bank of America, Credit Suisse and Societe Generale. Mr. Lafargue holds master's degrees in Finance from the Ecole Supérieure de Commerce de Paris and in Social and Political Sciences from the Institut d'Études Politiques, both located in France.

**Daniel A. Belhumeur** has served as General Counsel of Tellurian Investments since October 10, 2016. Mr. Belhumeur served at Cheniere Energy, Inc. as Vice President, Tax and General Tax Counsel from January 2011 to October 2016. He served as Cheniere's Tax Director from January 2010 to December 2010. From 2007 to 2010, he served as Cheniere's Domestic Tax Counsel. Mr. Belhumeur began his career in public accounting after he received his Bachelor's degree and Master's degree in Accounting from Texas A&M University. He then went on to obtain his law degree from the University of Kansas School of Law and his LL.M. from the Georgetown University Law Center.

**Christopher Daniels** has served as Corporate Secretary of Tellurian Investments since April 1, 2016. He was also General Counsel of Tellurian Investments from April 1, 2016 until October 10, 2016. Immediately prior to Tellurian Investments, he was the General Counsel and Chief of Staff at the Parallax group of companies since December 2014. From February 2014 until December 2014, Mr. Daniels was performing preliminary work related to the formation and business of Parallax Enterprises. Prior to that, Mr. Daniels worked at BG Group as Executive Aide to the COO from March 2012 until February 2014, Global Head of Marine Procurement from September 2011 until March 2012, Director, Human Resources, North America and Bolivia from June 2010 until September 2011, Principal Legal Counsel, Maritime and Commercial from June 2009 until June 2010, Acting Head of Legal, Cairo Asset from October 2008 until June 2009 and Legal Counsel, Maritime from September 1999 until August 2004. Before his time at BG Group, Mr. Daniels was a Senior Associate at Fulbright and Jaworski (now Norton Rose Fulbright). He graduated from Tulane Law School in 1999 and from the United States Merchant Marine Academy in 1994.

**Howard Candelet** has served as Senior Vice President – Projects of Tellurian Investments since April 8, 2016. Previously, he worked for BG Group for over 50 years, with more than 40 years dedicated to LNG. He has held many senior LNG operational and consulting positions, including Vice President of Operations Atlantic LNG from March 1994 to June 2001, Vice President of Operations of BG's Global shipping from June 2001 to June 2008, Management Consultant to BG Group from June 2008 to June 2012, and BG Group Consultant on the Prince Rupert LNG project from June 2012 to April 2016. Educated in the U.K. with a Higher National Certificate in Electrical and Electronic Engineering and CEI in Process Gas Engineering, Mr. Candelet became a Chartered Engineer in 1989.

**Mark Evans** has served as Senior Vice President – Gas Supply of Tellurian Investments since April 15, 2016, where he is responsible for natural gas and power activities. Immediately prior to Tellurian Investments, Mr. Evans served in a similar role at Parallax Enterprises starting in February 2014. From January 2002 to August 2013, he worked at BG Group, where he was responsible for its North American energy trading and marketing business. Prior to BG Group, Mr. Evans worked at Duke Energy from 1990 to 2000 serving in various energy trading roles. He has a BBA from Stephen F. Austin State University where he majored in Finance and an MBA from the University of Houston.

**Tarek Souki** has served as the Senior Vice President – LNG Trading of Tellurian Investments since August 5, 2016. Previously, he served as the Vice President of Finance and Business Development at Cheniere Marketing in charge of all middle and back office and finance for the marketing and trading group from September 2013 to January 2016 and as a consultant to Cheniere Marketing from September 2012 to September 2013. From November 2011 to September 2012, Mr. T.

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Souki was a Vice President in the commodities division of Credit Suisse. Prior to that, he spent 13 years working for various financial institutions, where he specialized in power, energy, and mining corporate and project finance. Mr. T. Souki holds an MBA from the University of Southern California and a BA in Economics from the University of California, Irvine. Tarek Souki is the son of Charif Souki.

**Proposed Directors of the Combined Company**

Name	Age
Charif Souki	63
Martin Houston	58
Meg A. Gentle	42
Michael Bock	51
Dillon J. Ferguson	69
Diana Derycz-Kessler	51
Brooke A. Peterson	66
Jean Jaylet	52

**Charif Souki** has served as a Director and Chairman of the Board of Tellurian Investments since February 23, 2016. Mr. Souki founded Cheniere Energy, Inc. in 1996 and served as Chairman of the Board of Directors, Chief Executive Officer and President until December 2015. Prior to Cheniere, Mr. Souki was an investment banker. Mr. Souki serves on the board of trustees of the American University of Beirut and as a member of the Advisory Board of the Center on Global Energy Policy at Columbia University. Mr. Souki received a B.A. from Colgate University and an MBA from Columbia University. Mr. Souki is qualified to serve as a director of the combined company due to his knowledge of and experience in the LNG industry, including his leading the conception, development and construction of the first large-scale LNG export facility in the United States. In addition to his industry experience, he is qualified due to his leadership skills, long-standing senior management experience and public company board experience in the LNG industry.

**Michael Bock** has served as a Director of Tellurian Investments since March 24, 2016. Mr. Bock is a co-founder of Petrie Partners, LLC, a boutique investment banking firm offering financial advisory services to the oil and gas industry, serving as a Managing Member since its inception in August 2011. Prior to co-founding Petrie Partners, LLC, Mr. Bock was a Managing Director of Merrill Lynch, Pierce, Fenner & Smith Incorporated ( BofA Merrill Lynch ) in the Global Energy & Power Investment Banking Group. He joined BofA Merrill Lynch as part of BofA Merrill Lynch's acquisition of Petrie Parkman & Co. at year-end 2006. At Petrie Parkman, Mr. Bock served as Head of Corporate Finance and as a member of the firm's Board of Directors. Mr. Bock joined Petrie Parkman in 1993. Mr. Bock earned his B.A. degree, cum laude, from Harvard University in 1987. He is a CFA charterholder and is a member of the CFA Institute and the Denver Society of Securities Analysts. Mr. Bock is qualified to serve as a director of the combined company due to his background and experience in investment banking and familiarity with financial statements, which will provide financial expertise and insight to the combined company's board of directors, particularly as the combined company looks to raise capital in the near future to fund its operations and growth. Mr. Bock qualifies as a financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K.

**Dillon J. Ferguson** has served as a Director of Tellurian Investments since December 8, 2016. Mr. Ferguson is a partner at Pillsbury Winthrop Shaw Pittman LLP in its energy and litigation practices. Mr. Ferguson focuses his practice on oil and gas law, with an emphasis on both transaction and litigation matters. His clients are comprised of companies and individuals who are engaged in oil



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and gas activities, including exploration, production, processing, transportation, marketing and consumption. Mr. Ferguson has been a partner at Pillsbury Winthrop Shaw Pittman LLP since May 2016. He was a partner at Andrews Kurth LLP from 2001 to May 2016. Mr. Ferguson earned his B.B.A. from The University of Texas at Austin in 1970 and his J.D. from South Texas College of Law in 1973. Mr. Ferguson is qualified to serve as a director of the combined company due to his knowledge of and experience in the energy industry.

**Diana Derycz-Kessler** has served as a Director of Tellurian Investments since December 8, 2016. Ms. Derycz-Kessler has been a principal at Bristol Capital Advisors since 2000. Bristol Capital Advisors invests in emerging, growing public and private companies that are in a variety of sectors, including oil and gas, biotechnology, technology, education and real estate. Through her investment activities, she has taken on active operational roles, including special counsel to Bristol Capital Advisors, CEO of media arts college Los Angeles Film School, and manager of commercial property partnerships. Ms. Derycz-Kessler's early career began as a lawyer in the international oil and gas sector, working through the law firm of Curtis, Mallet, Prevost, Colt & Mosle in New York. Subsequently she joined Occidental Petroleum, overseeing legal for its Latin American exploration and production operations. In 2016, Ms. Derycz-Kessler became a leader in UNESCO's TeachHer program, a private public sector partnership bridging the global gender gap in education. Ms. Derycz-Kessler holds a law degree from Harvard Law School and a master's degree from Stanford University in Latin American Studies. She obtained her undergraduate double degree in History and Latin American Studies from University of California, Los Angeles (UCLA). Ms. Derycz-Kessler is qualified to serve as a director of the combined company due to her knowledge of and experience in the energy industry and her leadership and management experience.

**Brooke A. Peterson** has served as a Director of Tellurian Investments since July 2016. He has been involved in construction, resort development and real estate for in excess of 35 years, and has been extensively involved in non-profit work since moving to Aspen in 1975. Mr. Peterson is a member of the Colorado Bar and has been licensed to practice law for over 30 years, has served as an arbitrator and mediator since 1985, and has served as a Municipal Court Judge in Aspen, Colorado, since 1981. Mr. Peterson has served as Manager of Ajax Holdings LLC and Ajax's affiliated companies since December 2012 and as the Chief Executive Officer of Coldwell Banker MasonMorse since January 2013. Mr. Peterson earned his B.A. degree from Brown University in 1972 and his J.D. degree from the University of Denver College of Law in 1975. Mr. Peterson is qualified to serve as a director of the combined company due to his knowledge of and experience in project development and the construction industry.

TOTAL will have the right to designate for election one member of the combined company's board of directors. Jean Jaylet, whose biographical information is below, is the initial TOTAL designee. TOTAL will retain this right for so long as its percentage ownership of the combined company's voting stock is at least 10%. Magellan, Tellurian Investments, TOTAL, Charif Souki, the Souki Family 2016 Trust, and Martin Houston entered into a voting agreement pursuant to which Messrs. Souki, the Souki Family 2016 Trust and Houston agreed to vote all shares of the combined company's stock they own in favor of the TOTAL board designee for so long as TOTAL owns not less than ten percent (10%) of the outstanding shares of Tellurian Investments common stock or Magellan common stock, as applicable.

**Jean Jaylet** joined TOTAL S.A. in 1992 in the North Sea division of the Exploration & Production branch, initially as an economist and then as a transportation assets manager for TOTAL Exploration & Production Norge in Oslo. In 1999, he moved to the Gas and Power branch of the

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TOTAL group and was successively in charge of gas & power trading development for Europe and then gas trading manager in Houston. In 2006, Mr. Jaylet took the position of Vice President Marketing for TOTAL Indonesia based in Jakarta and became subsequently Vice President for the Southern Cone in Paris. Since August 2015, he has been Vice President LNG & Economy in the Gas, Renewables & Power branch of TOTAL and a member of the Gas Management Committee. Mr. Jaylet started his career in 1989 as economy lecturer at the IFP School (French Petroleum Institute) in France. He holds degrees from the Ecole Nationale Supérieure d'Arts et Métiers (ENSAM) and from the IFP School (energy and markets program). Mr. Jaylet is qualified to serve as a director of the combined company due to his knowledge of and experience in the energy industry.

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**PROPOSALS FOR THE MAGELLAN SPECIAL MEETING**

**Magellan Proposal 1: Issuance of Shares of Magellan Common Stock**

For a summary and detailed information regarding this proposal, see the information about the merger and issuance of shares of Magellan common stock in connection with the merger contained throughout this joint proxy statement/prospectus, including the information set forth in the sections entitled "The Merger" beginning on page 78.

A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

Under the merger agreement, approval of this proposal is a condition to the completion of the merger. If the proposal is not approved, the transactions will not be completed even if the other proposals related to the transactions are approved.

Under the NASDAQ rules, the proposed issuance of Magellan common stock requires the affirmative vote of holders of a majority of the total votes cast on the proposal but Delaware law requires the affirmative vote of holders of a majority of the shares present in person or represented by proxy at the Magellan special meeting and entitled to vote on the proposal.

**The Magellan board of directors has approved the merger and the merger agreement and recommends that Magellan stockholders vote FOR the proposal to approve the issuance of shares of Magellan common stock to Tellurian Investments stockholders in connection with the merger.**

**Magellan Proposal 2: Approval of the Magellan 2016 Plan**

On September 26, 2016, the Magellan board of directors approved the Magellan Petroleum Corporation 2016 Omnibus Incentive Compensation Plan, subject to stockholder approval, including the material terms of the performance goals set forth in the Magellan 2016 Plan for purposes of Section 162(m) of the Code. The effective date for the Magellan 2016 Plan will be the date it is approved by Magellan stockholders.

***Why You Should Vote in Favor of the Plan***

**General**

The Magellan board of directors believes that the Magellan 2016 Plan will play an important role in the combined company's human resource and business strategy by allowing it to continue to appropriately attract, motivate, and retain experienced and highly qualified individuals who are in a position to contribute materially to the success and long-term objectives of the combined company. Consistent with the combined company's compensation philosophy, the Magellan board of directors believes that stock-based compensation fosters and strengthens a sense of proprietorship and personal involvement in the combined company's success. By holding a personal stake in the combined company, these individuals are encouraged to devote their best efforts towards the achievement of the combined company's business objectives and success, thereby advancing the interests of the combined company and its stockholders.

With the approval of the Magellan 2016 Plan, the combined company will be able to use equity in its compensation arrangements, and it will have a broader array of equity award design alternatives available to use in structuring those arrangements. Except for 800,000 shares of Magellan restricted stock expected to be issued to Mr. Lafargue upon the closing of the merger, the combined company is not proposing that any shares be awarded to any specific individuals

at this time.



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The combined company intends to use shares under the Magellan 2016 Plan to implement the broad objectives of its compensation philosophy, including (i) compensating executives for their willingness to accept lower than prevailing market rate salaries, (ii) implementing a performance-based stock incentive program to incentivize valuable company personnel, and (iii) attracting necessary executives and other key personnel. Additionally, approval of the Magellan 2016 Plan will permit the combined company to compensate its directors with stock. The use of equity as part of the combined company's compensation program is important because it fosters a pay-for-performance culture, which is an important element of the combined company's overall compensation philosophy. The Magellan board of directors believes that equity compensation motivates individuals to create shareholder value, since the value realized from the equity compensation is based on the combined company's stock performance. At the same time, management and the board of directors of Magellan are cognizant of the expense attributable to compensatory stock awards, as well as potential dilution to existing stockholders and strive to maintain both at appropriate levels.

**Section 162(m) Compliance**

The Magellan 2016 Plan is also designed to allow the combined company to issue awards that qualify as performance-based compensation that is exempt from the deduction limitations of Section 162(m) of the Code. As background, Section 162(m) limits the combined company's ability to deduct for federal income tax purposes any compensation in excess of \$1 million paid to its chief executive officer and certain other highly compensated officers, unless the compensation qualifies as performance-based compensation. Awards that are intended to qualify as performance-based compensation under Section 162(m) of the Code must be issued pursuant to a stockholder approved plan and must vest and be payable upon achievement of one or more of the types of performance goals set forth in the plan, with the exact performance metrics of individual awards to be determined in advance by the CNG Committee in accordance with the Code Section 162(m) rules. The combined company intends to award equity compensation to employees and officers under the Magellan 2016 Plan that qualifies as performance-based compensation deductible under Section 162(m) of the Code. Accordingly, and as part of the plan proposal and as required under Section 162(m) and related regulations, Magellan stockholders are being asked to approve the material terms under which the remuneration is to be paid, including the performance goals (including the business criteria on which any qualified performance goals are based) under the Magellan 2016 Plan so that awards made by the CNG Committee to employees and officers can qualify as performance-based compensation deductible under Section 162(m).

***Existing Equity Compensation Plans***

As of January 6, 2017, Magellan had 689,057 stock options outstanding with a weighted average exercise price of \$11.47, of which options 682,807 were fully vested and exercisable. In addition, as of January 6, 2017, Magellan had 64,583 shares of unvested restricted stock outstanding. The closing price of a share of Magellan common stock as reported by the NASDAQ Capital Market on January 6, 2017, was \$10.80.

Magellan currently has the Magellan 2012 Plan, from which it makes equity-based awards to employees and directors. As of January 6, 2017, there were approximately 105,387 shares of Magellan common stock reserved and available for future awards under the Magellan 2012 Plan. Accordingly, if the Magellan 2016 Plan is not approved by the stockholders, the combined company will be limited in its ability to make future equity awards to employees and directors. Thus, the combined company's ability to attract and retain executives and other key personnel will be significantly impaired. If the

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proposed Magellan 2016 Plan is approved by stockholders, future equity awards to employees and directors will be made from the Magellan 2016 Plan. Except for 800,000 shares of Magellan restricted stock expected to be issued to Mr. Lafargue upon the closing of the merger, the combined company will not grant any additional awards under the Magellan 2012 Plan. Equity awards previously granted under the Magellan 2012 Plan will remain outstanding in accordance with their terms. In addition, equity awards previously granted under the Magellan 1998 Plan will remain outstanding in accordance with their terms.

***Description of the Magellan Petroleum Corporation 2016 Omnibus Incentive Compensation Plan***

The Magellan 2016 Plan provides for the granting of the following types of awards:

Stock options

Stock appreciation rights

Restricted stock and/or restricted stock units

Performance shares and/or performance units

Incentive awards

Cash awards

Other stock-based awards

The various types of awards that may be granted under the Magellan 2016 Plan are designed to allow the combined company to respond to changes in compensation trends and practices, tax laws, accounting standards, and the size and diversity of its business.

Magellan is seeking stockholder approval for a maximum share authorization of 40,000,000 common shares under the Magellan 2016 Plan. Provisions have also been included to meet the requirements to allow for deductibility of executive compensation under Section 162(m) of the Code with respect to performance-based compensation awarded to applicable participants.

***The following is a general summary of the material provisions of the Magellan 2016 Plan and is qualified in its entirety by the full text of the Magellan 2016 Plan, which is attached to this joint proxy statement/prospectus as Annex C. Capitalized terms not defined in the summary are defined in the plan document.***

*Term of Plan.* The Magellan 2016 Plan will expire 10 years from the date of its adoption by the Magellan board of directors.

*Participants.* Employees, directors, officers and consultants are considered eligible participants under the Magellan 2016 Plan. As of January 6, 2017, there were approximately 42 full-time employees and six non-employee directors of the combined company that would be eligible to participate in the Magellan 2016 Plan if it were to become effective.

*Shares Authorized.* Subject to stockholder approval, the maximum share authorization reserved for issuance under the Magellan 2016 Plan is 40,000,000 common shares, plus any remaining authorized common shares available under the Magellan 2012 Plan (and not subject to outstanding

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awards under the Magellan 2012 Plan) immediately before the effective date of the Magellan 2016 Plan. The shares to be delivered under the Magellan 2016 Plan may be made available from any combination of shares held in the combined company's treasury or authorized but unissued shares of the combined company's common stock.

Shares are counted against the authorization only to the extent they are actually issued. Shares related to awards which terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of the shares, or are settled in cash in lieu of shares, will again be available for grant under the Magellan 2016 Plan. In addition, any shares related to grants or awards made under the Magellan 2012 Plan that after the effective date of the Magellan 2016 Plan may lapse, expire, terminate, or are cancelled or surrendered, without having been exercised in full, shall become available for grant under the Magellan 2016 Plan. The full number of stock appreciation rights granted that are to be settled by the issuance of shares will be counted against the number of shares authorized for award under the Magellan 2016 Plan, regardless of the number of shares actually issued upon settlement of such stock appreciation rights.

The number of shares authorized to be issued under the Magellan 2016 Plan, as well as individual limitations and exercise prices, will be subject to adjustments for stock dividends, stock splits, recapitalizations, mergers, or similar corporate events. No adjustments will be made with respect to a participant's award if such adjustments would result in adverse taxation under Section 409A of the Code.

*Administration.* Unless otherwise specified by the board of directors of the combined company, the CNG Committee will be the plan administrator for the Magellan 2016 Plan (the Plan Administrator). The Plan Administrator is responsible for administering the Magellan 2016 Plan and has the discretionary power to interpret the terms and intent of the Magellan 2016 Plan and any related documentation, to determine eligibility for awards and the terms and conditions of awards, to adopt rules, regulations, forms, instruments, and guidelines for the Magellan 2016 Plan, and to exercise such powers and perform such acts as are deemed necessary or advisable to promote the best interests of the combined company with respect to the Magellan 2016 Plan. Determinations of the Plan Administrator made under the Magellan 2016 Plan are final and binding. The Plan Administrator may designate the appropriate employees or other agents of the combined company to handle the day-to-day administrative matters of the Magellan 2016 Plan.

*Award Terms.* All awards to participants under the Magellan 2016 Plan are subject to the terms, conditions, and limitations as determined by the Plan Administrator. Under the Magellan 2016 Plan, participants may be granted either incentive stock options that comply with the requirements of Section 422 of the Code (if they are employees) or nonqualified stock options that do not comply with those requirements (which may be granted to all eligible participants). Stock options must have an exercise price per share that is not less than the fair market value of the combined company's common stock on the date of grant, except in the case of stock options granted in assumption of, or in substitution for, outstanding awards previously granted by an acquired company or a company with which the combined company combines. Specifically, the Plan Administrator may not amend the terms of an outstanding stock option to reduce the exercise price, cancel it, and replace it with a new stock option with a lower exercise price, or cancel an outstanding option with an exercise price above the then-current fair market value of the combined company's common stock in exchange for another type of award. Stock options have a maximum term of ten (10) years from the date of grant. Employees may pay the exercise price with cash or its equivalent, by means of a broker-assisted cashless exercise, with

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previously acquired shares of the combined company's common stock, by a net exercise arrangement, or by any other means approved by the Plan Administrator.

Stock appreciation rights may be granted under the Magellan 2016 Plan in tandem with a stock option, in whole or in part, or may be granted separately. The exercise price of a stock appreciation right may not be less than the fair market value of the combined company's common stock on the date of grant, except in the case of stock appreciation rights granted in assumption of, or in substitution for, outstanding awards previously granted by an acquired company or a company with which the combined company combines. Specifically, the Plan Administrator may not amend the terms of an outstanding stock appreciation right to reduce the grant price, cancel it and replace it with a new stock appreciation right with a lower grant price, or cancel an outstanding stock appreciation right with a grant price above the then-current fair market value of the combined company's common stock in exchange for another type of award. Stock appreciation rights have a maximum term of ten (10) years from the date of grant.

A restricted stock award consists of shares of stock that are transferred to the participant subject to restrictions that may result in forfeiture if specified conditions are not satisfied. A holder of restricted stock is treated as a current stockholder and is entitled to voting rights and to receive dividends. The Plan Administrator may require that the dividend be paid in cash or shares on the dividend payment date, or accrued and/or reinvested in additional shares and paid at the time the restricted stock vests and settles. A restricted stock unit award results in the transfer of shares of stock or cash to the participant only after specified conditions are satisfied. Rights to dividend equivalents, payable in cash or shares on the dividend payment date or accrued and/or reinvested in additional shares and paid at the time the restricted stock units vest and are settled, may be extended to and made part of any restricted stock unit award, at the discretion of the Plan Administrator. A holder of a restricted stock unit award is treated as a stockholder with respect to the award only when the shares of common stock are delivered upon vesting and settlement of the award. Except as permitted by the Plan Administrator and specified in the award agreement, restricted stock and restricted stock unit awards settled in stock that are not performance-based will vest over a minimum period of one (1) year, and restricted stock and restricted stock unit awards settled in stock that are performance-based will vest over a minimum period of one (1) year.

A performance award (whether granted as a performance share or a performance unit) consists of a grant made subject to the attainment of one or more performance goals for a specified performance period (as determined by the Plan Administrator but not less than one year) and may be intended to meet the requirements for qualified performance-based compensation under Section 162(m) of the Code. Performance awards will only be earned by participants if the performance goals are met for the performance period. At the discretion of the Plan Administrator and as prescribed in the award agreement, payment may be made in the form of cash, shares, or a combination of cash and shares. Rights to dividend equivalents, payable in cash and/or shares (including reinvestment in additional shares) and paid at the time the performance award vests and settles, may be extended to and made part of any performance award, at the discretion of the Plan Administrator.

Cash awards may be made to participants as determined by the Plan Administrator. The Plan Administrator will determine the terms and conditions of such cash awards, including whether the payout of such awards is subject to the achievement of performance goals.

Other stock-based awards may be equity-based or equity-related awards other than stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, or

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performance units. The terms and conditions of other stock-based awards will be determined by the Plan Administrator. Payment under any other stock-based awards may be made in common stock or cash, as determined by the Plan Administrator.

*Termination of Employment.* Except in the event of a participant's death or disability or termination without cause or with good reason, and unless otherwise specified in the Magellan 2016 Plan or a participant's award agreement, all unvested and/or unexercisable awards will automatically be forfeited upon termination of employment. With respect to stock options or stock appreciation rights, unless otherwise specified in the participant's award agreement, the participant will have at least three (3) months following termination in which to exercise the vested portion of the awards; provided, however, that in the event of the death of an optionholder, such exercise must be made on the earlier of (a) the date 12 months following the date of death or (b) the expiration of the term of such option as set forth in the award agreement. In the event (a) of the death or disability of the participant or (b) that a participant's employment is terminated without cause or by the participant for good reason, (i) all of such participant's outstanding stock options and stock appreciation rights become fully exercisable, and remain exercisable for a period of one (1) year or until the earlier expiration of the original term of the stock option or stock appreciation right, (ii) all time-based vesting restrictions on the participant's outstanding awards lapse as of the date of such termination, and (iii) the payout opportunities attainable under all of the participant's outstanding performance-based awards shall be determined as provided in the award agreement or any special Magellan 2016 Plan document governing the award, or any employment, consulting, change of control severance, or similar service agreement with such participant. In the event of a termination for cause (as defined in the Magellan 2016 Plan), all of a participant's awards, whether vested or unvested, exercisable or unexercisable, will automatically be forfeited. The Plan Administrator will have sole discretion for determining termination provisions for awards.

*Treatment of Awards Upon a Change of Control.* Unless otherwise provided in a participant's award agreement, in the event of a change of control of the combined company, any outstanding stock option or stock appreciation right will become fully exercisable, any outstanding performance share, performance unit, restricted stock, restricted stock unit, other stock-based award, or other cash award that was forfeitable will become non-forfeitable and fully vest, and to the extent applicable, will be converted into shares of the combined company's common stock or cash.

*Clawback Provision.* Each participant's award shall be subject to repayment or forfeiture in accordance with any policy of the combined company, any provision of applicable law, including the Sarbanes-Oxley Act of 2002 and/or the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and any relevant provisions in the related award agreement.

*Transferability of Awards.* Award rights may not be transferred, assigned, pledged, or hypothecated in any manner other than by will or by the applicable laws of descent and distribution, unless the participant has received the Plan Administrator's prior written consent. However, the Magellan 2016 Plan provides that certain transfers may be made to permitted transferees upon approval of the Plan Administrator.

*Amendment to the Plan.* Subject to approval of the Magellan board of directors with respect to amendments that are required by law or regulation or stock exchange rules to be submitted to the stockholders of the combined company for approval, the Magellan board of directors or the CNG Committee may amend the Magellan 2016 Plan as it may deem proper and in the best interests of Magellan. However, to the extent required by applicable law, regulation, or stock exchange rule,

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stockholder approval will be required. No change can be made to any award granted under the Magellan 2016 Plan without the consent of the participant if such change would impair the right of the participant under the provisions of the award to acquire or retain common stock or cash that the participant may have otherwise acquired.

**Section 162(m) Performance Goals**

The plan proposal includes the approval of the material terms of the Code Section 162(m) performance goals under the plan, including (i) the participants eligible to receive compensation under the Magellan 2016 Plan; (ii) a description of the business criteria on which the performance goal is based; and (iii) the maximum amount of compensation that can be paid to a participant if the performance goal is achieved. These aspects of the Magellan 2016 Plan are described below. This summary is qualified in its entirety by reference to the complete text of the Magellan 2016 Plan, which is attached to this joint proxy statement/prospectus as Annex C.

*Eligibility*

As described above, all of the combined company's directors, officers, employees and certain consultants are eligible to receive awards under the Magellan 2016 Plan.

*Performance Goals*

For any awards intended to meet the requirements of Section 162(m) of the Code, the grant or vesting of such awards may be based upon one or more performance goals that apply to the specified participant, one or more business units of the combined company, or the combined company as a whole. The Plan Administrator will determine the performance goals applicable to any such awards at the time the awards are granted. Prior to the payment of any award based on the achievement of performance goals intended to qualify under Section 162(m) of the Code, the CNG Committee must certify in writing that the applicable performance goals and any material terms were, in fact, satisfied. The CNG Committee cannot adjust an award intended to meet the requirements of Section 162(m) of the Code upward for a participant, but retains the discretion to adjust any such award downward. In making awards intended to meet the standards of Section 162(m) of the Code, the CNG Committee may base a performance goal on:

<i>Financial Goals:</i>	Earnings	Earnings per share	Net income
	Revenues	Cash flow from operations	Free cash flow
	Debt level	Equity ratios	Expenses
	Cost reduction targets	Capital expended	Working capital
	Interest-sensitivity gap levels	Weighted average cost of capital	Operating or profit margin
<i>Operating Goals:</i>	EBITDAX or adjusted EBITAX	Return on assets	Return on equity or capital employed
	Engineering milestones	Receipt of and compliance with regulatory approvals	Completion of construction milestones
	Construction milestones		

Regulatory milestones	Receipt of a commitment of financing or refinancing	Achievement of safety standards
Execution of engineering, procurement and construction agreements	Closing of financing or refinancing	Operating efficiency
Completion of regulatory filings	Reaching Final Investment Decision	Production targets
	Execution of commercial agreements	Fuel usage
		Cost of production
		Management of risk



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<i>Corporate and Other Goals:</i>	Total stockholder return	Market share	Charge-offs
	Asset quality levels	Assets	Non-performing assets
	Investments	Asset sale targets	Fair market value of common stock
	Satisfactory internal or external audits	Value of assets	Regulatory compliance
	Achievement of balance sheet rates or income statement objectives	Employee retention/attrition	Safety targets
		Improvements of financial ratings	Economic value added
			MMBTU growth per net debt adjusted share

Any performance measure(s) may be used in comparison to the performance of a group of peer companies, or a published or special index that the CNG Committee, in its sole discretion, deems appropriate.

**Maximum Payment Limitation**

Under the Magellan 2016 Plan, no employee may be granted during any calendar year performance shares or performance units in excess of 10,000,000 shares of common stock, or if settled in cash, cash in excess of the value of 10,000,000 shares of common stock (as of the time of settlement).

**United States Federal Income Tax Consequences**

The following is a brief description of the U.S. federal income tax treatment that will generally apply to awards made under the Magellan 2016 Plan, based on U.S. federal income tax laws and regulations currently in effect. The summary is not intended to be exhaustive and, among other things, does not describe state, local, or foreign income and other tax consequences. The exact U.S. federal income tax treatment of an award will depend on the specific nature and form of such award.

**Incentive Stock Options.** An employee generally will not recognize taxable income upon the grant or exercise of an incentive stock option. However, the amount by which the fair market value of the shares on the exercise date of an incentive stock option exceeds the exercise price of the shares generally will constitute an item of adjustment for alternative minimum tax purposes, and may therefore result in alternative minimum tax liability to the participant. Incentive stock option tax treatment will be available only if the participant has been an employee of the combined company or its subsidiaries within three months of the date of exercise. The combined company will not be entitled to any business expense deduction upon the grant or exercise of an incentive stock option. If the employee has held the shares acquired upon exercise of an incentive stock option for at least two years after the date of grant and for at least one year after the date of exercise, upon disposition of the shares by the employee, the difference, if any, between the sales price of the shares and the exercise price of the option will be treated as a long-term capital gain or loss. If the employee does not satisfy these holding period requirements (resulting from a disqualifying disposition), the employee will generally recognize ordinary income for the year of disposition, in an amount equal to the excess of the fair market value of the shares on the date the option was exercised over the option exercise price (or, if less, the amount realized upon disposition over the exercise price). Any excess of the amount realized by the employee on the disqualifying disposition over the fair market value of the shares on the date of exercise of the option will be

long-term or short-term capital gain, depending on the holding period of the shares. The combined company generally will be entitled to a deduction in the year of disposition equal to the amount of ordinary income recognized by the employee. The employee's basis in the shares acquired upon exercise of an incentive stock option is equal to the exercise price paid, plus any

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amount includible as ordinary income as a result of a disqualifying disposition. A disqualifying disposition of shares acquired upon exercise of an incentive stock option will eliminate the alternative minimum taxable income adjustment if the disposition occurs in the same taxable year as the exercise. A disqualifying disposition in a subsequent taxable year will not affect the alternative minimum tax computation in the earlier year.

*Nonqualified Stock Options.* A participant will not recognize any income at the time of grant of a nonqualified stock option, and the combined company will not be entitled to a tax deduction with respect to such grant. Generally, upon exercise of a nonqualified stock option, the participant will recognize ordinary income in an amount equal to the amount by which the fair market value of the shares on the date of exercise exceeds the exercise price of the option. Subject to any deduction limitation under Section 162(m) of the Code (which is discussed below), the combined company will be entitled to a U.S. federal income tax deduction in the year of exercise in the same amount as the taxable compensation recognized by the participant. The participant's basis in the stock for purposes of measuring the amount of gain will be the exercise price paid to the combined company plus the amount of compensation includible in income at the time of exercise. A participant's subsequent disposition of shares acquired upon the exercise of a nonqualified stock option will ordinarily result in long-term or short-term capital gain or loss, depending on the holding period of the shares.

Generally, the shares received upon exercise of an option or stock appreciation right under the Magellan 2016 Plan are not subject to restrictions on transfer or risks of forfeiture and, therefore, the participant will recognize income on the date of exercise of a nonqualified stock option or stock appreciation right. However, if the optionee is subject to Section 16(b) of the Exchange Act, the Section 16(b) restriction will be considered a substantial risk of forfeiture for tax purposes. Under current law, participants who are either directors or officers of the combined company will be subject to restrictions under Section 16(b) of the Exchange Act during their term of service and for up to six months after termination of service. Exchange Act Rule 16b-3 provides an exemption from the restrictions of Section 16(b) for the grant of derivative securities, such as stock options, under qualifying plans. The Magellan 2016 Plan is intended to satisfy the requirements for exemption under Exchange Act Rule 16b-3. Therefore, the grant of awards will not be considered a purchase and the exercise of the awards to acquire the underlying shares of the combined company's common stock will not be considered a purchase or a sale. Therefore, ordinary income will be recognized and measured on the date of exercise.

*Payment of Option Exercise Price in Shares.* If a nonqualified option is exercised by tendering previously owned shares of the combined company's common stock in payment of the exercise price, then, instead of the treatment described above, the tender generally will not be considered a taxable disposition of the previously owned shares and no gain or loss will be recognized with respect to the equivalent number of new shares (the exchanged shares) acquired at the time of exercise. The participant's basis and holding period for the exchanged shares will be the same as the previously owned shares exchanged. The participant will, however, have ordinary income equal to the fair market value on the date of exercise of the new additional shares received in excess of the number of exchanged shares. The participant's basis in the new additional shares will be equal to the amount of such compensation income, and the holding period will begin on the date of exercise. However, if an incentive stock option is exercised by tendering previously owned shares of the combined company's common stock in payment of the exercise price and the previously owned shares were acquired upon the exercise of an incentive stock option and have not satisfied statutory holding period requirements, a disqualifying disposition will occur and the employee will recognize income and be subject to other basis allocation and holding period adjustments with respect to the exchanged shares.

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*Stock Appreciation Rights and Performance Awards.* When stock appreciation rights are exercised or when performance awards are settled or paid, the amount of cash and the fair market value of property received by the employee (including shares) will be ordinary income, unless the property is subject to transfer restrictions or forfeiture. For the potential tax consequences of transfer restrictions or forfeiture conditions, see Magellan Proposal 2: Approval of the Magellan 2016 Plan United States Federal Income Tax Consequences Restricted Stock below.

*Restricted Stock.* Restricted stock granted under the Magellan 2016 Plan may, in the determination of the Plan Administrator, be subject to rights of repurchase, forfeiture, and other transfer restrictions. The tax consequences of stock granted under the Magellan 2016 Plan depend on whether the stock is subject to restrictions and, if so, whether the restrictions are deemed to create a substantial risk of forfeiture under Section 83 of the Code (for example, stock granted under the Magellan 2016 Plan that is subject to forfeiture if the employee terminates employment prior to the time the restrictions lapse, which restrictions lapse over a period of continued employment, is considered a substantial risk of forfeiture under Section 83 of the Code). If stock is not subject to a substantial risk of forfeiture, the participant normally will recognize taxable ordinary income equal to the value of the stock on the date on which the stock is granted, less any amount paid for that stock. If the stock is subject to a substantial risk of forfeiture, the employee normally will recognize taxable ordinary income as and when the substantial risk of forfeiture lapses, in the amount equal to the fair market value of the shares at the time they are no longer subject to the substantial risk of forfeiture, less any amount paid for the stock. Upon disposition of the stock, the participant will recognize a capital gain or loss equal to the difference between the selling price and the sum of any amount paid for the stock plus any amount recognized as ordinary income upon grant or vesting of the stock. The gain or loss will be long-term or short-term, depending on how long the participant held the stock.

A recipient of stock subject to a substantial risk of forfeiture may make an election under Section 83(b) of the Code to recognize ordinary income on the date the participant receives the restricted stock, rather than waiting until the substantial risk of forfeiture lapses. If the participant makes a Section 83(b) election, the participant will be required to recognize as ordinary income on the date the participant receives the stock grant the difference, if any, between the fair market value of the stock on the award date without regard to the substantial risk of forfeiture and any purchase price paid. If the participant makes a Section 83(b) election, the participant will not be required to recognize any income when the substantial risk of forfeiture lapses.

The shares acquired will have a cost basis equal to the fair market value of the shares on the date the risk of forfeiture lapses (or the date of grant if a Section 83(b) election is made). When the participant disposes of the shares acquired, any amount received in excess of the share's cost basis will be treated as long-term or short-term capital gain, depending on the holding period of the shares. If the amount the participant receives is less than the cost basis of the shares, the loss will be treated as long-term or short-term capital loss, depending on the holding period of the shares.

*Other Awards.* In addition to the types of awards described above, the Magellan 2016 Plan authorizes certain other awards that may include payments in cash, common stock, or a combination of cash and common stock. The tax consequences of such awards will depend on the specific terms of such awards. Generally, however, a participant who receives an award payable in cash will recognize ordinary income with respect to such award when paid, and the combined company will be entitled to a corresponding deduction at that time. In general, the grant of stock to a participant under the Magellan 2016 Plan will be a taxable event at the time of the grant if such stock at that time is not subject to a substantial risk of forfeiture or is transferable within the meaning of Section 83 of the Code in the

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hands of the participant (for such purposes, stock is ordinarily considered to be transferable if it can be transferred to another person who takes the stock free of any substantial risk of forfeiture). In such case, the participant will recognize ordinary income, and the combined company will be entitled to a deduction, equal to the excess of the fair market value of such stock on the date of the grant over the amount, if any, paid for such stock. Stock that at the time of receipt by a participant is subject to a substantial risk of forfeiture and that is not transferable within the meaning of Section 83 of the Code, generally will be taxed under the rules applicable to restricted stock as described above.

*Other Tax Issues.* The terms of awards granted under the Magellan 2016 Plan may provide for accelerated vesting or payment of an award in connection with a change of control of the combined company. In that event, and depending upon the individual circumstances of the recipient, certain amounts with respect to such awards may constitute excess parachute payments under the golden parachute provisions of the Code. Pursuant to these provisions, a participant will be subject to a 20% excise tax on any excess parachute payments, and the combined company will be denied any deduction with respect to such payments.

In general, Section 162(m) of the Code imposes a \$1,000,000 limit on the amount of compensation that may be deducted by the combined company in any tax year with respect to the combined company's named executive officers (excluding the combined company's Chief Financial Officer), including any compensation relating to an award granted under the Magellan 2016 Plan. Compensation that is considered to be performance-based will not have to be taken into account for purposes of the \$1,000,000 limitation, and, accordingly, should be deductible by the combined company without limitation under Section 162(m) of the Code. Provided that (i) an option is approved by a committee comprised of two or more outside directors and has an exercise price of at least the fair market value of the underlying shares on the date of grant, (ii) the plan under which the option is granted imposes a per person limit on the number of shares covered by awards, and (iii) the material terms of the plan under which the option is granted have been disclosed to and approved by stockholders, any compensation deemed paid by the combined company in connection with the disqualifying disposition of incentive stock option shares or the exercise of nonqualified options will qualify as performance-based compensation for purposes of Section 162(m). An award may also qualify as performance-based compensation if the Plan Administrator conditions the grant, vesting, or exercisability of such an award on the attainment of pre-established objective performance goals.

If any award granted under the Magellan 2016 Plan is considered deferred compensation under Section 409A of the Code, then certain requirements must be met for the deferral to be effective for U.S. federal tax purposes. These requirements include ensuring that any election to defer made by the participant is done within the time period(s) permitted by Section 409A; imposing certain limitations on distributions; and prohibiting the acceleration of the time or schedule of any payment of deferred amounts, except in certain permitted circumstances. If these requirements are not met, the participant will be immediately taxable on such purportedly deferred amounts, a 20% penalty tax will be imposed, and interest will accrue at the underpayment rate plus 1% on the tax underpayments that would have occurred had the compensation been includible in the taxable year in which the amounts were first deferred or, if later, the first taxable year in which such deferred compensation is not subject to a substantial risk of forfeiture.

The taxable income resulting from awards under the Magellan 2016 Plan, other than incentive stock options, will constitute wages subject to withholding, and the combined company will be required to make whatever arrangements are necessary to ensure that funds equaling the amount of tax required to be withheld are available for payment, including the deduction of required withholding

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amounts from the participant's other compensation and requiring payment of withholding amounts as part of the exercise price or as a condition to receiving shares pursuant to an award. The combined company will generally be required to withhold applicable taxes with respect to any ordinary income recognized by a participant in connection with awards made under the Magellan 2016 Plan. Whether or not such withholding is required, the combined company will report such information to the IRS as may be required with respect to any income attributable to transactions involving awards.

Any dividends paid on restricted shares granted under the Magellan 2016 Plan prior to the lapse of restrictions will be taxable as additional compensation income to the recipient in the year received, and subject to withholding.

***New Plan Benefits***

All awards granted under the Magellan 2016 Plan are subject to the discretion of the CNG Committee or the board of directors of the combined company, as appropriate. Except for 800,000 shares of Magellan restricted stock expected to be issued to Mr. Lafargue upon the closing of the merger, the total benefits that will be received by any particular person or group under the Magellan 2016 Plan are not determinable at this time. To date, no awards have been made under the Magellan 2016 Plan. The grant of restricted stock to Mr. Lafargue set forth in the table below is contemplated contingent upon stockholder approval of the plan proposal.

***New Plan Benefits Table***

	<b>Dollar Value (1)</b>	<b>Number of Restricted Stock</b>
Antoine J. Lafargue, President, Chief Executive Officer, Chief Financial Officer, Treasurer and Corporate Secretary	\$ 8,640,000	800,000

- (1) The dollar value of the award is calculated based on an assumed \$10.80 per share price of Magellan common stock as reported by the NASDAQ Capital Market on January 6, 2017. The actual value would be determined based on the fair market value of Magellan common stock on the grant date.

***Vote Required for Approval***

Approval of the plan proposal, including the material terms under which the remuneration is to be paid and the performance goals (including the business criteria on which any qualified performance goals are based), will require the affirmative vote of holders of a majority of the shares of Magellan common stock present in person or represented by proxy at the Magellan special meeting and entitled to vote on the matter, provided that a quorum exists.

For the plan proposal, abstentions will be counted towards the vote total and will have the same effect as a vote AGAINST the proposal, but broker non-votes (which are not entitled to vote on the matter) will not be counted and will have no effect.

***Board Recommendation***

**The Magellan board of directors unanimously recommends that Magellan stockholders vote FOR the proposal to approve the Magellan 2016 Plan, and a vote FOR approval of the Magellan 2016 Plan shall in fact include**

**approval of the material terms of the performance goals of the Magellan 2016 Plan.**

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### **Magellan Proposal 3: Advisory (Non-Binding) Vote on Golden Parachute Compensation**

Under Section 14A of the Exchange Act and the applicable SEC rules issued thereunder, Magellan is required to submit a proposal to its stockholders for a non-binding, advisory vote to approve certain compensation that may become payable to Magellan's named executive officers in connection with the completion of the merger. This proposal gives Magellan stockholders the opportunity to vote, on a non-binding advisory basis, on the compensation that may be paid or become payable to Magellan's named executive officers in connection with the merger. This compensation is summarized in the table on page 97 in the section entitled "The Merger Interests of Magellan Directors and Executive Officers in the Merger Golden Parachute Compensation Table," and in the footnotes to the table.

The Magellan board or directors encourages you to review carefully the named executive officer merger-related compensation information disclosed in this joint proxy statement/prospectus. The Magellan board or directors unanimously recommends that Magellan stockholders approve, by advisory vote, the compensation that may become payable to Magellan's named executive officers in connection with the completion of the merger.

The vote on the compensation proposal is a vote separate and apart from the vote on the merger proposal. Accordingly, you may vote to approve and adopt the merger proposal and vote not to approve the compensation proposal, and vice versa. Because the vote on the compensation proposal is advisory only, it will not be binding on either Magellan or Tellurian Investments. Accordingly, if the merger agreement is approved and adopted and the merger is completed, the compensation will be payable, subject only to the conditions applicable thereto, regardless of the outcome of the vote on the compensation proposal.

Approval of the compensation proposal requires the affirmative vote of holders of a majority of the shares of Magellan common stock present in person or represented by proxy at the Magellan special meeting and entitled to vote on the proposal, assuming that a quorum is present.

If you fail to submit a proxy or fail to instruct your broker to vote, it will have no effect on the compensation proposal, assuming that a quorum is present. If you mark your proxy or voting instructions to abstain, it will have the same effect as a vote AGAINST the compensation proposal, assuming that a quorum is present.

**The Magellan board of directors unanimously recommends that Magellan stockholders vote FOR the proposal to approve, on a non-binding advisory basis, the compensation that may become payable to Magellan's named executive officers in connection with the completion of the merger.**

### **Magellan Proposal 4: Possible Adjournment of the Magellan Special Meeting**

If Magellan fails to receive a sufficient number of votes to approve Magellan Proposal 1, 2, 3 or 5, Magellan may propose to adjourn the Magellan special meeting, even if a quorum is present, for the purpose of soliciting additional proxies to approve Magellan Proposal 1, 2, 3 or 5. Magellan currently does not intend to propose adjournment of the Magellan special meeting if there are sufficient votes to approve Magellan Proposals 1, 2, 3 and 5.

The proposal to adjourn the Magellan special meeting, if necessary or appropriate to solicit additional proxies, requires the affirmative vote of holders of a majority of the shares of Magellan



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common stock, present in person or represented by proxy at the Magellan special meeting and entitled to vote on the proposal, regardless of whether there is a quorum.

**The Magellan board of directors unanimously recommends that Magellan stockholders vote FOR the proposal to adjourn the Magellan special meeting, if necessary or appropriate, to solicit additional proxies.**

### **Magellan Proposal 5: Ratification of Appointment of EKS&H LLLP as the Independent Registered Public Accounting Firm of Magellan**

The audit committee of the Magellan board of directors (the Audit Committee ) has appointed and engaged EKS&H to serve as the independent registered public accounting firm to audit Magellan's financial statements for the fiscal year ending June 30, 2017, and to perform other appropriate audit-related services. EKS&H began its service as Magellan's independent registered public accounting firm for the fiscal year ended June 30, 2012. Magellan stockholders are hereby asked to ratify the Audit Committee's appointment of EKS&H as the independent registered public accounting firm of Magellan for the fiscal year ending June 30, 2017.

The Audit Committee is solely responsible for selecting the independent auditors of Magellan. Although stockholder ratification of the appointment of EKS&H is not required by law or Magellan's organizational documents, the Magellan board of directors has determined that it is desirable to seek stockholder ratification as a matter of good corporate governance in view of the critical role played by independent registered public accounting firms in maintaining the integrity of financial controls and reporting. If the Magellan stockholders do not ratify the appointment of EKS&H, the Audit Committee will consider whether to engage another independent registered public accounting firm. Even if the appointment of EKS&H is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of Magellan and its stockholders.

Magellan expects that a representative from EKS&H will be present at the Magellan special meeting. Such representative will have the opportunity to make a statement if he or she so desires and is expected to be available to respond to appropriate questions.

### ***Principal Accountants Fees and Services***

EKS&H served as Magellan's principal accountant for the audit of Magellan's consolidated financial statements for the fiscal years ended June 30, 2016, and June 30, 2015, and review of Magellan's condensed consolidated financial statements included in its Quarterly Reports on Form 10-Q for those fiscal years. Information about EKS&H's fees and services in those years is provided below.

#### Audit Fees

The aggregate fees paid or to be paid to EKS&H for the review of the condensed consolidated financial statements included in Magellan's Quarterly Reports on Form 10-Q and the audit of the consolidated financial statements included in Magellan's Annual Reports on Form 10-K for the fiscal years ended June 30, 2016, and June 30, 2015, were \$223,531 and \$268,566, respectively.

#### Audit-Related Fees

The aggregate fees paid or to be paid to EKS&H in connection with Magellan's audit-related services during the fiscal years ended June 30, 2016, and June 30, 2015, were \$0 and \$41,500,



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respectively. The services performed during the 2015 fiscal year related to (i) Magellan's Shelf Registration Statement on Form S-3; (ii) attendance at Magellan's meeting of stockholders and Audit Committee meetings; (iii) comfort letter procedures associated with the filing of Magellan's Shelf Registration Statement on Form S-3 and the implementation of an at-the-market equity financing facility under the Shelf Registration Statement; and (iv) certain out-of-pocket expense items.

## Tax Fees

There were no fees paid or to be paid to EKS&H for tax services rendered to Magellan during the fiscal years ended June 30, 2016, and June 30, 2015.

## All Other Fees

The aggregate other fees paid or to be paid to EKS&H for any other services rendered to Magellan during the fiscal years ended June 30, 2016, and June 30, 2015, were \$11,423, and \$0, respectively. The services performed during the 2016 fiscal year related to review of the proxy and pro forma financial statements in connection with the exchange agreement with One Stone.

## *Pre-Approval Policies*

Under the terms of its charter, the Audit Committee is required to pre-approve all the services provided by, and fees and compensation paid to, the independent registered public accounting firm for both audit and permitted non-audit services. When it is proposed that the independent registered public accounting firm provide additional services for which advance approval is required, the Audit Committee may form and delegate authority to a subcommittee consisting of one or more members, when appropriate, with the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals are to be presented to the Audit Committee at its next scheduled meeting.

## *Vote Required for Approval*

Approval of Proposal 5 will require the affirmative vote of holders of a majority of the shares of Magellan common stock present in person or represented by proxy at the Magellan special meeting and entitled to vote on the proposal, assuming that a quorum is present.

If you fail to submit a proxy or fail to instruct your broker to vote, it will have no effect on Proposal 5, assuming that a quorum is present. If you mark your proxy or voting instructions to abstain, it will have the same effect as a vote AGAINST Proposal 5, assuming that a quorum is present.

## *Board Recommendation*

**The Magellan board of directors unanimously recommends that Magellan stockholders vote FOR the proposal to ratify the appointment of EKS&H as the independent registered public accounting firm of Magellan for the fiscal year ending June 30, 2017.**

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**PROPOSAL FOR THE TELLURIAN INVESTMENTS SPECIAL MEETING**

**Tellurian Investments Proposal 1: Approval of Merger Agreement**

For a summary and detailed information regarding this proposal, see the information about the merger contained throughout this joint proxy statement/prospectus, including the information set forth in the sections entitled "The Merger" beginning on page 78.

A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

Under the merger agreement, approval of this proposal is a condition to the completion of the merger. If the proposal is not approved, the transactions will not be completed even if the other proposals related to the transactions are approved.

Approval of Tellurian Investments Proposal 1 requires the affirmative vote of holders of a majority of the outstanding shares of Tellurian Investments common stock entitled to vote thereon.

**The Tellurian Investments board of directors has approved the merger and the merger agreement and recommends that Tellurian Investments stockholders vote FOR the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger.**

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**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER**

The following is a general discussion of the U.S. federal income tax consequences of the merger to U.S. holders (as defined below) of Tellurian Investments common stock who exchange their shares of Tellurian Investments common stock for shares of Magellan common stock in the merger. The following discussion is based upon the Code, the U.S. Treasury regulations promulgated thereunder and judicial and administrative authorities, rulings and decisions, all as in effect as of the date of this joint proxy statement/prospectus. These authorities may change, possibly with retroactive effect, and any such change could affect the accuracy of the statements and conclusions set forth in this discussion. This discussion does not address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, nor does it address any tax consequences arising under the laws of any state, local or foreign jurisdiction, or under any U.S. federal laws other than those pertaining to the income tax.

The following discussion applies only to U.S. holders of shares of Tellurian Investments common stock who hold such shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Further, this discussion does not purport to consider all aspects of U.S. federal income taxation that might be relevant to U.S. holders in light of their particular circumstances and does not apply to U.S. holders subject to special treatment under the U.S. federal income tax laws (such as, for example, dealers or brokers in securities, commodities or foreign currencies, traders in securities that elect to apply a mark-to-market method of accounting, banks and certain other financial institutions, insurance companies, mutual funds, tax-exempt organizations, holders subject to the alternative minimum tax provisions of the Code, partnerships, S corporations or other pass-through entities or investors in partnerships, regulated investment companies, real estate investment trusts, controlled foreign corporations, passive foreign investment companies, former citizens or residents of the United States, U.S. expatriates, holders whose functional currency is not the U.S. dollar, holders who hold shares of Tellurian Investments common stock as part of a hedge, straddle, constructive sale or conversion transaction or other integrated investment, holders who acquired Tellurian Investments common stock pursuant to the exercise of employee stock options, through a tax qualified retirement plan or otherwise as compensation, holders who exercise appraisal rights, or holders who actually or constructively own more than 5% of Tellurian Investments common stock).

For purposes of this discussion, the term U.S. holder means a beneficial owner of Tellurian Investments common stock that is for U.S. federal income tax purposes (i) an individual citizen or resident of the United States, (ii) a corporation, or entity treated as a corporation for U.S. federal income tax purposes, organized in or under the laws of the United States or any state thereof or the District of Columbia, (iii) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) such trust has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes or (iv) an estate, the income of which is includible in gross income for U.S. federal income tax purposes, regardless of its source.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Tellurian Investments common stock, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Any entity treated as a partnership for U.S. federal income tax purposes that holds Tellurian Investments common stock, and any partners in such partnership, should consult their own independent tax advisors regarding the tax consequences of the merger and the special cash dividend to their specific circumstances.

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The parties intend for the merger to be treated as a reorganization within the meaning of Section 368(a) of the Code and/or an exchange under Section 351 of the Code for U.S. federal income tax purposes. Assuming that the merger qualifies as a reorganization within the meaning of Section 368(a) of the Code and/or an exchange under Section 351 of the Code, upon the exchange of Tellurian Investments common stock for Magellan common stock, the U.S. federal income tax consequences will be as follows:

Upon exchanging your Tellurian Investments common stock for Magellan common stock, you generally will not recognize gain or loss. The aggregate tax basis of the Magellan common stock that you receive in the merger (including any fractional shares received) will equal your aggregate adjusted tax basis in the shares of Tellurian Investments common stock you surrender in the merger. Your holding period for the shares of Magellan common stock that you receive in the merger (including any fractional share received) will include your holding period for the shares of Tellurian Investments common stock that you surrender in the merger. If you acquired different blocks of Tellurian Investments common stock at different times or at different prices, the Magellan common stock you receive will be allocated pro rata to each block of Tellurian Investments common stock, and the basis and holding period of each block of Magellan common stock you receive will be determined on a block-for-block basis depending on the basis and holding period of the blocks of Tellurian Investments common stock exchanged for such Magellan common stock.

**Determining the actual tax consequences of the merger to you may be complex and will depend on your specific situation and on factors that are not within our control. You should consult your own independent tax advisor as to the specific tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local, foreign and other tax laws and of changes in those laws.**

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**ACCOUNTING TREATMENT**

Each of Magellan and Tellurian Investments prepares its financial statements in accordance with generally accepted accounting principles in the United States. The merger will be accounted for using the acquisition method of accounting with Tellurian Investments being considered the acquirer of Magellan for accounting purposes. This means that Tellurian Investments will allocate the purchase price to the fair value of Magellan's tangible and intangible assets and liabilities at the acquisition date, with the excess purchase price being recorded as goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND EXECUTIVE MANAGEMENT OF  
MAGELLAN****Security Ownership of Management**

The following table sets forth the number of shares of Magellan common stock owned beneficially as of January 6, 2017 (unless another date is specified by footnote below), by each director of Magellan and each named executive officer of Magellan, and by all current directors and current executive officers of Magellan as a group:

Name of Individual or Group (1)	Amount and Nature of Beneficial Ownership *		Percent of Class (2)
	Shares	Options	
Brendan S. MacMillan, Director (3)	377,559		6.4%
Ronald P. Pettirossi, Director (4)	65,259	3,125	1.2%
J. Robinson West, Director (5)	75,922	31,250	1.8%
Antoine J. Lafargue, President, Chief Executive Officer, Chief Financial Officer, Treasurer and Corporate Secretary (6)	78,051	259,373	5.5%
J. Thomas Wilson, Former President, Chief Executive Officer and Director (7)	74,144	292,966	5.9%
<b>Directors and Executive Officers as a Group (a total of 4 persons)</b>	<b>596,791</b>	<b>293,748</b>	<b>14.4%</b>

\* Unless otherwise indicated, each person listed has the sole power to vote and dispose of the shares listed. Pursuant to SEC Rule 13d-3 under the Exchange Act, beneficial ownership includes shares as to which the individual or entity has or shares voting power or investment power, and any shares that the individual or entity has the right to acquire within 60 days of January 6, 2017, including through the exercise of any option, warrant, or right. For each individual or entity that holds options, warrants or rights to acquire shares, the shares of Magellan common stock underlying those securities are treated as owned by that holder and as outstanding shares when that holder's percentage ownership of Magellan common stock is calculated. That Magellan common stock is not treated as outstanding when the percentage ownership of any other holder is calculated.

(1) Except as otherwise indicated below, the address and telephone number of each of these persons is c/o Magellan Petroleum Corporation, 1775 Sherman Street, Suite 1950, Denver, Colorado 80203 and (720) 484-2400, respectively.

(2) Based on a total of 5,879,610 shares of Magellan common stock outstanding as of January 6, 2017.

(3) Includes 262 shares held by Mr. MacMillan's spouse and a total of 9,393 shares held by Mr. MacMillan as UTMA custodian for his daughters.

(4) Mr. Pettirossi holds 65,259 shares of Magellan common stock and holds vested options to acquire a total of 3,125 shares of Magellan common stock.

(5) Mr. West holds 75,922 shares of Magellan common stock and holds vested options to acquire a total of 31,250 shares of Magellan common stock.



(6) Mr. Lafargue holds 78,051 shares of Magellan common stock and holds options to acquire a total of 259,373 shares of Magellan common stock, consisting of 100,000 time-based options, 107,811 performance-based options, and 51,562 market-based options.

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(7) Mr. Wilson holds 74,144 shares of Magellan common stock and holds options to acquire a total of 292,966 shares of Magellan common stock, consisting of 35,156 time-based options, 145,312 performance-based options, and 112,498 market-based options. Mr. Wilson ceased serving as Magellan's President and Chief Executive Officer and as a member of the Magellan board of directors on August 5, 2016. The address of Mr. Wilson is 700 East Ninth Avenue, Suite 200, Denver, Colorado 80203.

**Other Security Holders**

The following table sets forth information (as of the date indicated) as to all persons or groups known to Magellan to be beneficial owners of more than 5% of Magellan's issued and outstanding common stock as of January 6, 2017:

Name and Address of Beneficial Holder	Shares Beneficially Owned	Percent of Class
Hammer Wealth Group, Inc.  68 South Service Road, Suite 100  Melville, New York 11747	536,692	(1) 9.1%
Brendan S. MacMillan  150A Manchester Street  San Francisco, California 94110	377,559	(2) 6.4%

(1) On February 11, 2016, Hammer Wealth Group, Inc. filed a Schedule 13G/A with the SEC indicating that it was a registered investment advisor, and as of July 15, 2014, had beneficial ownership of 536,692 shares of Magellan common stock, representing beneficial ownership of 9.1% of Magellan's issued and outstanding common stock as of January 6, 2017.

(2) This information is based in part on a Form 4 filed by Mr. MacMillan with the SEC on August 15, 2016.

On February 10, 2014, William H. Hastings filed a Schedule 13G/A with the SEC indicating that Mr. Hastings was the beneficial owner of 6.4% of Magellan's issued and outstanding common stock. On October 17, 2014, Magellan purchased options held by Mr. Hastings to purchase 189,062 shares of Magellan common stock and 31,250 shares of Magellan common stock held in an individual retirement account for the benefit of Mr. Hastings. As a result of this transaction, Magellan believes that, as of January 6, 2017, Mr. Hastings is no longer a beneficial owner of more than 5% of Magellan's issued and outstanding common stock.

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND EXECUTIVE  
MANAGEMENT OF TELLURIAN INVESTMENTS**

**Security Ownership of Management**

The following table sets forth the number of shares of Tellurian Investments common stock owned beneficially as of January 6, 2017 (unless another date is specified by footnote below), by each director of Tellurian Investments and each executive officer of Tellurian Investments listed in the Summary Compensation Table contained herein, and by all current directors and current executive officers of Tellurian Investments as a group:

Name of Individual or Group	Amount and Nature of Beneficial Ownership *		Percent of Class (1)
	Shares	Options	
Charif Souki	22,211,667		15.3%
Martin Houston	18,573,333		12.8%
Meg A. Gentle	8,950,000		6.2%
R. Keith Teague	4,500,000		3.1%
Howard Candelet	1,800,000		1.2%
Tarek Souki	1,755,000		1.2%
Mark Evans	1,200,000		**
Christopher Daniels	1,125,000		**
Daniel A. Belhumeur	1,000,000		**
Michael Bock	540,000		**
Brooke A. Peterson	410,000		**
Dillon J. Ferguson	125,000		**
<b>Directors and Executive Officers as a Group (a total of 12 persons)</b>	<b>62,190,000</b>		<b>42.8%</b>

\* Unless otherwise indicated, each person listed has the sole power to vote and dispose of the shares listed. Pursuant to SEC Rule 13d-3 under the Exchange Act, beneficial ownership includes shares as to which the individual or entity has or shares voting power or investment power, and any shares that the individual or entity has the right to acquire within 60 days of January 6, 2017, including through the exercise of any option, warrant, or right. For each individual or entity that holds options, warrants or rights to acquire shares, the shares of Tellurian Investments common stock underlying those securities are treated as owned by that holder and as outstanding shares when that holder's percentage ownership of Tellurian Investments common stock is calculated. That Tellurian Investments common stock is not treated as outstanding when the percentage ownership of any other holder is calculated.

\*\* The percent of class owned is less than 1%.

(1) Based on a total of 145,203,615 shares of Tellurian Investments common stock outstanding as of January 6, 2017.



**Table of Contents****Other Security Holders**

The following table sets forth information (as of the date indicated) as to all persons or groups known to Tellurian Investments to be beneficial owners of more than 5% of Tellurian Investments issued and outstanding common stock as of January 6, 2017:

Name and Address of Beneficial Holder	Shares Beneficially Owned	Percent of Class
TOTAL Delaware, Inc. c/o TOTAL SA-Gas, Power & Renewables 2 place Jean Miller 92078 Paris La Defense Cedex Charif Souki	35,384,615	24.4%
1201 Louisiana, Suite 3100 Houston, Texas 77002 Souki Family 2016 Trust	20,000,000	13.8%
P.O. Box 4068 Aspen, Colorado 81612 Martin Houston	18,573,333	12.8%
1201 Louisiana, Suite 3100 Houston, Texas 77002 Meg A. Gentle	8,950,000	6.2%
1201 Louisiana, Suite 3100 Houston, Texas 77002 Karim Souki	7,500,000	5.2%

Saifi Homes Building, 8th Floor

Beirut Lebanon

Magellan, Tellurian Investments, TOTAL, Charif Souki, the Souki Family 2016 Trust and Martin Houston entered into a voting agreement pursuant to which Mr. Souki, the Souki Family 2016 Trust and Mr. Houston agreed to vote all shares of the combined company's stock they own in favor of a board nominee designated by TOTAL for so long as TOTAL owns not less than ten percent (10%) of the outstanding shares of Tellurian Investments common stock or Magellan common stock, as applicable. The foregoing amounts do not include shares TOTAL may be deemed to

beneficially own as a result of the voting agreement.

**Table of Contents****PRO FORMA BENEFICIAL OWNERSHIP OF MAGELLAN UPON COMPLETION OF THE MERGER**

The following table contains information about the beneficial ownership of the Magellan common stock upon consummation of the merger by:

each person or group who is known to the management of Magellan and Tellurian Investments to become the beneficial owner of more than 5% of the outstanding shares of common stock of the combined company upon consummation of the merger;

each person expected to be a director or executive officer of the combined company; and

all directors and executive officers of the combined company as a group.

Name of Individual or Group (1)	Pro Forma for the Merger		Percent of Class (2)
	Shares	Options	
TOTAL Delaware, Inc. (3)	46,000,000		23.5%
Charif Souki (4)	28,875,167		14.7%
Souki Family 2016 Trust (5)	26,000,000		13.3%
Martin Houston (6)	24,145,333		12.3%
Meg A. Gentle (7)	11,700,000		5.9%
Karim Souki (8)	9,750,000		5.0%
R. Keith Teague (9)	5,850,000		3.0%
Howard Candelet (10)	2,340,000		1.2%
Tarek Souki (11)	2,281,500		1.2%
Mark Evans (12)	1,560,000		**
Christopher Daniels (13)	1,462,500		**
Daniel A. Belhumeur (14)	1,300,000		**
Antoine J. Lafargue (15)	815,551		**
Michael Bock (16)	702,000		**
Brooke A. Peterson (17)	533,000		**
Dillon J. Ferguson	162,500		**
<b>Directors and Executive Officers as a Group (a total of 12 persons)</b>	<b>81,662,551</b>		<b>41.7%</b>

\* Unless otherwise indicated, each person listed has the sole power to vote and dispose of the shares listed. Pursuant to SEC Rule 13d-3 under the Exchange Act, beneficial ownership includes shares as to which the individual or entity has or shares voting power or investment power, and any shares that the individual or entity has the right to acquire within 60 days of January 6, 2017, including through the exercise of any option, warrant, or right. For each individual or entity that holds options, warrants or rights to acquire shares, the shares of Magellan common stock underlying those securities are treated as owned by that holder and as outstanding shares when that holder's percentage ownership of Magellan common stock is calculated. That Magellan common stock is not treated as outstanding when the percentage ownership of any other holder is calculated.

\*\* The percent of class owned is less than 1%.



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- (1) Except as otherwise indicated below, the address and telephone number of each beneficial owner is c/o Tellurian Investments Inc., 1201 Louisiana Street, Suite 3100, Houston, Texas 77002 and (832) 962-4000, respectively.
- (2) Upon consummation of the merger, (a) approximately 188,764,700 shares of Magellan common stock will be issued to Tellurian Investments stockholders, (b) approximately 409,800 shares of Magellan common stock will be issued to Magellan's financial advisor, (c) 100,000 shares of Magellan common stock will be issued to members of the Magellan board of directors pursuant to the terms of the merger agreement, and (d) 90,350 shares of Magellan common stock will be issued to the former owners of the membership interests in Nautilus Technical Group LLC ( Nautilus Technical ) and Eastern Rider LLC ( Eastern Rider ) pursuant to the purchase and sale agreement, effective as of September 30, 2016, by and among Magellan and the former owners of the membership interests in Nautilus Technical and Eastern Rider, as disclosed in the Current Report on Form 8-K of Magellan filed with the SEC on October 5, 2016. In connection with the employment of Mr. Lafargue, he will receive, among other things, 800,000 shares of Magellan stock, of which 150,000 will vest in equal quarterly installments over an 18-month period and 650,000 will vest upon FID. The issuance of the shares of Magellan common stock is contingent upon Mr. Lafargue's execution of a waiver with respect to his current employment contract and the rights and obligations thereunder. In connection with such waiver, it is expected that 62,500 shares of Magellan restricted stock and options to acquire a total of 259,373 shares of Magellan common stock currently held by Mr. Lafargue will be terminated. Pro forma for the merger, Magellan will have approximately 195,981,960 issued and outstanding shares of common stock.
- (3) Upon the closing of the transactions contemplated by the common stock purchase agreement between Tellurian Investments and TOTAL, Magellan, Tellurian Investments, TOTAL, Charif Souki, the Souki Family 2016 Trust and Martin Houston entered into a voting agreement pursuant to which Mr. Souki, the Souki Family 2016 Trust and Mr. Houston agreed to vote all shares of the combined company's stock they own in favor of a board nominee designated by TOTAL for so long as TOTAL owns not less than ten percent (10%) of the outstanding shares of Tellurian Investments common stock or Magellan common stock, as applicable. Amounts shown for TOTAL do not include shares that TOTAL may be deemed to beneficially own as a result of the voting agreement.
- (4) Mr. Souki is the Chairman of the Tellurian Investments board of directors and following the merger will be the Chairman of the Magellan board of directors.
- (5) Charif Souki is the trustee of the Souki Family 2016 Trust, but its voting rights are currently controlled by the majority vote of Tarek Souki, Karim Souki, Christopher Souki and Lina Souki, all of whom are beneficiaries of the trust and members of the Souki family. One other member of the Souki family who is currently five years old will obtain voting rights upon turning 25 years old.
- (6) Mr. Houston is the Executive Vice Chairman of Tellurian Investments and following the merger will be the Executive Vice Chairman of Magellan.
- (7) Ms. Gentle is the President and Chief Executive Officer of Tellurian Investments and following the merger will be the President and Chief Executive Officer of Magellan. Her share count includes 3,250,000 shares of restricted common stock that do not vest until FID.
- (8) Karim Souki is the brother of Charif Souki.
- (9) Mr. Teague is the Executive Vice President and Chief Operating Officer of Tellurian Investments and following the merger will be the Executive Vice President and Chief Operating Officer of Magellan. His share count includes 3,250,000 shares of restricted common stock that do not vest until FID.

(10) Mr. Candelet is the Senior Vice President Projects of Tellurian Investments and following the merger will be the Senior Vice President Projects of Magellan. His share count includes 650,000 shares of restricted common stock that do not vest until FID.

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(11) Mr. T. Souki is the Senior Vice President LNG Trading of Tellurian Investments and following the merger will be the Senior Vice President LNG Trading of Magellan. His share count includes 650,000 shares of restricted common stock that do not vest until FID.

(12) Mr. Evans is the Senior Vice President Gas Supply of Tellurian Investments and following the merger will be the Senior Vice President Gas Supply of Magellan. His share count includes 650,000 shares of restricted common stock that do not vest until FID. His share count also includes 910,000 shares held by MRE Ventures 1, LLC, an entity controlled by Mr. Evans.

(13) Mr. Daniels is the Corporate Secretary of Tellurian Investments and following the merger will be the Corporate Secretary of Magellan. His share count includes 650,000 shares of restricted common stock that do not vest until FID.

(14) Mr. Belhumeur is the General Counsel of Tellurian Investments and following the merger will be the General Counsel of Magellan. His share count includes 1,170,000 shares of restricted common stock that do not vest until FID and 130,000 shares of restricted common stock that do not vest until the closing of the merger.

(15) Mr. Lafargue is currently the President, Chief Executive Officer, Chief Financial Officer, Treasurer and Corporate Secretary of Magellan and following the merger will be the Senior Vice President and Chief Financial Officer of Magellan. In connection with his employment, Mr. Lafargue will receive, among other things, a signing bonus of \$990,000 on the day the merger closes, 800,000 shares of Magellan stock, of which 150,000 will vest in equal quarterly installments over an 18-month period and 650,000 will vest upon FID. The signing bonus and the issuance of the shares of Magellan common stock are contingent upon Mr. Lafargue's execution of a waiver with respect to his current employment contract and the rights and obligations thereunder. In connection with such waiver, it is expected that 62,500 shares of Magellan restricted stock and options to acquire a total of 259,373 shares of Magellan common stock currently held by Mr. Lafargue will be terminated. Mr. Lafargue's address is c/o Magellan Petroleum Corporation, 1775 Sherman Street, Suite 1950, Denver, Colorado 80203.

(16) Mr. Bock is a member of the Tellurian Investments board of directors and following the merger will be a member of the Magellan board of directors.

(17) Mr. Peterson is a member of the Tellurian Investments board of directors and following the merger will be a member of the Magellan board of directors.

(18) Mr. Ferguson is a member of the Tellurian Investments board of directors and following the merger will be a member of the Magellan board of directors.

**Table of Contents****MARKET PRICE, DIVIDEND AND OTHER INFORMATION****Stock Prices**

Magellan common stock is currently traded on the NASDAQ Capital Market under the symbol MPET. The following table presents the quarterly high and low intraday prices during the periods indicated, as adjusted for the one-for-eight reverse stock split approved by stockholders and completed on July 10, 2015. These sales reflect prices between dealers and do not include retail markups, markdowns or commissions.

<b>Quarter Ended</b>	<b>Sales Price</b>	
	<b>High</b>	<b>Low</b>
March 31, 2017 (through January 6, 2017)	\$ 11.50	\$ 10.32
December 31, 2016	\$ 11.95	\$ 4.85
September 30, 2016	\$ 7.17	\$ 1.11
June 30, 2016	\$ 1.41	\$ 0.80
March 31, 2016	\$ 1.49	\$ 0.20
December 31, 2015	\$ 0.83	\$ 0.48
September 30, 2015	\$ 3.60	\$ 0.53
June 30, 2015	\$ 5.44	\$ 2.00
March 31, 2015	\$ 7.44	\$ 4.08
December 31, 2014	\$ 17.36	\$ 6.24
September 30, 2014	\$ 18.64	\$ 13.36

There has never been a public market for the Tellurian Investments common stock.

**Number of Stockholders**

Based on information received from Magellan's stock transfer agent, the number of record holders of Magellan common stock was approximately 482 as of September 27, 2016, and the number of beneficial owners was approximately 5,590 as of May 28, 2016. As of January 6, 2017, there were 100 holders of Tellurian Investments common stock.

**Dividends**

Magellan has never paid a cash dividend on its common stock. The merger agreement prohibits Magellan from paying dividends to holders of Magellan common stock until the earlier of the effective time of the merger and the termination of the merger agreement in accordance with its terms. Any future dividends on Magellan common stock will be at the discretion of the reconstituted board of directors and will be dependent upon Magellan's earnings, financial condition and other factors. The reconstituted board of directors has no plans to pay any dividends in the foreseeable future but rather will retain earnings of Magellan, if any, to develop LNG plants. In addition, the Tellurian Investments Preferred Stock or, if issued, the Magellan Preferred Stock, will prohibit Magellan from paying any dividends on the Magellan common stock following the merger while such preferred stock is outstanding.

The declaration and payment of future dividends to holders of Tellurian Investments common stock will be at the sole discretion of Tellurian Investments' board of directors and will depend on



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many factors, including Tellurian Investments' actual results of operations, financial condition, capital requirements, contractual restrictions, and other factors deemed relevant by the board of directors. Tellurian Investments does not currently contemplate making dividend payments on Tellurian Investments common stock in the near future.

**Reverse Stock Split**

On July 10, 2015, Magellan filed an amendment to its certificate of incorporation to effect a 1-for-8 reverse stock split of its common stock, effective July 10, 2015. All share and per share amounts relating to the common stock, stock options to purchase common stock, and the respective exercise prices of each such option included within this joint proxy statement/prospectus have been retroactively adjusted to reflect the reduced number of shares resulting from this action. Market conditions tied to stock price targets contained within market-based options were similarly adjusted. The par value and the number of authorized, but unissued, shares remain unchanged following the reverse stock split. No fractional shares were issued following the reverse stock split and Magellan has paid cash in lieu of any fractional shares resulting from the reverse stock split.

**Equity Compensation Plan Information**

The following table provides information as of June 30, 2016, with respect to compensation plans, including Magellan's 2012 Omnibus Incentive Compensation Plan (the 2012 Omnibus Plan), Magellan's 1998 Stock Incentive Plan (the 1998 Stock Incentive Plan), and individual compensation arrangements, under which shares of Magellan common stock are authorized for issuance:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (a) (#)</b>		<b>Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights (b) (\$)</b>		<b>Number of Securities Remaining Available for Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c) (#)</b>	
Equity compensation awards under the 2012 Omnibus Plan approved by security holders	412,912	(1)(2)	\$	10.55	306,481	(1)(2)(3)
Equity compensation awards under the 1998 Stock Incentive Plan approved by security holders	304,686	(1)(2)	\$	12.52		(1)(2)
Equity compensation awards not approved by security holders	9,375	(4)	\$	6.32 (3)		

(1) During fiscal 2016, outstanding options previously granted under the 1998 Stock Incentive Plan for the purchase of 229,947 shares of Magellan common stock expired without exercise. Also during fiscal 2016, outstanding options previously granted under the 2012 Omnibus Plan for the purchase of 18,123 shares of Magellan common stock expired without exercise, and outstanding options previously granted under the 2012 Omnibus Plan for the purchase of 13,958 shares of Magellan common stock were forfeited. As a result of these expirations and forfeitures, pursuant to the terms of the 2012 Omnibus Plan, 262,028 additional securities became available for issuance under the 2012 Omnibus Plan.

(2) Effective with stockholder approval of the 2012 Omnibus Plan on January 16, 2013, the 1998 Stock Incentive Plan was replaced by the 2012 Omnibus Plan, remaining shares available for issuance under the 1998 Stock Incentive Plan were transferred to the 2012 Omnibus Plan, and no additional awards may be granted under the 1998 Stock Incentive Plan. Equity awards previously granted under the 1998 Stock Incentive Plan remain outstanding in accordance with their terms, and upon expiration, cancellation or forfeiture, are added to the number of securities available for issuance under the 2012 Omnibus Plan.

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(3) On August 2, 2016, pursuant to Magellan's director compensation policy and the 2012 Omnibus Plan, a total of 119,505 shares of Magellan common stock were issued to Magellan's non-employee directors, which represented the amount of stock compensation owed and outstanding to the remaining three directors of Magellan, which was due to be issued on July 1, 2015, and 2016.

(4) Consists of inducement equity awards outside of the 1998 Stock Incentive Plan and prior to stockholder approval of the 2012 Omnibus Plan, as follows: (i) options to purchase 9,375 shares of Magellan common stock for \$8.08 per share granted to a new employee on January 10, 2012, which options expired without exercise on November 28, 2015; (ii) options to purchase 100,000 shares of Magellan common stock for \$8.96 per share granted to a former named executive officer on September 5, 2012, of which options to purchase 66,667 shares were cancelled in connection with his resignation from Magellan effective August 15, 2014, and options to purchase 33,333 shares of Magellan common stock expired without exercise on September 30, 2015; (iii) options to purchase 9,375 shares of Magellan common stock for \$6.32 granted to a new employee on December 4, 2012; and (iv) options to purchase 937 shares of Magellan common stock for \$6.32 granted to a new employee on December 4, 2012, of which options to purchase 312 shares were cancelled in connection with that employee's resignation from Magellan effective October 10, 2014, and options to purchase 625 shares of Magellan common stock expired without exercise on December 31, 2015. These awards were granted in accordance with NASDAQ Listing Rule 5635(c)(4) and were previously reported in Current Reports on Form 8-K filed by Magellan.



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**DESCRIPTION OF MAGELLAN CAPITAL STOCK**

The rights of the holders of Magellan common stock are governed by the DGCL and Magellan's certificate of incorporation and bylaws, each as amended. The following is a summary of the material terms of Magellan common stock, and is qualified in its entirety by reference to the complete text of Magellan's certificate of incorporation and bylaws, each of which is incorporated by reference into this joint proxy statement/prospectus. In addition, this section summarizes the terms of the Magellan Preferred Stock, which may become issuable following the merger upon conversion of the Tellurian Investments Preferred Stock. This summary is qualified in its entirety by reference to the complete text of the form of Certificate of Designations that will govern the Magellan Preferred Stock if issued, which is also incorporated by reference into this joint proxy statement/prospectus.

**Authorized Common Stock**

Magellan's certificate of incorporation authorizes Magellan to issue 300,000,000 shares of common stock, \$0.01 par value per share. As of January 6, 2017, 5,879,610 shares of Magellan common stock were issued and outstanding, net of 1,209,389 treasury shares held by Magellan.

**Voting Rights**

Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. Cumulative voting in the election of directors is not permitted. Section 216 of the DGCL provides that, generally, unless otherwise provided in Magellan's certificate of incorporation or Magellan's bylaws or another section of the DGCL with respect to a specified action, all matters to be voted on by stockholders must be approved by the affirmative vote of the majority of shares present or represented by proxy at the meeting and entitled to vote, or, in the case of the election of directors, by a plurality of the votes of shares present or represented by proxy at the meeting and entitled to vote, in each case at a meeting at which a quorum is present. With respect to certain matters where the NASDAQ Capital Market stockholder approval requirements are applicable, the NASDAQ Capital Market rules require approval by a majority of the total votes cast on the proposal.

**Dividend and Distribution Rights**

Holders of outstanding shares of Magellan common stock are entitled to dividends when, as, and if declared by the Magellan board of directors out of funds legally available for the payment of dividends. As a Delaware corporation, Magellan may pay dividends out of surplus or, if there is no surplus, out of net profits for the fiscal year in which a dividend is declared and/or the preceding fiscal year. In the event of Magellan's liquidation, dissolution, or winding up of Magellan's affairs, holders of Magellan common stock will be entitled to receive ratably Magellan's net assets available to the stockholders.

**No Pre-emptive, Conversion, or Redemption Rights**

Holders of Magellan outstanding common stock have no pre-emptive, conversion, or redemption rights. All of the issued and outstanding shares of Magellan common stock are, and all unissued shares of Magellan common stock, when offered and sold will be, duly authorized, validly issued, fully paid, and nonassessable. To the extent that additional shares of Magellan common stock may be issued in the future, the relative interests of the then-existing stockholders may be diluted.

**Registrar and Transfer Agent**

Magellan's registrar and transfer agent for all shares of common stock is Broadridge Corporate Issuer Solutions, Inc.

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**Magellan Preferred Stock and Tellurian Investments Preferred Stock**

On November 23, 2016, Tellurian Investments issued to GE 5,467,851 shares of Tellurian Investments Preferred Stock for an aggregate purchase price of \$25,000,000. On the same day, Tellurian Investments, Magellan and Merger Sub entered into an amendment to the merger agreement in order to, among other things, permit Tellurian Investments to issue the Tellurian Investments Preferred Stock.

If the merger is completed, the Tellurian Investments Preferred Stock will remain outstanding as preferred stock of the surviving corporation in the merger that will be a subsidiary of Magellan. However, in that case, each share of Tellurian Investments Preferred Stock will become convertible or exchangeable at any time into either (i) one share of Magellan common stock or (ii) one share of Magellan Preferred Stock, which will have terms substantially similar to those of the Tellurian Investments Preferred Stock as summarized below (the Magellan Preferred Stock and the Tellurian Investments Preferred Stock being referred to below collectively as the Preferred Stock):

**Voting rights.** Holders of the Preferred Stock will generally be entitled to one vote for each share of Preferred Stock held by it, except that such holders will not be entitled to vote on the approval of the merger or any other matter directly related to the merger.

**Conversion.** Following the merger, holders of the Tellurian Investments Preferred Stock may convert all (but not less than all) of such shares for shares of Magellan common stock on a one-for-one basis. Alternatively, following the merger, holders of the Tellurian Investments Preferred Stock may convert all (but not less than all) of such shares for Magellan Preferred Stock on a one-for-one basis. If the holders of the Tellurian Investments Preferred Stock (or, following a conversion, holders of the Magellan Preferred Stock) have not converted such shares for Magellan common stock on or before November 23, 2022, such shares will automatically be converted into Magellan common stock on a one-for-one basis. Each conversion ratio will be subject to customary anti-dilution adjustments.

**Dividends.** The Preferred Stock does not have dividend rights. If the merger is consummated, Magellan will be prohibited from paying dividends on its common stock so long as any shares of Preferred Stock remain outstanding.

**Liquidation.** In the event of any liquidation, dissolution or winding up of the affairs of Tellurian Investments or Magellan, as applicable, after payment or provision for payment of the debts and other liabilities of the relevant company, holders of the Preferred Stock will be entitled to receive an amount in cash equal to \$4.57218 for each share of Preferred Stock held by it before any distribution is made to holders of shares of common stock.

In connection with the issuance of the Tellurian Investments Preferred Stock, Tellurian Investments and Magellan agreed (i) to provide holders of the Preferred Stock with certain registration rights relating to the Magellan common stock such holders may receive upon conversion of the Preferred Stock and (ii) that Tellurian Investments or Magellan, as applicable, will consider purchasing certain equipment from GE for use in the development of Tellurian Investments Driftwood LNG terminal.



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**Anti-Takeover Provisions in Magellan's Certificate of Incorporation and Bylaws**

Magellan's certificate of incorporation and bylaws contain provisions described below that may delay, defer, discourage, or prevent a change in control of Magellan, the removal of Magellan's existing management or directors, or an offer by a potential acquirer to Magellan stockholders, including an offer by a potential acquirer at a price higher than the market price for the stockholders' shares.

Among other things, Magellan's certificate of incorporation and bylaws:

divide Magellan's board of directors into three classes serving staggered three-year terms, which could have the effect of increasing the length of time necessary to change the composition of a majority of the board of directors;

provide that all vacancies on the board of directors, including newly created directorships, may, except as otherwise required by law, be filled by the vote of a majority of directors then in office;

provide Magellan's board of directors with the ability to authorize currently undesignated preferred stock. This ability makes it possible for Magellan's board of directors to issue, without stockholder approval, preferred stock with voting or other rights or preferences designated by the board that could have the effect of impeding the success of any attempt to change control of Magellan;

establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of Magellan stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to Magellan's corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at Magellan's principal executive offices not less than 60 days prior to the meeting, provided that in the event that less than 70 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder must be received not more than 10 days following the date on which such notice of the meeting date was mailed or public disclosure given. Magellan's bylaws specify the requirements as to the form and content of all stockholders' notices. These requirements may preclude stockholders from bringing matters before the stockholders at an annual or special meeting;

provide that stockholders are not permitted to call special meetings of stockholders. Only Magellan's chairman of the board, president, and the board of directors are permitted to call a special meeting of stockholders; and

provide that Magellan's board of directors may alter, amend, or repeal Magellan's bylaws or approve new bylaws without further stockholder approval, and provide that a stockholder amendment to the bylaws requires a favorable vote of 66  $\frac{2}{3}$ % of the voting power of all outstanding voting stock.

**Anti-Takeover Provisions of Delaware Law**

Magellan is subject to the anti-takeover provisions of Section 203 of the DGCL. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination

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with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

Section 203 defines a business combination as a merger, asset sale, or other transaction resulting in a financial benefit to the interested stockholder. Section 203 defines an interested stockholder as a person who, together with affiliates and associates, owns, or, in some cases, within the three prior years, did own, 15% or more of the corporation's voting stock. Under Section 203, a business combination between Magellan and an interested stockholder is subject to the three-year moratorium unless:

Magellan's board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder prior to the date the person attained that status;

upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of Magellan's voting stock outstanding at the time the transaction commenced, excluding, for purposes of determining the number of shares outstanding, shares owned by persons who are directors and also officers and employee stock plans in which employee participants do not have the right to determine confidentially whether shares held under the plan will be tendered in a tender or exchange offer; or

the business combination is approved by Magellan's board of directors on or subsequent to the date the person became an interested stockholder and authorized at an annual or special meeting of the stockholders by the affirmative vote of the holders of at least 66  $\frac{2}{3}$ % of the outstanding voting stock that is not owned by the interested stockholder.

These provisions may have an anti-takeover effect with respect to transactions not approved in advance by Magellan's board of directors, including by discouraging takeover attempts that might result in a premium over the market price for the shares of Magellan stock. With approval of Magellan stockholders, Magellan could amend its certificate of incorporation in the future to elect not to be governed by these anti-takeover provisions.

**Table of Contents****COMPARISON OF RIGHTS OF MAGELLAN STOCKHOLDERS AND TELLURIAN INVESTMENTS STOCKHOLDERS**

The rights of Tellurian Investments stockholders are currently governed by Delaware law, Tellurian Investments certificate of incorporation, and Tellurian Investments bylaws. The rights of Magellan stockholders are governed by Delaware law, Magellan's restated certificate of incorporation, and Magellan's bylaws. When the merger is completed, Tellurian Investments stockholders will become stockholders of Magellan. As a result, the rights and obligations of the former Tellurian Investments stockholders will be governed by Delaware law, Magellan's restated certificate of incorporation, and Magellan's bylaws.

The following description summarizes the rights of Magellan stockholders and Tellurian Investments stockholders but does not purport to be a complete statement of all such rights or a complete description of the specific provisions referred to in this summary. There are some differences between Magellan's restated certificate of incorporation and bylaws, and Tellurian Investments' certificate of incorporation and bylaws. We have summarized what management believes are the material differences below. However, this is only a summary of some provisions and does not purport to be a complete description of the similarities and differences. We further invite you to read the provisions of the restated certificate of incorporation and bylaws of Magellan and the certificate of incorporation and bylaws of Tellurian Investments. Copies of the Magellan restated certificate of incorporation and bylaws may be obtained as described under [Where You Can Find More Information](#). Copies of the Tellurian Investments certificate of incorporation and bylaws will be provided to Tellurian Investments stockholders upon request. In addition, see [Description of Magellan Capital Stock](#) [Magellan Preferred Stock](#) and [Tellurian Investments Preferred Stock](#) for a description of the terms of the outstanding Tellurian Investments Preferred Stock and the substantially similar terms of the Magellan Preferred Stock that may be issued following the merger upon the conversion of the Tellurian Investments Preferred Stock.

	<b>Magellan</b>	<b>Tellurian Investments</b>
<b>Authorized Capital Stock</b>	Magellan has authority to issue 300,000,000 shares of common stock, par value \$0.01 per share, and 50,000,000 shares of preferred stock, par value \$0.01 per share, of which 5,467,851 are designated Series B convertible preferred stock, subject to the closing of the merger.	Tellurian Investments has authority to issue 200,000,000 shares of common stock, par value of \$0.001 per share, and 5,467,851 shares of preferred stock, par value of \$0.001 per share, all of which are designated Series A Preferred Stock.
	As of the close of business on January 6, 2017, Magellan had 5,879,610 shares of common stock and no shares of preferred stock issued and outstanding.	As of the close of business on January 6, 2017, Tellurian Investments had 145,203,615 shares of common stock and 5,467,851 shares of preferred stock issued and outstanding.
	Magellan currently expects to issue (i) up to 193,070,300 shares of Magellan common stock to Tellurian Investments stockholders pursuant	



to the merger agreement, assuming a  
maximum of 148,515,615 shares of Tellurian  
Investments common stock that will be

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	<b>Magellan</b>	<b>Tellurian Investments</b>
	<p>exchanged, based on the exchange ratio provided for in the merger agreement,</p> <p>(ii) 409,800 shares of Magellan common stock to its financial advisor at the closing of the transactions contemplated by the merger agreement in accordance that certain engagement letter, dated as of June 29, 2015, by and between Magellan and Petrie Partners, LLC, an affiliate of Petrie, which engagement letter was amended in certain respects as of March 14, 2016, and assigned to Petrie,</p> <p>(iii) 100,000 shares of Magellan common stock to members of Magellan's board of directors pursuant to the terms of the merger agreement, and (iv) 90,350 shares of Magellan common stock to the former owners of the membership interests in Nautilus Technical and Eastern Rider pursuant to the purchase and sale agreement, effective as of September 30, 2016, by and among Magellan and the former owners of the membership interests in Nautilus Technical and Eastern Rider, as disclosed in the Current Report on Form 8-K of Magellan filed with the SEC on October 5, 2016.</p>	
<b>Voting Rights</b>	Each holder of Magellan common stock will have one vote for each share of Magellan common stock held by such holder on all matters voted upon by the stockholders of Magellan.	Each holder of Tellurian Investments common stock will have one vote for each share of Tellurian Investments common stock held by such holder on all matters voted upon by the stockholders of Tellurian Investments.
<b>Dividends</b>	<p>Magellan's bylaws provide that before any payment of any dividend or making any distribution of profits is made, the Magellan board of directors may set aside out of the surplus or net profits of Magellan such sum or sums as the Magellan board of directors, in its absolute discretion, may deem proper as a reserve fund for depreciation, renewal, repair and maintenance or for such other purposes as the directors shall think conducive to the interests of Magellan.</p> <p>When the directors shall so determine, dividends may be paid in Magellan stock, provided that the stock requisite for such purpose shall be authorized and provided. If such stock has not theretofore been</p>	<p>Tellurian Investments' bylaws provide that the Tellurian Investments board of directors may from time to time declare dividends on its outstanding shares, subject to applicable law and Tellurian Investments' certificate of incorporation.</p> <p>Under Delaware law, the directors of a corporation may declare and pay dividends upon the shares of its capital stock either out of its surplus or, if there is no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.</p>



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	<b>Magellan</b>	<b>Tellurian Investments</b>
	issued, there shall be transferred from surplus to the capital of Magellan an amount at least equal to the minimum amount for which such stock could be lawfully issued.	
<b>Number and Qualification of Directors</b>	Magellan's bylaws provide that the Magellan board of directors shall consist of not less than three members nor more than eight members, with the exact number of members within such range to be fixed from time to time by resolution of the board of directors adopted by a vote of not less than the majority of directors then in office.  Under Delaware law, directors need not be stockholders of Magellan or residents of Delaware.	Tellurian Investments' bylaws provide that the number of directors at any one time is set by resolution of the majority of the total number of directors, but shall consist of not less than one (1) member.  Tellurian Investments currently has eight directors.  Under Delaware law, directors need not be stockholders of Tellurian Investments or residents of Delaware.
<b>Election of Directors</b>	Under Delaware law, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.	Tellurian Investments' bylaws provide that directors are elected by a majority of the votes cast at any meeting for the election of directors at which a quorum is present. In the election of directors, votes may not be cumulated.
<b>Removal of Directors</b>	Magellan's bylaws provide that any director, or the entire board of directors, may be removed from office at any time, but only for cause and only by affirmative vote of at least a majority of the votes cast at a stockholders' meeting called to consider such removal.	Tellurian Investments' bylaws provide that any director, or the entire Tellurian Investments board of directors, may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.
<b>Vacancies on the Board of Directors</b>	Magellan's bylaws provide that newly created directorships resulting from an increase in the authorized number of directors or any vacancies in the board of directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall only be filled by or in the manner directed by a majority vote of the directors then in office, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of the class to which they have been elected expires.	Tellurian Investments' bylaws provide that subject to Tellurian Investments' certificate of incorporation and applicable law, any vacancy occurring in the board of directors created on account of death, resignation, disqualification, removal or other causes, or resulting from an increase in the authorized number of directors, may be filled by election by the stockholders or by a vote of the majority of the directors then in office, even if less than a quorum, or by a sole remaining director, and the directors so chosen will hold office for the remainder of the full term of such directorship and until his or her successor has been elected and qualified, subject, however, to such director's earlier death, resignation, retirement, disqualification or

removal.

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	<b>Magellan</b>	<b>Tellurian Investments</b>
<b>Action by Written Consent</b>	<p>Under Delaware law, unless otherwise provided in the certificate of incorporation, any action that could be taken at a stockholder meeting may be taken without a meeting upon the written consent of the holders of the outstanding stock having at least the minimum number of votes that would have been necessary to authorize the action at a meeting at which all shares entitled to vote were present and voted. Magellan's restated certificate of incorporation does not prohibit or limit stockholders' rights to act by written consent.</p> <p>Under Delaware law, unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any meeting of the board of directors or any committee thereof may be taken without a meeting if all members of the board or committee consent thereto in writing. Magellan's restated certificate of incorporation does not prohibit or limit the board's right to act by written consent.</p>	<p>Any action that might have been taken at a meeting of stockholders by a vote of the stockholders may be taken with written consent of stockholders owning (and by such written consent, voting) in the aggregate not less than the minimum percentage of the total number of shares that are required to be voted with respect to such proposed corporate action.</p> <p>Any action that might have been taken at a meeting of the board of directors or a committee thereof may be taken with written consent of all of the directors or committee members, as applicable.</p>
<b>Advance Notice Requirements for Stockholder Nominations and Other Proposals</b>	<p>Special meetings of the Magellan stockholders, other than those required by statute, may be called by a majority of the entire board of directors, chairman of the board or president.</p> <p>Magellan's bylaws provide that a stockholder proposal (for either a nomination of a person to the Magellan board of directors or for the submission of business) must be made pursuant to timely notice in writing to Magellan's Corporate Secretary. To be timely, stockholder's notice must be delivered to or mailed and received at Magellan's principal executive offices not less than 60 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 70 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder, to be timely, must be so received not later than the</p>	<p>Except as described in the next sentence, special meetings of the Tellurian Investments stockholders may be called by Tellurian Investments' board of directors, chairman of the board or president. Special meetings of Tellurian Investments stockholders may also be called upon the request of Tellurian Investments stockholders holding at least thirty percent (30%) in voting power of Tellurian Investments stock issued and outstanding and entitled to vote on the matters for which that special meeting is called. Any request for a special meeting by stockholders must be in writing and state the time of such meeting and the general nature of the proposed business to be conducted at the special meeting.</p>

close of business on the tenth day following  
the

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day on which such notice of the date of the meeting was mailed or such public disclosure was made.

Such notice with respect to any business other than board nominations must set forth (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting; (ii) the name and address, as they appear on Magellan's books, of the stockholder intending to propose such business; (iii) the class and number of shares of Magellan which are beneficially owned by the stockholder, (iv) a representation that the stockholder is a holder of record of capital stock of Magellan entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present such business; and (v) any material interest of the stockholder in such business.

Such notice with respect to nominations of directors must set forth as to the stockholder giving the notice (i) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the stockholder is a holder of record of stock of Magellan entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; and (iv) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated, or



intended to be nominated, by the board of directors.

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	<b>Magellan</b>	<b>Tellurian Investments</b>
<b>Amendments to Certificate of Incorporation</b>	Magellan may amend its restated certificate of incorporation in any manner provided by law. Pursuant to Section 242 of the DGCL, the Magellan board of directors must adopt a resolution setting forth a proposed amendment to Magellan's restated certificate of incorporation. The proposed amendment must be approved by the vote of the Magellan stockholders at any special meeting or at the next annual meeting. The amendment must be approved by holders of a majority of the outstanding Magellan stock entitled to vote on the amendment.	Tellurian Investments may amend its certificate of incorporation in any manner provided by law. Pursuant to Section 242 of the DGCL, the Tellurian Investments board of directors must adopt a resolution setting forth a proposed amendment to Tellurian Investments' certificate of incorporation. The proposed amendment must be approved by the vote of the Tellurian Investments stockholders at any special meeting or at the next annual meeting. The amendment must be approved by holders of a majority of the outstanding Tellurian Investments stock entitled to vote on the amendment.
<b>Amendments to Bylaws</b>	<p>The bylaws may be altered, amended or repealed by the vote of a majority of the Magellan board of directors at any regular or special meeting of the Magellan board of directors, provided that the notice of such proposed alteration, amendment, or repeal is included in the notice of such meeting, or is waived in writing by all of the directors, or at any regular or special meeting of the board at which all of the directors are present, without such notice or waiver of notice.</p> <p>Magellan stockholders may alter, amend, or repeal the bylaws at any regular or special meeting called for that purpose by the favorable vote of 66 <math>\frac{2}{3}</math>% of the voting power of all outstanding voting stock of Magellan generally entitled to vote at such meeting.</p>	The bylaws may be adopted, altered, amended or repealed by the Tellurian Investments board of directors at any meeting of the Tellurian Investments board of directors, provided that the notice of the meeting states the substance of the proposed amendment; provided, however, that no such adoption, amendment or repeal shall be valid with respect to bylaw provisions which have been adopted, amended, or repealed by the stockholders. The stockholders will also have power to adopt, alter, amend or repeal the bylaws. The affirmative vote of the holders of a majority of the voting power of the shares present at a meeting and entitled to vote to adopt, alter, amend or repeal the bylaws is required for the Tellurian Investments stockholders to approve such an adoption, alteration, amendment or repeal.
<b>Quorum</b>	Magellan's bylaws provide that the holders for the time being of 33 $\frac{1}{3}$ % of the total number of shares of stock issued and outstanding and entitled to be voted at any meeting, present in person or by proxy, will constitute a quorum for the transaction of business at a meeting of stockholders.	Tellurian Investments' bylaws provide that the holders of a majority of the voting power of Tellurian Investments' outstanding shares entitled to vote generally at a meeting of stockholders, represented in person or by proxy, will constitute a quorum at a meeting of stockholders.
<b>Limitation of Personal Liability of Directors</b>	No director will be personally liable to Magellan or any of its stockholders for monetary damages for breach of fiduciary duties as a director, except to the extent such exemption from liability or limitation thereof is not permitted by Delaware law as the same exists or may be amended in	Tellurian Investments' certificate of incorporation provides that no director or officer will be personally liable to Tellurian Investments or any other person who has interest in Tellurian Investments for losses incurred by reason of any act or omission performed or omitted by such director or



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the future, and except for liability (i) for any breach of the director's duty of loyalty to Magellan or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit.

**Tellurian Investments**

officer in good faith on behalf of Tellurian Investments, in a manner reasonably believed to be in the best interest of Tellurian Investments and in a manner reasonably believed to be within the scope of the authority conferred on such director or officer by Tellurian Investments or Delaware law, except for losses (i) incurred by reason of such director's or officer's willful misconduct (ii) any breach of the director's or officer's duty of loyalty to Tellurian Investments or its stockholders, (iii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iv) for any transaction from which the director or officer derived an improper personal benefit.

**Indemnification of Directors and Officers**

Magellan's restated certificate of incorporation and bylaws provide that Magellan shall enter into appropriate agreements with its directors and officers to both indemnify such directors and officers and advance funds for litigation expenses to the fullest extent permitted by Delaware law, as may be amended from time to time. In furtherance of these provisions, Magellan has entered into written agreements with each of its directors and officers to indemnify and advance expenses to those individuals to the fullest extent permitted by Delaware law.

Tellurian Investments' certificate of incorporation provides that to the fullest extent permitted by applicable law, a director or officer shall be indemnified for any loss incurred by such person by reason of any act or omission performed or omitted by such person in good faith on behalf of Tellurian Investments and in a manner reasonably believed to be within the scope of the authority conferred on such person, but not indemnified in respect of any loss incurred by such person by reason of (i) such person's willful misconduct with respect to such acts or omissions, (ii) such person's breach of his duty of loyalty to Tellurian Investments or its stockholders, (iii) such person's acts or omissions not in good faith or which involve intentional misconduct or knowing violations of law, or (iv) any transaction from which such person derived an improper personal benefit. Any such indemnity shall be funded out of and to the extent of Tellurian Investments' assets only (including any applicable insurance proceeds). In a manner determined appropriate by the board of directors, Tellurian Investments shall advance Costs incurred by or on behalf of a director or officer in connection with any loss even before a final determination is made as to whether the director or officer is entitled

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**Tellurian Investments**

to indemnification. Tellurian Investments may enter into agreements with its directors or officers to provide for indemnification consistent with the terms and conditions in Tellurian Investments certificate of incorporation. Tellurian Investments may purchase and maintain director and officer liability insurance at appropriate levels of coverage as determined by the board of directors.

Tellurian Investments may additionally indemnify any employee or agent of Tellurian Investments to the fullest extent permitted by law.

<b>Certain Business Combination Restrictions</b>	Pursuant to the merger agreement, Tellurian Investments represented that neither Tellurian Investments nor any affiliate or associate thereof is, or was or became at any time during the last three years, an interested stockholder of Magellan for purposes of Section 203 of the DGCL.	Tellurian Investments certificate of incorporation provides that Tellurian Investments has expressly elected not to be governed by Section 203 of the DGCL.
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**APPRAISAL RIGHTS**

The holders of Magellan common stock are not entitled to appraisal rights in connection with the merger under Delaware law.

The holders of Tellurian Investments common stock are entitled to appraisal rights in connection with the merger under Delaware law. Tellurian Investments common stock held by stockholders that do not vote for approval of the merger and make a demand for appraisal in accordance with Delaware law will not be converted into Magellan stock, but will be converted into the right to receive from the combined company consideration determined in accordance with Delaware law. See *The Merger Appraisal Rights* beginning on page 106.

**LEGAL MATTERS**

The validity of the shares of Magellan common stock to be issued pursuant to the merger will be passed upon by Davis Graham & Stubbs LLP. The material U.S. federal income tax consequences relating to the merger will be passed upon for Magellan by Davis Graham & Stubbs LLP and for Tellurian Investments by Gray Reed & McGraw, P.C.

**EXPERTS**

**Magellan**

The consolidated financial statements of Magellan as of June 30, 2016 and 2015, and for the fiscal years ended June 30, 2016 and 2015, have been audited by EKS&H LLLP, an independent registered public accounting firm, and are included herein in reliance on EKS&H's report dated September 13, 2016, and upon the authority of such firm as experts in accounting and auditing.

**Tellurian Services**

The financial statements of Tellurian Services LLC as of April 9, 2016, December 31, 2015 and 2014 and for the period from January 1, 2016 to April 9, 2016 and for the years ended December 31, 2015 and 2014, included in this Joint Proxy Statement/Prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

**OTHER MATTERS PRESENTED AT THE MEETINGS**

As of the date of this joint proxy statement/prospectus, neither the Magellan board of directors nor the Tellurian Investments board of directors knows of any matters that will be presented for consideration at either the Magellan special meeting or the Tellurian Investments special meeting, respectively, other than as described in this joint proxy statement/prospectus. If any other matters come before either the Magellan special meeting or the Tellurian Investments special meeting and shall be voted upon, the proposed proxy will be deemed to confer authority to the individuals named as authorized therein to vote the shares represented by the proxy as to any matters that fall within the purposes set forth in the notice of special meeting. It is intended that the persons named in the enclosed proxy and acting thereunder will vote in accordance with their best judgment on such matters.



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**WHERE YOU CAN FIND MORE INFORMATION**

Magellan files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information Magellan files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Magellan's SEC filings are also available to the public from commercial document retrieval services and at the website maintained by the SEC at <http://www.sec.gov>.

Investors may also consult Magellan's or Tellurian Investments' website for more information about Magellan or Tellurian Investments, as applicable. Magellan's website is [www.magellanpetroleum.com](http://www.magellanpetroleum.com). Tellurian Investments' website is [www.tellurianinvestments.com](http://www.tellurianinvestments.com). Information included on these web sites is not incorporated by reference into this joint proxy statement/prospectus.

Magellan has filed with the SEC a registration statement of which this joint proxy statement/prospectus forms a part. The registration statement registers the issuance of the shares of Magellan common stock to be issued to Tellurian Investments stockholders pursuant to the merger. The registration statement, including the attached exhibits, contains additional relevant information about Magellan and the Magellan common stock. The rules and regulations of the SEC allow Magellan and Tellurian Investments to omit certain information included in the registration statement from this joint proxy statement/prospectus.

You can also obtain any document Magellan has filed with the SEC through the SEC's website at the address described above, or Magellan will provide you with copies of these documents, without charge, upon written or oral request to:

Antoine J. Lafargue, Corporate Secretary

Magellan Petroleum Corporation

1775 Sherman Street, Suite 1950

Denver, Colorado 80203

Telephone: (720) 484-2400



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**FINANCIAL STATEMENTS OF TELLURIAN INVESTMENTS  
AND TELLURIAN SERVICES LLC**

**Historical Condensed Consolidated Financial Statements of Tellurian Investments Inc.**

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**TELLURIAN INVESTMENTS INC. - UNAUDITED FINANCIAL STATEMENTS**

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**Table of Contents****Tellurian Investments Inc.****Condensed Consolidated Balance Sheets**

(Unaudited)

<b>Assets</b>	<b>Successor September 30, 2016</b>	<b>Predecessor December 31, 2015</b>
	<i>(in thousands, except per-share amounts)</i>	
Current assets:		
Cash and cash equivalents	\$ 19,081	\$ 589
Accounts receivable	76	10
Accounts receivable due from related parties	1,452	98
Prepaid expenses and other current assets	2,103	41
<b>Total current assets</b>	<b>22,712</b>	<b>738</b>
Property, plant and equipment:		
Property, plant and equipment, net	1,241	148
Land	9,491	
<b>Total property, plant and equipment, net</b>	<b>10,732</b>	<b>148</b>
Goodwill	1,190	
Note receivable due from related party	251	251
Other non-current assets	787	
<b>Total Assets</b>	<b>\$ 35,672</b>	<b>\$ 1,137</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 19,496	\$ 164
Accounts payable due to related parties	439	388
Note payable, current	1,000	
<b>Total current liabilities</b>	<b>20,935</b>	<b>552</b>
Commitments and contingencies (Note 8)		
Stockholders equity/members capital:		
Members capital		585
Common stock, par value \$0.001 per share; 200,000 shares authorized; 105,836 shares issued and outstanding as of September 30, 2016	101	
Additional paid-in capital	82,503	
Accumulated other comprehensive income	8	

Accumulated deficit	(67,875)	
Total stockholders equity/members capital	14,737	585
<b>Total Liabilities and Stockholders Equity/Members Capital</b>	<b>\$ 35,672</b>	<b>\$ 1,137</b>

The Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

Table of Contents**Tellurian Investments Inc.****Condensed Consolidated Statements of Operations**

(Unaudited)

	<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>Successor</b>	<b>Predecessor</b>
	<i>(in thousands, except per-share amounts)</i>	
Revenue	\$	\$ 1,375
Revenue, related parties		216
<b>Total revenue</b>		<b>1,591</b>
<b>Costs and expenses:</b>		
Operating expenses	30,422	236
General and administrative	37,737	1,013
Total operating costs and expenses	68,159	1,249
<b>(Loss) Income from operations</b>	<b>(68,159)</b>	<b>342</b>
<b>Non-operating income:</b>		
Other income, net	118	
(Loss) Income before income tax benefit	(68,041)	342
Provision for income tax benefit	166	
<b>Net (loss) income</b>	<b>\$ (67,875)</b>	<b>\$ 342</b>
<b>Net loss per share:</b>		
Basic and diluted	\$ (1.05)	
<b>Weighted average shares outstanding:</b>		
Basic and diluted	64,599	

The Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.



Table of Contents**Tellurian Investments Inc.****Condensed Consolidated Statements of Changes in Stockholders' Equity**

(Unaudited)

	Common Stock			Accumulated		Total Stockholders Equity
	Members Equity	Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	
<i>(in thousands, except share amounts)</i>						
<b>Balance, January 1, 2015 (Predecessor)</b>	\$ 653		\$	\$	\$	\$ 653
Members distributions	(173)					(173)
Net income	342					342
<b>Balance, September 30, 2015 (Predecessor)</b>	\$ 822		\$	\$	\$	\$ 822
<b>Balance, January 1, 2016 (Successor)</b>	\$		\$	\$	\$	\$
Effect of the Acquisition		500,000	1	999		1,000
Issuance of shares		98,356,000	98	57,276		57,374
Issuances of restricted stock		5,075,000				
Share-based compensation		1,905,000	2	24,228		24,230

Other comprehensive income								8	8
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Net loss								(67,875)	(67,875)
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<b>Balance, September 30, 2016 (Successor)</b>	\$	105,836,000	\$	101	\$	82,503	\$	(67,875)	\$	8	\$	14,737
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The Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

**Table of Contents****Tellurian Investments Inc.****Condensed Consolidated Statements of Cash Flows**

(Unaudited)

	<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>Successor</b>	<b>Predecessor</b>
	<i>(in thousands)</i>	
<b>Cash flows from operating activities:</b>		
Net (loss) income	\$ (67,875)	\$ 342
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	55	13
Loss on disposal of assets	37	
Provision for income tax benefit	(170)	
Share-based compensation	24,230	
Changes in operating assets and liabilities:		
Accounts receivable	(67)	40
Accounts receivable due from related parties	(243)	(9)
Prepaid expenses and other current assets	(2,074)	(7)
Accounts payable and accrued liabilities	17,519	440
Accounts payable due to related parties	63	(359)
Other, net	(787)	
Net cash (used in) provided by operating activities	(29,312)	460
<b>Cash flows from investing activities:</b>		
Purchases of property - land	(8,491)	
Purchase of property, plant and equipment	(708)	(56)
Cash received in acquisition	210	
Net cash used in investing activities	(8,989)	(56)
<b>Cash flows from financing activities:</b>		
Proceeds from the issuance of common stock	58,886	
Equity offering costs	(1,512)	
Capital distributions		(173)
Net cash provided by (used in) financing activities	57,374	(173)
Effect of exchange rate changes on cash	8	



Net change in cash and cash equivalents	19,081	231
Cash and cash equivalents, beginning of the year		258
Cash and cash equivalents, end of the year	\$ 19,081	\$ 489

**Supplemental Disclosures:**

Net cash paid for income taxes	\$ 4	\$ 6
Property, plant and equipment non-cash accruals	141	
Land acquisition non-cash accruals	1,000	

The Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

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**Tellurian Investments Inc.**

**Notes to Condensed Consolidated Financial Statements**

(Unaudited)

**NOTE 1 ORGANIZATION AND DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Tellurian Investments Inc. ( Tellurian Investments or Successor ), formerly PLX Holdings LLC, was organized under Delaware law as a limited liability company on December 29, 2015, filed for conversion from a limited liability company to a privately-held Delaware corporation on February 23, 2016, and incurred less than five hundred dollars of costs related to its formation at inception.

Tellurian Investments owns a 100% membership interest in Tellurian LNG LLC, a Delaware limited liability company ( Tellurian LNG ), a 100% membership interest in Tellurian Services LLC, a Delaware limited liability company and a 100% ownership interest in Tellurian LNG UK Ltd. ( Tellurian LNG UK ). Tellurian LNG owns a 100% membership interest in Driftwood LNG LLC and Driftwood LNG Pipeline LLC ( Driftwood Pipeline ). Tellurian Investments is planning on developing, through Tellurian LNG and Tellurian LNG 's wholly owned subsidiaries, a liquefied natural gas ( LNG ) facility with liquefaction capacity of 26 million tonnes per annum on a single site in Calcasieu Parish, Louisiana ( Driftwood LNG ). Tellurian LNG UK had no operations from inception through September 30, 2016.

On June 3, 2016 Tellurian Investments, through its wholly-owned subsidiary Driftwood LNG LLC entered into an option agreement (the Option ) for certain tracts of land and associated river frontage in connection with the land acquisition. The Option provides for an approximately three and one half year option period whose exercise would provide for a 20-year lease term with six additional five-year extension options (see Note 8, *Commitments and Contingencies* ).

On April 13, 2016, Tellurian Investments entered into a ground lease (the Lease ) for a port facility adjacent to its Calcasieu Parish, Louisiana land providing for a four-year term, subject to a 50-year extension exercisable at the option of Tellurian Investments (see Note 8, *Commitments and Contingencies* ).

On March 24, 2016, Tellurian Investments purchased certain tracts of land in Calcasieu Parish, Louisiana (the Land Acquisition ), for a total consideration of \$10 million, of which \$9 million was paid in cash at closing and an additional \$1 million is due in December 2016. Transaction costs related to this purchase totaled \$39 thousand.

At this time, the liabilities of Tellurian Investments, other than those arising from the Land Acquisition, the Lease, the Option and property plant and equipment are obligations related to organizational and operating expenses, primarily for management, investment banking, legal and accounting services.

Tellurian Services LLC, formerly known as Parallax Services LLC ( Tellurian Services or the Predecessor ), organized under Delaware law as a limited liability company, was formed on December 18, 2013. Tellurian Services was formed primarily to engage in LNG-specific consulting



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services as well as back-office and general and administrative support services to Parallax Enterprises LLC ( Parallax Enterprises ) and Parallax Energy LLC ( Parallax Energy ) (see Note 4, *Transactions with Related Parties* ).

On April 9, 2016 Tellurian Investments acquired Tellurian Services in an all-stock transaction with consideration totaling \$1.234 million and acquisition costs of approximately \$30 thousand ( the acquisition ). Tellurian Services has been deemed to be the accounting predecessor in this transaction (see Note 3, *Acquisition* ).

## **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ( GAAP ) requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from these estimates. Changes in estimates are recorded prospectively.

## **Interim financial statements**

The condensed consolidated Successor financial statements for the nine months ended September 30, 2016 and condensed Predecessor financial statements for the nine months ended September 30, 2015 included herein have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Management believes that the interim financial statements reflect all adjustments necessary for a fair presentation of the results of the interim periods. Such adjustments are considered to be of a normal recurring nature. Results of operations for the nine months ended September 30, 2016 are not necessarily indicative of the results of operations that will be realized for the year ended December 31, 2016.

## **Cash and Cash Equivalents**

Tellurian Investments considers all highly liquid investments with an original maturity of three months or less to be cash equivalents and typically exceed federally insured limits.

## **Accounts Receivable**

Accounts receivable, are generated primarily from cost reimbursements as a result of back-office and general and administrative support services with related parties. Tellurian Investments routinely reviews outstanding balances, assesses the financial strength of its customers, and records a reserve for amounts not expected to be fully recovered. Tellurian Investments has not provided an allowance for doubtful accounts based on management's expectations that all receivables will be fully collected. The need for an allowance is determined based upon reviews of individual accounts, historical losses, existing economic conditions and other pertinent factors. No bad debt expense was recorded for the nine months ended September 30, 2016 or the nine months ended September 30, 2015.

## **Transactions with Related Parties**

Tellurian Investments has receivables with related parties as a result of back-office and general and administrative support services provided and payables as a result of timing of deposits made in advance of services to be provided. Tellurian Investments does not consider the accounts or notes receivable from related parties to be uncollectible.

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### **Concentration of Credit Risk**

Financial instruments that potentially subject us to a concentration of credit risk consist principally of cash and cash equivalents. Tellurian Investments maintains cash balances at financial institutions, which may at times be in excess of federally insured levels. Tellurian Investments has not incurred losses related to these balances to date.

### **Property, Plant and Equipment**

Property, plant and equipment are recorded at cost. Expenditures for construction activities, major renewals and betterments that extend the useful life of an asset are capitalized, while expenditures for maintenance and repairs and general and administrative activities are expensed as incurred. Tellurian Investments depreciates property, plant and equipment using the straight-line depreciation method. Upon retirement or other disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the account, and the resulting gains or losses are recorded in operating expenses.

Management tests property, plant and equipment for impairment whenever events or changes in circumstances have indicated that the carrying amount of property, plant and equipment might not be recoverable. Assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets for purposes of assessing recoverability. Recoverability generally is determined by comparing the carrying value of the asset to the expected undiscounted future cash flows of the asset. If the carrying value of the asset is not recoverable, the amount of impairment loss is measured as the excess, if any, of the carrying value of the asset over its estimated fair value.

At September 30, 2016, property, plant and equipment consisted primarily of land, buildings, leasehold improvements, office furniture and equipment. At December 31, 2015 property, plant and equipment consisted primarily of leasehold improvements related to Tellurian Services' office lease, office furniture and equipment (see Note 6, *Property, Plant and Equipment* ).

### **Income Taxes**

Tellurian Investments accounts for income taxes in accordance with Accounting Standards Codification ( ASC ) Topic 740, Accounting for Income Taxes ( ASC 740 ), which requires an asset and liability approach for financial accounting and reporting of income taxes. Under ASC 740, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax basis of assets and liabilities and net operating loss and credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to impact taxable income. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Tellurian Investments recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such determination, Tellurian Investments considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In projecting future taxable income, Tellurian Investments begins with historical results adjusted for the results of changes in accounting policies and Tellurian Investments incorporates assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions



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require significant judgment about the forecasts of future taxable income. The assumptions Tellurian Investments uses are consistent with the plans and estimates Tellurian Investments uses to manage the underlying businesses. If Tellurian Investments determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, Tellurian Investments would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

Tellurian Investments recognizes tax liabilities in accordance with ASC 740, and adjusts those liabilities when judgments change as a result of evaluation of new information not previously available. Significant judgment is required in assessing, among other things, the timing and amounts of deductible and taxable items. Due to the complexity of some of these uncertainties, the ultimate resolution may result in payment that is materially different from Tellurian Investments' current estimate of its tax liabilities. These differences are reflected as increases or decreases to income tax expense in the period in which they are determined.

As required by the uncertain tax position guidance in ASC 740, *Accounting for Uncertainty in Income Taxes*, Tellurian Investments recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. At the adoption date, Tellurian Investments applied the uncertain tax position guidance in ASC 740 to all tax positions for which the statute of limitations remained open.

Tellurian Investments recognizes interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying Condensed Consolidated Statement of Operations. Accrued interest and penalties are included on the related tax liability line in the Condensed Consolidated Balance Sheets.

**Accounting for LNG Activities**

Although Driftwood LNG has incurred costs as of September 30, 2016, the funding necessary to complete the project has not been secured. Until the affirmative final investment decision ( FID ) by Tellurian Investments' Board of Directors to move forward with the project occurs, Tellurian Investments does not consider the project probable to occur, and project-related start-up costs are expensed as incurred.

FID represents a decision by Tellurian Investments' Board of Directors to move forward with Driftwood LNG, the project site and construction thereon.

Tellurian Investments will begin capitalizing the costs of its LNG terminals and related pipelines once Driftwood LNG's FID criteria have been met. Prior to meeting these criteria, most of the costs associated with a project are expensed as incurred. These costs primarily include professional fees associated with front-end engineering and design work, costs of securing necessary regulatory approvals, and other preliminary investigation and development activities related to Tellurian Investments' LNG terminals and related pipelines.

Generally, costs that are capitalized prior to a project meeting the criteria otherwise necessary for capitalization include: land costs that are capitalized as property, plant and equipment, the Lease prepayments are included in Prepaid expenses and other current assets, and the Option payments have

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been capitalized in Other non-current assets. Any prepaid costs of the Lease and the Option will be capitalized and reclassified to property plant and equipment and subsequently amortized over the life of the lease once obtained. If no lease is obtained, the costs are expensed.

**Goodwill**

At September 30, 2016 Tellurian Investments had \$1.190 million of goodwill associated with the acquisition of the Predecessor. Goodwill represents the excess of purchase price over fair value of the assets of the business acquired (see Note 3, *Acquisition* ).

Tellurian Investments determines its reporting unit by identifying each unit that engaged in business activities from which it may earn revenues and incur expenses, had operating results regularly reviewed by the chief operating decision maker for purposes of resource allocation and performance assessment, and had discrete financial information.

Tellurian Investments tests goodwill for impairment annually on October 1, or more frequently as circumstances dictate. Tellurian Investments utilizes the optional qualitative assessment to determine the likelihood of whether the fair value of the reporting unit is greater than its carrying amount. Tellurian Investments considers the results of this assessment as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. If the results of the qualitative test indicate potential impairment, Tellurian Investments may compare its estimate of the fair value of a reporting unit with its carrying value, including goodwill. If the carrying value of the reporting unit exceeds its fair value, Tellurian Investments performs the second step of the goodwill impairment test to measure the amount of goodwill impairment loss to be recorded, as necessary. The second step compares the implied fair value of the reporting unit's goodwill to the carrying value, if any, of that goodwill. Tellurian Investments determines the implied fair value of the goodwill in the same manner as determining the amount of goodwill to be recognized in a business combination.

As discussed above regarding Tellurian Investments' use of estimates, Tellurian Investments' judgments and assumptions are inherent in its estimate of future cash flows used to determine the estimate of the reporting unit's fair value. The use of alternate judgments and/or assumptions could result in the recognition of impairment charges in the financial statements. A lower fair value estimate in the future could result in an impairment of goodwill. Factors that could trigger a lower fair value estimate include significant negative industry or economic trends, cost increases, disruptions to Tellurian Investments' business, regulatory or political environment changes or other unanticipated events.

**Share-based Compensation**

Tellurian Investments has awarded share-based compensation in the form of stock and restricted stock units that are more fully described in Note 7, *Share-Based Compensation* . Tellurian Investments recognizes share-based compensation at fair value on the date of grant. The fair value is recognized as expense over the requisite service period. For equity-classified share-based compensation awards (unrestricted stock grants, restricted stock to employees and discounted share purchases for executive officers), compensation cost is recognized based on the grant-date fair value of Tellurian Investments' common stock and not subsequently remeasured. The fair value is recognized as expense using the straight-line basis for awards that vest based on service and market conditions and using the accelerated recognition method for awards that vest based on performance conditions. Tellurian Investments estimates the service periods for performance awards utilizing a probability assessment based on when it expects to achieve the performance conditions. Compensation cost is



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subsequently adjusted quarterly to reflect the updated estimated payout levels based on the changes in Tellurian Investments stock price.

**Recently Adopted Guidance**

In March 2016, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update ( ASU ) 2016-09, *Compensation-Stock Compensation (Topic 718)*. This ASU simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments in this ASU are effective for public entities for annual and interim periods beginning after December 15, 2016. Various transition methods are prescribed depending on the aspect of accounting impacted by the amended guidance. Early adoption is permitted. The retroactive adoption to January 1, 2016 of this amendment did not have a material impact on Tellurian Investments condensed consolidated financial statements and did not apply to historical periods of the Predecessor.

**Accounting Guidance Issued but Not Adopted as of September 30, 2016**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update provides guidance concerning the recognition and measurement of revenue from contracts with customers. Its objective is to increase the usefulness of information in the financial statements regarding the nature, timing, and uncertainty of the use of revenues. The update, after a deferral by one year in August 2015 by the FASB, subsequently issued as ASU 2015-14 *Revenue from Contracts with Customers (Topic 606)*, is effective for Tellurian Investments for the annual period ending after December 15, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. Tellurian Investments has not yet selected a transition method and is evaluating the potential impact this standard will have on its condensed consolidated financial statements and related disclosures.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The update provides guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The update is effective for financial statements issued for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The standard will be adopted prospectively, and Tellurian Investments does not expect the update to have a significant impact on its condensed consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The amendments in this ASU eliminate the current requirement for entities to present deferred taxes as a net current asset or liability and net noncurrent asset or liability. Under the new guidance, all deferred tax assets and liabilities, along with the related valuation allowances, should be classified as noncurrent on the balance sheet. The amendments in this update may be applied either prospectively or retrospectively and is effective for annual and interim periods beginning after December 15, 2016 with early adoption permitted. Tellurian Investments is evaluating the potential impact this new standard will have on its condensed consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires lessees to recognize lease assets and lease liabilities on the statement of financial position. The update is effective for financial statements issued for annual periods beginning after December 15, 2019 and for interim



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periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. Tellurian Investments is evaluating the potential impact this new standard will have on its condensed consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15 *Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments*. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The update is effective for financial statements issued for annual periods beginning after December 15, 2017 and for interim periods within those fiscal years. The amendments in this update will be applied using a retrospective transition method to each period presented. Early adoption is permitted. Tellurian Investments is evaluating the potential impact this new standard will have on its consolidated financial statements and related disclosures.

**NOTE 2 LIQUIDITY CONSIDERATIONS AND GOING CONCERN**

Tellurian Investments' business does not have sufficient working capital to sustain operations for the next 12 months, which raises substantial doubt about its ability to continue as a going concern. At present, Tellurian Investments' cash flow is solely dependent upon the funds received from outside investors. Tellurian Investments' management expects the ability to access capital markets as a result of the planned merger with Magellan Petroleum Corporation (Magellan). Management believes the ability to raise additional capital will alleviate the substantial doubts about its ability to continue as a going concern. Tellurian Investments will need significant funding to develop the Driftwood LNG terminal and the Driftwood pipeline, as well as for working capital requirements and other operating and general corporate purposes.

The significant risks and uncertainties described above raise substantial doubt about Tellurian Investments' ability to continue as a going concern. The condensed consolidated financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities and commitments in the normal course of business. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of the going concern uncertainty.

**Table of Contents****NOTE 3 ACQUISITION**

On April 9, 2016, Tellurian Investments acquired Tellurian Services in consideration totaling \$1.234 million and acquisition costs of approximately \$30 thousand related primarily to legal and accounting services. Tellurian Services was formed primarily to engage in LNG-specific consulting services as well as back-office and general and administrative support services to Parallax Enterprises and Parallax Energy. The transaction has been accounted for using the acquisition method in accordance with ASC 805, *Business Combinations*. The purchase price was allocated to the assets acquired and liabilities assumed as follows (in thousands):

<b>Consideration:</b>	
Elimination of related party payable due to Tellurian Investments	\$ 234
Equity purchase price	1,000
<b>Total consideration</b>	<b>1,234</b>
<b>Fair values of liabilities assumed:</b>	
Related party accounts payable	376
Accounts payable	519
<b>Amount attributable to liabilities assumed</b>	<b>895</b>
<b>Fair values of assets acquired:</b>	
Cash	210
Accounts receivable	9
Related party accounts receivable	128
Prepaid expenses	28
Related party note receivable	251
Property plant and equipment	483
<b>Amounts attributable to assets acquired</b>	<b>1,109</b>
Deferred tax liability as a result of acquisition	170
<b>Goodwill</b>	<b>\$ 1,190</b>

Equity consideration related to the acquisition was valued at April 9, 2016 at \$2.00 per share of common stock. A total of 500,000 shares of common stock were exchanged for the entire members' equity of Tellurian Services. Additionally, a related party payable due to Tellurian Investments by a Tellurian Services member was eliminated.

An allocation of purchase consideration related to the Tellurian Services acquisition was prepared with an effective date of April 9, 2016 utilizing the cost approach to determine the replacement cost of certain tangible fixed assets, using sources including valuation services providers, the Bureau of Labor Statistics, discussions with management, and other published data. The fair value of the remaining assets was determined to approximate fair value.



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The following pro forma amounts represent Tellurian Investments' results of operations with appropriate adjustments which are expected to have a continuing impact, resulting from the application of acquisition method accounting. The unaudited pro forma information is provided for information purposes only and is not necessarily indicative of what Tellurian Investments' results of operation would have been if the acquisition occurred on January 1, 2016:

	<b>For the nine months ended September 30, 2016</b>		
	<i>(in thousands except per-share amounts)</i>		
	<b>Pro Forma</b>		
	<b>As Reported</b>	<b>Adjustment</b>	<b>Pro Forma</b>
Revenues	\$	\$	\$
Net loss	(67,875)	(655) <sup>(a)</sup>	(68,530)
Net loss per basic share	\$ (1.05)		\$ (1.06)
Basic and diluted weighted average common shares outstanding	64,599		64,716

(a) Pro Forma adjustment for the historical net loss of Tellurian Services of \$638 thousand prior to the acquisition less the services fees that were charged to subsidiaries of Tellurian Investments of \$17 thousand.

**NOTE 4 TRANSACTIONS WITH RELATED PARTIES**

In 2016, Tellurian Investments incurred a liability related to U.S. federal income tax withholdings on issued share-based compensation. Tellurian Investments entered into agreements with the employees that were issued compensation to receive payment via wage withholdings if the tax liability is not settled by the employee.

As of September 30, 2016, Tellurian Investments, as a result of its Predecessor, has ongoing agreements with entities to provide certain general administrative and management services for a term of one year with automatic yearly extensions, including, without limitation, the sourcing, structuring and negotiation of potential business acquisitions and customer contracts (the Agreements).

Under each Agreement, Tellurian Investments is compensated by each entity for its services with a fee equal to \$25 thousand, paid annually. The total revenue recorded under the Agreements for the nine months ended September 30, 2016 and 2015 were approximately \$24 and \$216 thousand, respectively, recorded within Other income for the Successor period and Revenue, related parties for the Predecessor period within the Condensed Consolidated Statements of Operations.

All activity conducted under the Agreements is included in Accounts receivable due from related parties and Accounts payable due to related parties on the Condensed Consolidated Balance Sheets and within Revenues from related parties and Other income on the Condensed Consolidated Statements of Operations.

The outstanding balances as of September 30, 2016 in Accounts receivable due from related parties and Accounts payable due to related parties are related to the general administrative and management services provided to Parallax Energy and its subsidiaries. Parallax Energy and its subsidiaries are 100% owned entities of Mr. Martin Houston, a shareholder and Executive Vice Chairman of Tellurian Investments. The balance in Accounts receivable due from related parties is a result of the acquisition of the Predecessor and a result of service fees earned. The balance in Accounts payable due to related parties is a result of the acquisition of the Predecessor (see Note 3, *Acquisition*).

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The outstanding balance as of September 30, 2016 in Accounts payable due to related parties for Parallax Enterprises and its subsidiaries is a result of the acquisition of the Predecessor. Parallax Enterprises is owned by executive officers of Tellurian Investments (see Note 3, *Acquisition* ).

The outstanding balances as of December 31, 2015 in Accounts receivable due from related parties and Accounts payable due to related parties are related to general administrative and management services provided to Parallax Enterprises and its subsidiaries. The Predecessor also provided general administrative and management services to Tellurian Investments in which Mr. Martin Houston, a member of the Predecessor, is a shareholder and Executive Vice Chairman. Parallax Enterprises and its subsidiaries are owned by four executive officers of the Predecessor. Two of the four officers, Mr. Martin Houston and Mr. Christopher Daniels, were also members of the Predecessor.

Tellurian Investments had the following outstanding accounts receivable and accounts payable to related parties:

	<b>As of September 30, 2016</b>	<b>As of December 31, 2015</b>
Accounts receivable due from related parties		
	<i>(in thousands)</i>	
Parallax Enterprises <sup>(1)</sup>	\$	\$ 951
Parallax Energy	134	97
Parallax Fund V Investco LLC	2	1
Employee	1,316	
<b>Total accounts receivable due from related parties</b>	<b>\$ 1,452</b>	<b>\$ 1,049</b>

	<b>As of September 30, 2016</b>	<b>As of December 31, 2015</b>
Accounts payable due to related parties		
	<i>(in thousands)</i>	
Parallax Enterprises <sup>(1)</sup>	\$ 297	\$ 1,257
Parallax Energy	142	82
<b>Total accounts payable due to related parties</b>	<b>\$ 439</b>	<b>\$ 1,339</b>

(1) The Parallax Enterprises LLC related party payable amounts as of December 31, 2015 are netted on the balance sheet by the amounts due to the Company.

In November 2015, the Predecessor issued an interest-free \$251 thousand note receivable to Mr. Martin Houston, a 50% member of the Predecessor. The note was used to provide the collateral required to secure a \$500 thousand line of credit as part of a covenant related to the office lease. See Note 8, *Commitments and Contingencies*, for additional information about the office lease.

**NOTE 5 STOCKHOLDERS EQUITY**

Tellurian Investments' operations are governed by the provisions of its Certificate of Incorporation. There are no current outstanding equity commitments of the stockholders.

All stockholders' equity at September 30, 2016 resulted from various private placements of Tellurian Investments' common stock, the acquisition of Tellurian Services (see Note 3, *Acquisition* )

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and discounted purchases by employees (see Note 7, *Share-based Compensation* ). Private placements and initial funding provided proceeds of \$58.886 million. Equity offering costs of \$1.512 million were incurred related to the private placements that occurred during the nine months ended September 30, 2016. Equity offering costs are represented within Additional paid-in capital on the balance sheet.

**NOTE 6 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consists of the following:

Property, plant and equipment	September 30, 2016	December 31, 2015
	<i>(in thousands)</i>	
Buildings	\$ 549	\$
Leasehold improvements	204	39
Computer and office equipment	94	
Furniture and fixtures	399	131
Construction in progress	50	
Accumulated depreciation	(55)	(22)
<b>Total property plant and equipment, net</b>	<b>\$ 1,241</b>	<b>\$ 148</b>

Tellurian Investments, through its wholly-owned subsidiary Driftwood LNG LLC, purchased certain tracts of land in Calcasieu Parish, Louisiana in exchange for \$10 million in consideration (the Land Acquisition ) on March 24, 2016. Approximately \$1 million of the total consideration is due and payable December 2016 and was accrued within Note payable, current, on the balance sheet. The Land Acquisition has been accounted for as an asset purchase and recorded at the purchase price and allocated between land and buildings based upon their relative fair values at the date of acquisition. Fair value was determined based on a replacement cost approach which contemplates the cost to construct improvements with equivalent utility to the subject, using modern materials and current standards, design, and layout. Estimates of replacement cost for the purpose of developing a market value opinion include three components: direct costs, indirect costs (also known as soft costs) and entrepreneurial profit. In making estimates of fair value, Tellurian Investments used published results of an appraisal report provided by third party valuation experts. Due to the significance of the of unobservable inputs utilized, Tellurian Investments has determined that such fair value measures are classified as Level 3 of the fair value hierarchy. At September 30, 2016 the allocation between land and buildings was \$9.491 million and \$549 thousand, respectively.

Property, plant and equipment is depreciated using the straight-line depreciation method. Depreciation expense of \$55 thousand and \$13 thousand for the nine months ended September 30, 2016 and 2015, respectively, is recorded within Operating expenses on the income statements. The estimated useful lives within property, plant and equipment are between 3 and 30 years, as follows:

Buildings 30 years

Leasehold improvements 10 years

Computer and office equipment 3-5 years

Furniture and fixtures 5-15 years

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**NOTE 7 SHARE-BASED COMPENSATION**

Tellurian Investments has granted stock and restricted stock to employees under the Tellurian Investments Inc. 2016 Omnibus Incentive Plan (the Plan). The maximum number of shares of Tellurian Investments common stock reserved for issuance under the Plan is 30,000,000. As of September 30, 2016, there were 22,770,000 shares remaining available for issuance.

For the nine months ended September 30, 2016, Tellurian Investments recognized stock-based compensation expense related to unrestricted stock and equity-classified share-based compensation awards of \$24.2 million. The estimated fair value of all share-based compensation granted in the nine months ended September 30, 2016 is between \$2.00 and \$3.50 per share, which represents the private placement price for equity sales and third-party valuations. Stock-based compensation expense is reflected in General and administrative expenses in Tellurian Investments Condensed Consolidated Statements of Operations.

*Stock Compensation Granted In Conjunction with the Plan*

As of September 30, 2016, 5,075,000 restricted shares and 2,155,000 shares of unrestricted common stock were granted and issued under the Plan. Share-based compensation expense of \$6.5 million related to the unrestricted common stock granted under the plan was recognized during the nine months ended September 30, 2016. The restricted stock awards vest upon FID. As of September 30, 2016, Tellurian Investments does not believe this event is considered probable of occurring at this time and therefore has not recorded share-based compensation expense related to the restricted stock awards.

The restrictions on all of the restricted stock awards will expire upon the affirmative FID; provided, however, such restrictions will expire on such date only if:

the employee maintains continuous service from the date of the grant through the applicable vesting date; or

the employee's continuous service is terminated by Tellurian Investments without cause or by the employee for good reason and in either event the FID occurs within five years after such termination.

For purposes of the restricted stock, FID means a decision by Tellurian Investments Board of Directors to move forward with a project, the project site and construction thereon, following (i) determination by Tellurian Investments that such site has met the appropriate suitability criteria, (ii) Tellurian Investments securing a long-term option on such site, (iii) Tellurian Investments securing financing deemed sufficient by the Board of Directors, and (iv) the completion of the front-end engineering and design process.

*Stock Compensation Granted Outside the Plan*

In March 2016, Tellurian Investments Board of Directors granted a total of 1,750,000 shares of vested stock to various employees. The vested stock was granted prior to the existence of the Plan. The estimated fair value of these awards on the grant date was determined to be \$2.00 per share.

In April 2016, Tellurian Investments Board of Directors allowed 1,050,000 shares to be purchased at a discount by two executive officers as a form of compensation. The difference between the purchase price of \$0.50 and the estimated fair value is recorded as compensation to the officer. The estimated fair value of these awards on the grant

date was determined to be \$2.00 per share.

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In August 2016, Tellurian Investments Board of Directors allowed 4,500,000 shares to be purchased at a discount by an executive officer as a form of compensation. The difference between the purchase price of \$2.00 and the estimated fair value is recorded as compensation to the officer. The estimated fair value of these awards on the grant date was determined to be \$3.50 per share.

In September 2016, Tellurian Investments Board of Directors allowed 2,000,000 shares to be purchased at a discount by an executive officer as a form of compensation. The difference between the purchase price of \$0.50 and the estimated fair value is recorded as compensation to the officer. The estimated fair value of these awards on the grant date was determined to be \$3.45 per share.

**NOTE 8 COMMITMENTS AND CONTINGENCIES****Leases and Contractual Commitments**

Tellurian Investments contractual obligations pertain to land and office leases, and various sponsorship and subscription agreements. Future non-cancelable commitments related to these obligations as of September 30, 2016 are presented below (in thousands):

	<b>Remainder</b>							
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Thereafter</b>	<b>Total</b>
Office lease	\$ 256	\$ 1,952	\$ 1,961	\$ 1,981	\$ 2,001	\$ 2,021	\$ 7,570	\$ 17,742
Land lease and option		966	966	1,204				3,136
Notes payable	1,000							1,000
Other	744	553	107					1,404
<b>Total leases and contractual commitments</b>	<b>\$ 2,000</b>	<b>\$ 3,471</b>	<b>\$ 3,034</b>	<b>\$ 3,185</b>	<b>\$ 2,001</b>	<b>\$ 2,021</b>	<b>\$ 7,570</b>	<b>\$ 23,282</b>

*Office Lease*

Tellurian Investments entered into a ten-year lease for its corporate headquarters located in Houston, Texas as well as a five-year lease for a sales office located in London, United Kingdom. Rent expense of \$271 thousand was recognized for the nine months ended September 30, 2016 in General and administrative within the Condensed Consolidated Statements of Operations.

*Land Lease and Option*

On April 13, 2016, Tellurian Investments, through its wholly-owned subsidiary Driftwood LNG LLC, entered into a ground lease (the Lease) for a port facility adjacent to the land acquired in the Land Acquisition. The Lease provides for a four-year term, subject to a 50-year extension.

On June 3, 2016 Tellurian Investments, through its wholly-owned subsidiary Driftwood LNG LLC, entered into an option agreement (the Option) for certain tracts of land and associated river frontage in connection with the Land Acquisition. The Option provides for an approximately three and one half year option period whose exercise would provide for a 20-year lease term with six additional five-year extension options.

*Notes Payable*

Tellurian Investments has a note payable of \$1 million due December 2016 related to the Land Acquisition.



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### *Other*

Tellurian Investments has various sponsorship commitments in Europe and Asia throughout the remainder of 2016, 2017, and 2018 as well as subscription agreements with various industry trade publications and pricing services to provide general market intelligence and commodity price data.

## **Legal Matters**

### *Bonini-Kettlety Lawsuit*

On May 23, 2016, Simon Bonini and Paul Kettlety ( Bonini and Kettlety ) filed a lawsuit against Tellurian Investments and Tellurian Services, along with each of Messrs. Houston and Daniels and certain entities in which each of Messrs. Houston and Daniels own membership interests, as applicable, in the District Court of Harris County, Texas, alleging among other things, breach of contract, promissory estoppel, quantum meruit, fraud/fraudulent concealment, negligent misrepresentation, breach of fiduciary duty, usurpation/diversion of corporate opportunity, conversion, civil conspiracy and implied partnership.

Bonini and Kettlety allege that there was a binding agreement between Bonini and Kettlety and Messrs. Houston and Daniels to sell an interest in Parallax Enterprises to Bonini and Kettlety and that the ultimate proposed ownership of Parallax Enterprises which was agreed to by Messrs. Houston, Daniels and two other members of Parallax Enterprises did not reflect the parties' agreement. Bonini and Kettlety allege that their agreed upon ownership in Parallax Enterprises (14.3%, each) exceeded what was ultimately offered to them (9.9%, each) and that the ultimate proposal subjected them to certain management, ownership and redemption terms to which they had not agreed. Bonini and Kettlety are seeking damages in excess of \$168 million.

Although Tellurian Investments believes the claims of Bonini and Kettlety are without merit, and Tellurian Investments intends to engage in a vigorous defense of this litigation, Tellurian Investments may not ultimately be successful and any potential liability Tellurian Investments may incur is not reasonably estimable. Even if Tellurian Investments is successful, however, in the defense of this litigation, Tellurian Investments could incur costs, and suffer both an economical loss and an adverse impact on reputation, which could have a material adverse effect on Tellurian Investments' business.

## **Contingency Loss**

Part of the compensation paid to employees for services was in the form of non-cash compensation, the value of which compensation is not certain for taxable wages. Tellurian Investments has accrued \$2.56 million as wage withholding for these matters and believes the estimated liability is adequate to cover the ultimate resolution. We record liabilities for contingent losses in accordance with ASC Topic 450, Contingencies ( ASC 450 ). Under ASC 450, a loss contingency is recorded if a loss is probable and can be reasonably estimated. We record probable loss contingencies based on the best estimate of the loss. If a range of loss can be reasonably estimated, but no single amount within the range appears to be a better estimate than any other amount within the range, the minimum amount in the range is accrued. These estimates are initially developed earlier than when the ultimate loss is known, and the estimates are adjusted if additional information becomes known.

**Table of Contents****NOTE 9 ACCOUNTS PAYABLE AND ACCRUED LIABILITITES***Accounts payable*

At September 30, 2016, approximately \$3.593 million of accounts payable related to engineering procurement and construction related to Driftwood LNG and approximately \$169 thousand of legal fees.

At December 31, 2015, approximately \$81 thousand of accounts payable related to expenses to be reimbursed to employees.

*Accrued expenses*

At September 30, 2016, approximately \$7.778 million was accrued related to payroll and amounts related to compensation expense.

At December 31, 2015, approximately \$6 thousand related to accrued state taxes and \$4 thousand related to accounting professional fees.

**NOTE 10 EMPLOYEE BENEFITS**

Tellurian Investments has a defined contribution plan ( 401(k) Plan ) which allows eligible employees to contribute up to 100% of their compensation up to the IRS maximum. Tellurian Investments matches each employee s salary deferrals (contributions at 100%) up to 6% of compensation and may make additional contributions at its discretion. Employees are immediately vested in the contributions made by us. The Successor s contributions to the 401(k) Plan were \$48 thousand for the nine months ended September 30, 2016 and no contribution was made by the Predecessor in the nine months ended September 30, 2015. The Predecessor s 401(k) plan was implemented in September 2015. Tellurian Investments has made no discretionary contributions to the 401(k) Plan to date.

**NOTE 11 EARNINGS PER COMMON SHARE DATA**

Basic earnings per share are based upon the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share include the effect of certain stock awards and other equity-based compensation awards. There are 5.1 million restricted common shares that are excluded from the calculation of net loss per share, as their effect would be anti-dilutive for the nine months ended September 30, 2016.

Earnings per share data and dividends declared per share of common stock are as follows:

	<b>Nine Months Ended September 30, 2016</b> <i>(in thousands, except per-share amounts)</i>
<b>Numerator:</b>	
Net loss	\$ (67,875)
<b>Denominator:</b>	

Basic weighted average common shares outstanding		64,599
Loss per share:		
Basic and diluted	\$	(1.05)

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**Table of Contents****NOTE 12 INCOME TAXES**

The sources of loss from operations before income taxes for both Successor and Predecessor for the nine months ended September 30, 2016 and 2015, respectively, were as follows:

	<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>
	<i>(in thousands)</i>	
Domestic	\$ (67,799)	\$
Foreign	242	
<b>Total loss before income taxes</b>	<b>\$ (68,041)</b>	<b>\$</b>

*Income Tax Provision*

The provision for income tax benefit consisted of the following:

	<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<i>(in thousands)</i>	
<b>Current:</b>		
Federal	\$	\$
State	4	
Foreign		
<b>Total</b>	<b>4</b>	
<b>Deferred:</b>		
Federal	(170)	
State		
Foreign		
<b>Total</b>	<b>(170)</b>	
<b>Income tax benefit</b>	<b>\$ (166)</b>	<b>\$</b>

*Effective and Statutory Rate Reconciliation*

The differences between income taxes expected at the U.S. federal statutory income tax rate of 35% and the reported income tax (benefit) expense are summarized as follows:

**Nine Months Ended September 30,**

	<b>2016</b>	<b>2015</b>
	<i>(in thousands)</i>	
Income tax benefit at federal statutory rate	\$ (23,814)	\$
Share-based compensation	2,430	
Other permanent differences	99	
Increase in valuation allowance	21,119	
Tax benefit	\$ (166)	\$

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**Table of Contents***Deferred Income Taxes*

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. These items are stated at the enacted tax rates that are expected to be in effect when taxes are actually paid or recovered.

Significant components of deferred tax assets and liabilities are comprised of the following:

	<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<i>(in thousands)</i>	
Property, plant and equipment	\$ (137)	\$
Capitalized start-up costs	9,467	
Compensation and benefits	1,758	
Capitalized engineering costs	10,031	
	21,119	
Less valuation allowance	(21,119)	
<b>Deferred tax assets, net</b>	<b>\$</b>	<b>\$</b>

Deferred income tax assets and liabilities resulted principally from capitalized engineering cost, capitalized start-up costs, property plant and equipment and compensation accruals. Deferred tax assets and deferred tax liabilities are classified as non-current in Tellurian Investments balance sheet.

ASC 740 requires that Tellurian Investments reduce its deferred income tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that all or a portion of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. As Tellurian Investments has not yet begun generating revenues or performing the activities for which it was organized, Tellurian Investments established a full valuation allowance of \$21.1 million in the period ended September 30, 2016, against its net deferred tax assets in excess of the deferred tax liabilities.

As of September 30, 2016, Tellurian Investments had no unrecognized tax benefits. Tellurian Investments is subject to income taxes in the U.S. federal and various states jurisdictions and the United Kingdom. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. Tellurian Investments reviews income tax positions expected to be taken in income tax returns to determine if there are any income tax uncertainties. Tellurian Investments recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. Tellurian Investments recognizes interest and penalties, if any, in the period in which they occur in income tax expense.



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**NOTE 13 SUBSEQUENT EVENTS**

Tellurian Investments evaluated subsequent events for appropriate accounting and disclosure through December 12, 2016.

On June 7, 2016, Akkida Group, L.P. ( Akkida ) filed a lawsuit against three parties, including the Predecessor, in the District Court of Harris County, Texas, alleging several causes of action. On November 21, 2016, without admitting liability, the parties agreed to a settlement in principle related to this matter for an immaterial amount. The settlement amount is recognized in the accompanying Condensed Consolidated Statements of Operations.

On November 23, 2016, Tellurian Investments issued 5,467,851 shares of \$0.001 per share par value Series A Preferred Stock (the Preferred Stock ) to GE Oil & Gas, Inc. for an aggregate purchase price of \$25 million. Net proceeds from the issuance of the Preferred Stock will be used to partially fund capital expenses and other costs related to Driftwood LNG and other general corporate purposes. The Preferred Stock is classified as an equity instrument, but Tellurian Investments is still completing its analysis to determine whether any unrelated embedded derivatives exist and may require bifurcation. In the event bifurcation of an embedded derivative is required, Tellurian Investments will allocate proceeds from the issuance of the Preferred Stock equal to the value of the embedded derivative to a derivative liability, with the remainder of the proceeds being allocated to the shares of Preferred Stock. The value of the embedded derivative will be reassessed at each reporting period, with the change in value being recorded in earnings. Tellurian Investments anticipates that any required recording of the bifurcated derivative will be insignificant to the consolidated financial statements.



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**Historical Consolidated Financial Statements of Tellurian Services LLC**

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**TELLURIAN SERVICES LLC - AUDITED FINANCIAL STATEMENTS**

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**INDEPENDENT AUDITORS REPORT**

To the Member of Tellurian Services LLC:

We have audited the accompanying financial statements of Tellurian Services LLC (the Company), which comprise the balance sheets as of April 9, 2016, December 31, 2015, and December 31, 2014, and the related statements of operations, members' capital, and cash flows for the period from January 1, 2016 to April 9, 2016 and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Conclusion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tellurian Services LLC as of April 9, 2016, December 31, 2015, and December 31, 2014, and the results of its operations, members' capital and its cash flows for the period from January 1, 2016 to April 9, 2016 and for the years ended December 31, 2015 and 2014, in accordance with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas

September 30, 2016

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**Table of Contents****Tellurian Services LLC****Balance Sheets**

	<b>April 9, 2016</b>	<b>December 31, 2015</b>		<b>2014</b>
	<i>(in thousands)</i>			
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 210	\$ 589	\$ 258	
Accounts receivable	9	10	49	
Accounts receivable due from related parties	130	98	1,075	
Prepaid expenses and other current assets	28	41	22	
<b>Total current assets</b>	<b>377</b>	<b>738</b>	<b>1,404</b>	
Property, plant and equipment, net	480	148	111	
Note receivable due from related party	251	251		
<b>Total Assets</b>	<b>\$ 1,108</b>	<b>\$ 1,137</b>	<b>\$ 1,515</b>	
<b>Liabilities and Members Capital</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 519	\$ 164	\$ 400	
Accounts payable due to related parties	642	388	462	
<b>Total current liabilities</b>	<b>1,161</b>	<b>552</b>	<b>862</b>	
Commitments and contingencies (Note 4)				
Members capital:				
Members capital	22	22	22	
Accumulated (deficit) earnings	(75)	563	631	
<b>Total members capital</b>	<b>(53)</b>	<b>585</b>	<b>653</b>	
<b>Total Liabilities and Members Capital</b>	<b>\$ 1,108</b>	<b>\$ 1,137</b>	<b>\$ 1,515</b>	

The Notes to the Financial Statements are an integral part of these statements.

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**Tellurian Services LLC**  
**Statements of Operations**

	For the period from January 1, 2016 through April 9, 2016	For the Year Ended December 31,	
		2015 <i>(in thousands)</i>	2014
Revenue	\$	\$ 1,375	\$ 1,376
Revenue, related party	31	311	84
<b>Total revenue</b>	<b>31</b>	<b>1,686</b>	<b>1,460</b>
<b>Costs and expenses:</b>			
Operating expenses	52	263	129
General and administrative	617	1,318	700
Total operating expenses	669	1,581	829
<b>(Loss) income from operations</b>	<b>(638)</b>	<b>105</b>	<b>631</b>
<b>Net (loss) income</b>	<b>\$ (638)</b>	<b>\$ 105</b>	<b>\$ 631</b>

The Notes to the Financial Statements are an integral part of these statements.

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**Tellurian Services LLC**  
**Statement of Members' Capital**

	<b>Members Capital</b>	<b>Accumulated (Deficit) Earnings <i>(in thousands)</i></b>	<b>Total Members Capital</b>
<b>Balance, January 1, 2014</b>	\$	\$	\$
Members' contribution	22		22
Net income		631	631
<b>Balance, December 31, 2014</b>	22	631	653
Members' distributions		(173)	(173)
Net income		105	105
<b>Balance, December 31, 2015</b>	22	563	585
Net loss		(638)	(638)
<b>Balance, April 9, 2016</b>	\$ 22	\$ (75)	\$ (53)

The Notes to the Financial Statements are an integral part of these statements.

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**Tellurian Services LLC**  
**Statements of Cash Flows**

	<b>For the period from the Year Ended December 31,</b>		
	<b>January</b>		
	<b>1,</b>		
	<b>2016</b>		
	<b>through</b>		
	<b>April</b>		
	<b>9,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>(in thousands)</i>		
<b>Cash flows from operating activities:</b>			
Net (loss) income	\$ (638)	\$ 105	\$ 631
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense	8	18	4
Related party bad debt expense		102	
Loss on disposal of assets	3		
Changes in operating assets and liabilities:			
Accounts receivable	1	39	(49)
Accounts receivable due from related party	(32)	875	(1,075)
Prepaid expenses and other current assets	13	(19)	(22)
Accounts payable and accrued liabilities	281	(236)	400
Accounts payable due to related party	253	(74)	462
Net cash provided by (used in) operating activities	(111)	810	351
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	(268)	(55)	(115)
Notes receivable due from related party		(251)	
Net cash used in investing activities	(268)	(306)	(115)
<b>Cash flows from financing activities:</b>			
Proceeds from the issuance of member interest			22
Distributions		(173)	
Net cash provided by (used in) financing activities		(173)	22
Net change in cash and cash equivalents	(379)	331	258
Cash and cash equivalents, beginning of the year	589	258	

Cash and cash equivalents, end of the year	\$ 210	\$ 589	\$ 258
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**Supplemental Disclosures:**

Net cash paid for income taxes	\$	\$ 7	\$
Property, plant and equipment non-cash accruals	75		

The Notes to the Financial Statements are an integral part of these statements.



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**Tellurian Services LLC**

**Notes to Financial Statements**

**NOTE 1 ORGANIZATION AND DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Tellurian Services LLC ( Tellurian Services ), organized under Delaware law as a limited liability company, was formed on December 18, 2013. Tellurian Services was formerly known as Parallax Services LLC prior to its membership interests being purchased and it being renamed in April 2016. Tellurian Services was formed primarily to engage in liquefied natural gas ( LNG )-specific consulting services as well as back-office and general and administrative support services to Parallax Enterprises LLC ( Parallax Enterprises ) and its 100% owned subsidiaries as well as Parallax Energy LLC ( Parallax Energy ) and its 100% owned subsidiaries (see Note 2 Transactions with Related Parties ).

On July 1, 2014, Tellurian Services entered into a contract with Origin Energy to provide quarterly market intelligence related to the LNG markets. The contract provided for quarterly payments of approximately \$688 thousand for each report. This contract represented the majority of Tellurian Services revenues for both 2014 and 2015. This contract was terminated in July 2015. As a result, there were no third party revenues in the period ended April 9, 2016.

On April 9, 2016 Tellurian Investments Inc. acquired Tellurian Services in an all-stock transaction with consideration totaling \$1.2 million and acquisition costs of \$30 thousand.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ( GAAP ) requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from these estimates. Changes in estimates are recorded prospectively.

**Cash and Cash Equivalents**

Tellurian Services considers all highly liquid investments with an original maturity of three months or less to be cash equivalents and typically exceed federally insured limits.

**Accounts Receivable**

Accounts receivable are primarily from cost reimbursements as a result of back-office and general and administrative support services with related parties. Tellurian Services routinely reviews outstanding balances, assesses the financial strength of its customers, and records a reserve for amounts not expected to be fully recovered. The need for an allowance is determined based upon reviews of individual accounts, historical losses, existing economic conditions and other pertinent factors. Tellurian Services recognized related party bad debt expense of \$102 thousand for the year ended December 31, 2015. No bad debt expense was recorded for the period ended April 9, 2016 or the year ended December 31, 2014. See Note 2, *Transactions with Related Parties*, for additional information related to bad debt expense recognized.

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### **Transactions with Related Parties**

Tellurian Services has receivables with related parties as a result of back-office and general and administrative support services provided and payables as a result of timing of deposits made in advance of services to be provided. Tellurian Services does not consider the accounts or notes receivable from related parties to be uncollectible.

### **Property, Plant and Equipment**

Property, plant and equipment are recorded at cost. Expenditures for construction activities, major renewals and betterments that extend the useful life of an asset are capitalized, while expenditures for maintenance and repairs and general and administrative activities are expensed as incurred. Tellurian Services depreciates its property, plant and equipment using the straight-line depreciation method. Upon retirement or other disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the account, and the resulting gains or losses are recorded in other operating costs and expenses.

Management tests property, plant and equipment for impairment whenever events or changes in circumstances have indicated that the carrying amount of property, plant and equipment might not be recoverable. Assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets for purposes of assessing recoverability. Recoverability generally is determined by comparing the carrying value of the asset to the expected undiscounted future cash flows of the asset. If the carrying value of the asset is not recoverable, the amount of impairment loss is measured as the excess, if any, of the carrying value of the asset over its estimated fair value

At April 9, 2016, and December 31, 2015 and 2014, property, plant and equipment consisted primarily of leasehold improvements related to the Tellurian Services office lease and associated office furniture, fixtures and equipment. The estimated useful lives are 10 years and 5 to 15 years for the leasehold improvements and office furniture, fixtures and equipment, respectively. Amounts recorded to depreciation expense for the period ended April 9, 2016 and the years ended December 31, 2015 and 2014, was \$8 thousand, \$18 thousand and \$4 thousand, respectively. Accumulated depreciation as of April 9, 2016, December 31, 2015, and December 31, 2014 was \$30 thousand, \$22 thousand and \$4 thousand, respectively. Depreciation expense is recorded within General and administrative on the statements of operations.

### **Revenue Recognition**

Tellurian Services recognizes consulting-related revenues over the contractual term of the arrangement or the expected period during which those specified services will be performed, whichever is longer, unless evidence suggests that the revenue is earned or obligations are fulfilled in a different pattern.

### **Income Taxes**

Tellurian Services was organized as a Delaware limited liability company and is treated as a flow-through entity for U.S. federal income tax purposes. Under U.S. federal income tax law, limited liability companies that elect partnership taxation are not taxable entities. Therefore, a provision for income tax has not been recorded in the accompanying financial statements. The owners as of the time of the accompanying financial statements were individually responsible for reporting their share of Tellurian Services' income or loss on their income tax returns.



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Although Tellurian Services is a non-taxpaying entity for federal income tax purposes, certain states require a tax similar to an income tax. Texas imposes a franchise tax (commonly referred to as the Texas margin tax) on gross revenues less certain deductions, as specifically set forth in the Texas margin tax statute. The Texas margin tax applies to corporations and limited liability companies, general and limited partnerships (unless otherwise exempt), limited liability partnerships, trusts (unless otherwise exempt), business trusts, business associations, professional associations, joint stock companies, holding companies, joint ventures and certain other business entities having limited liability protection. Tellurian Services' Texas margin tax for the period ended April 9, 2016, December 31, 2015 and December 31, 2014 was insignificant (less than ten thousand dollars in each period presented) and thus was not separately presented in the financial statements. Tax expense is recorded within General and administrative on the statements of operations.

As required by the uncertain tax position guidance in ASC 740, *Accounting for Uncertainty in Income Taxes*, Tellurian Services recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. Tellurian Services does not have any uncertain tax positions.

Tellurian Services files a U.S. Return of Partnership Income along with various other state filings. In the normal course of business, Tellurian Services may be audited by any of these taxing authorities. As of April 9, 2016, Tellurian Services is not currently undergoing any tax examinations.

**Net Income Per Unit**

Tellurian Services has omitted net income per unit due to no units being issued. In lieu of issuing units, the members' percentage interest set forth in Tellurian Services' operating agreement is a 50% interest to each member as of the time of the accompanying financial statements.

**Comprehensive Income**

Tellurian Services has no elements of comprehensive income other than net income.

**Recently Issued Accounting Standards**

In May 2014, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update ( ASU ) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The update provides guidance concerning the recognition and measurement of revenue from contracts with customers. Its objective is to increase the usefulness of information in the financial statements regarding the nature, timing, and uncertainty of the use of revenues. The update, after a deferral by one year in August 2015 by the FASB, subsequently titled ASU 2015-14 *Revenue from Contracts with Customers* (Topic 606) is effective for Tellurian Services for the annual period ending after December 15, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. Tellurian Services has not yet selected a transition method and is evaluating the potential impact this standard will have on its financial statements and related disclosures.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The update provides guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a

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going concern and to provide related footnote disclosures. The update is effective for financial statements issued for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Tellurian Services is evaluating the potential impact this new standard will have on its financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires lessees to recognize lease assets and lease liabilities on the statement of financial position. A modified retrospective transition approach is required for annual and interim periods beginning on or after December 15, 2018. Early adoption is permitted. Tellurian Services is evaluating the potential impact this new standard will have on its financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15 *Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments*. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The update is effective for financial statements issued for annual periods beginning after December 15, 2017 and for interim periods within those fiscal years. The amendments in this update will be applied using a retrospective transition method to each period presented. Early adoption is permitted. Tellurian Services is evaluating the potential impact this new standard will have on its financial statements and related disclosures.

**NOTE 2 TRANSACTIONS WITH RELATED PARTIES**

As of April 9, 2016, Tellurian Services had entered into agreements with entities to provide certain general administrative and management services for a term of one year with automatic yearly extensions, including, without limitation, the sourcing, structuring and negotiation of potential business acquisitions and customer contracts ( the Agreements ).

All activity conducted under the Agreements are included in Accounts receivable due from related parties and Accounts payable due to related parties on the balance sheets. Salary expense allocated to related parties is recorded within Operating expenses on the statements of operations. Salary expense for employees working on behalf of the related parties recorded for the period ended April 9, 2016 and the year ended December 31, 2015 was \$52 thousand and \$105 thousand, respectively. No salary expense was incurred to related parties for the year ended December 31, 2014.

The outstanding balances in Accounts receivable due from related parties and Accounts payable due to related parties are related to general administrative and management services provided to Parallax Enterprises and its 100% owned subsidiaries as well as Parallax Energy and its 100% owned subsidiaries. Two of the four officers of Parallax Enterprises, Mr. Martin Houston and Mr. Christopher Daniels, were also members of Tellurian Services until Tellurian Services was acquired by Tellurian Investments Inc. on April 9, 2016. Parallax Energy and its 100% owned subsidiaries are wholly owned by Mr. Martin Houston, a member of Tellurian Services.

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Tellurian Services had the following outstanding accounts receivable and accounts payable to related parties and their respective 100% owned subsidiaries (in thousands):

	<b>As of April 9, 2016</b>	<b>As of December 31, 2015</b>	<b>As of December 31, 2014</b>
Accounts receivable due from related party			
		<i>(in thousands)</i>	
Parallax Enterprises LLC <sup>(1)</sup>	\$ 793	\$ 951	\$ 991
Parallax Energy LLC	110	97	84
Tellurian Investments Inc.	17		
Parallax Fund V Investco LLC	3	1	
<b>Total related party accounts receivable</b>	<b>\$ 923</b>	<b>\$ 1,049</b>	<b>\$ 1,075</b>

	<b>As of April 9, 2016</b>	<b>As of December 31, 2015</b>	<b>As of December 31, 2014</b>
Accounts payable due to related party			
		<i>(in thousands)</i>	
Parallax Enterprises LLC <sup>(1)</sup>	\$ 1,046	\$ 1,257	\$ 287
Parallax Energy LLC	124	82	287
Tellurian Investments Inc.	265		
Parallax Fund V Investco LLC			175
<b>Total related party accounts payable</b>	<b>\$ 1,435</b>	<b>\$ 1,339</b>	<b>\$ 462</b>

(1) The Parallax Enterprises LLC related party payable amounts as of December 31, 2015 and April 9, 2016 are netted on the balance sheet by the amounts due to the Company. The amounts have been presented gross in the above table.

In accordance with the netting agreement, effective date September 2016, between Tellurian Services and Parallax Enterprises, the outstanding accounts receivable and accounts payable balances related to Parallax Enterprises and its 100% owned subsidiaries are netted on the balance sheet for all period presented. The net position of all the balances as of April 9, 2016, December 31, 2015 and December 31, 2014 were a payable balance of \$253 thousand and \$306 thousand and a receivable balance of \$991 thousand, respectively.

Under each Agreement, Tellurian Services is compensated by each entity for its services with a fee equal to \$25 thousand paid annually. The total revenue recorded under these Agreements for the period ended April 9, 2016 and for the years ended December 31, 2015 and 2014 was approximately \$31 thousand, \$311 thousand, and \$84 thousand, respectively. During the year ended December 31, 2015, service revenues receivables for three entities, 100% owned by Mr. Martin Houston, had become deemed uncollectible and charged to bad debt expense in the amount of \$102 thousand.



Tellurian Services transacted on behalf of some of the above noted related parties before the Agreements were effective. On behalf of Parallax Enterprises, Tellurian Services paid legal expenses of \$68 thousand, LNG project modelling costs of \$24 thousand, engineering costs of \$14 thousand, insurance costs of \$5 thousand and a land option payment of \$162 thousand. On behalf of Parallax Fund V Investco LLC, Tellurian Services received payments in the amount of \$125 thousand that was then later deposited into Parallax Fund V Investco LLC's operating accounts. The transactions on behalf of Parallax Enterprises occurred before the effective date of the Agreement and are represented in Accounts receivable due from related parties on the balance sheets. The transactions on behalf of

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Parallax Fund V Investco LLC occurred before the effective date of the Agreement and are represented in Accounts payable due to related parties on the balance sheets.

In November 2015, Tellurian Services issued an interest free \$251 thousand note receivable to Mr. Martin Houston, a 50% member of Tellurian Services. The note was used to provide the collateral required to secure a \$500 thousand line of credit as part of a covenant related to Tellurian Services office lease. See Note 4, *Commitments and Contingencies*, for additional information about the office lease.

**NOTE 3 MEMBERS CAPITAL**

Tellurian Services operations are governed by the provisions of an operating agreement (the LLC Agreement). There are no current outstanding equity commitments of the members. Allocations of net income and loss are allocated to the members based on a hypothetical liquidation.

**Limitations of Members liabilities**

Pursuant to the LLC Agreement (and as is customary for limited liability companies), the liability of the members is limited to their contributed capital.

**LLC Interest Issuance**

Martin Houston's contribution of \$22 thousand represents the sole contribution by a member to Tellurian Services for all periods presented.

**NOTE 4 COMMITMENTS AND CONTINGENCIES****Leases and contractual commitments**

Tellurian Services contractual obligations pertain to office leases. Future non-cancelable commitments related to these obligations as of April 9, 2016 are presented below (in thousands):

Leases and contractual commitments	Remainder -							
	2016	2017	2018	2019	2020	2021	Thereafter	Total
Office lease	\$ 448	\$ 621	\$ 629	\$ 636	\$ 644	\$ 651	\$ 2,681	\$ 6,310

*Office*

On June 12, 2014 Tellurian Services entered into a lease with a term of approximately five years with Brookfield Properties Corporation for its corporate headquarters located in Houston, Texas. In connection with this lease, Tellurian Services has one five-year renewal option. Amounts noted in the tabular disclosure above do not include the optional renewal period. Rent expense of \$53 thousand was recognized for the period ended April 9, 2016 in General and administrative with Statements of Operations.

**Letters of Credit Outstanding**

Tellurian Services letter of credit related to the office lease of \$500 thousand is secured by Martin Houston. No amounts have been drawn against this letter of credit. See Note 2, *Transactions with Related Parties*, for additional information.

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**Legal Matters**

*Bonini-Kettlety Lawsuit*

On May 23, 2016, Simon Bonini and Paul Kettlety ( Bonini and Kettlety ) filed a lawsuit against Tellurian Investments and Tellurian Services, along with each of Messrs. Houston and Daniels and certain entities in which each of Messrs. Houston and Daniels own membership interests, as applicable, in the District Court of Harris County, Texas, alleging among other things, breach of contract, promissory estoppel, quantum meruit, fraud/fraudulent concealment, negligent misrepresentation, breach of fiduciary duty, usurpation/diversion of corporate opportunity, conversion, civil conspiracy and implied partnership.

Bonini and Kettlety allege that there was a binding agreement between Bonini and Kettlety and Messrs. Houston and Daniels to sell an interest in Parallax Enterprises to Bonini and Kettlety and that the ultimate proposed ownership of Parallax Enterprises which was agreed to by Messrs. Houston, Daniels and two other members of Parallax Enterprises did not reflect the parties' agreement. Bonini and Kettlety allege that their agreed upon ownership in Parallax Enterprises (14.3%, each) exceeded what was ultimately offered to them (9.9%, each) and that the ultimate proposal subjected them to certain management, ownership and redemption terms to which they had not agreed. Bonini and Kettlety are seeking damages in excess of \$168 million.

Although Tellurian Services believes the claims of Bonini and Kettlety are without merit, and Tellurian Services intends to engage in a vigorous defense of this litigation, Tellurian Services may not ultimately be successful and any potential liability Tellurian Services may incur is not reasonably estimable. Even if Tellurian Services is successful, however, in the defense of this litigation, Tellurian Services could incur costs and suffer both an economical loss and an adverse impact on reputation, which could have a material adverse effect on Tellurian Services' business.

**NOTE 5 SUBSEQUENT EVENTS**

Tellurian Services has evaluated subsequent events for potential recognition and disclosure through September 30, 2016, the date the financial statements were available to be issued. No events were noted that required adjustment to or disclosures in the financial statements.

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### **Management's Discussion and Analysis of Financial Condition and Results of Operations of Tellurian Investments Inc.**

#### **Introduction**

The following discussion and analysis presents Tellurian Investments Inc. ( Tellurian Investments ) management's view of the business, financial condition and overall performance of Tellurian Investments and its subsidiaries and should be read in conjunction with Tellurian Services LLC's Audited Financial Statements for the period ended April 9, 2016 and the years ended December 31, 2015 and 2014, as well as Tellurian Investments' unaudited condensed consolidated Financial Statements for the nine months ended September 30, 2016 and 2015, contained elsewhere in this joint proxy statement/prospectus.

The discussion includes certain forward-looking statements. For a discussion of important factors which could cause actual results to differ materially from the results referred to in the forward-looking statements, see Risk Factors Risks Relating to Tellurian Investments' Business and Cautionary Statement Concerning Forward-Looking Statements.

#### **Overview of Business**

Tellurian Investments is a privately-held Delaware corporation headquartered in Houston, Texas and was formed on December 29, 2015. Tellurian Investments owns a 100% membership interest in Tellurian LNG LLC, a Delaware limited liability company ( Tellurian LNG ), a 100% membership interest in Tellurian Services LLC, a Delaware limited liability company previously known as Parallax Services LLC ( Tellurian Services ), and a 100% ownership interest in Tellurian LNG UK Ltd. Tellurian LNG owns 100% membership interest in each of Driftwood LNG LLC and Driftwood LNG Pipeline LLC.

Tellurian Investments is planning on developing, through Tellurian LNG and Tellurian LNG's wholly owned subsidiaries, a liquefied natural gas ( LNG ) facility with liquefaction capacity of 26 million tonnes per annum in Calcasieu Parish, Louisiana ( Driftwood LNG ), and pursuing complementary business lines in the energy industry. Tellurian Investments estimates construction costs of \$500 to \$600 per tonne for Driftwood LNG before owners' costs, financing costs, pipeline costs, and contingencies. Tellurian Investments expects that the permitting process, regulatory approval and securing the necessary financing will take approximately two years followed by a four-year construction period, resulting in the delivery of the first cargoes of LNG in 2022. Tellurian Investments also plans to pursue business that is complementary to its LNG business.

Tellurian Services, was formed in December 2013, by Martin J. Houston and Christopher B. Daniels to provide LNG-specific consulting services, as well as back-office and general and administrative support services for related party entities. On April 9, 2016, Tellurian Investments purchased 100% of the membership interests of Tellurian Services from Mr. Houston and Mr. Daniels, in return for 500,000 shares of common stock and \$10 cash, and renamed it Tellurian Services LLC.

#### **Recent Events**

On March 24, 2016, Tellurian Investments purchased certain tracts of land in Calcasieu Parish, Louisiana, for a total consideration of \$10 million, of which \$9 million was paid in cash at closing and an additional \$1 million is due in December 2016. Transaction costs related to this purchase totaled \$39 thousand.



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On April 14, 2016, Tellurian Investments entered into a ground lease for a port facility adjacent to its Calcasieu Parish, Louisiana land providing for a four-year term, subject to a 50-year extension exercisable at the option of Tellurian Investments.

On August 2, 2016, Tellurian Investments, Magellan Petroleum Corporation, a Delaware corporation ( *Magellan* ), and River Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of Magellan ( *Merger Sub* ), entered into an Agreement and Plan of Merger (the *Merger Agreement* ). Pursuant to the Merger Agreement, each outstanding share of common stock, par value \$0.001 per share, of Tellurian Investments will be exchanged for 1.300 shares of common stock, par value \$0.01 per share, of Magellan, and Merger Sub will merge with and into Tellurian Investments (the *Merger* ), with Tellurian Investments continuing as the surviving corporation and a direct subsidiary of Magellan. Despite Magellan being the parent entity following the merger, Tellurian Investments is the accounting acquirer for financial accounting purposes.

On November 23, 2016, Tellurian Investments issued 5,467,851 shares of \$0.001 per share par value Series A Preferred Stock (the *Preferred Stock* ) to GE Oil & Gas, Inc. for an aggregate purchase price of \$25 million. Net proceeds from the issuance of the Preferred Stock will be used to partially fund capital expenses and other costs related to Driftwood LNG and other general corporate purposes.

On December 19, 2016, Tellurian Investments entered into a common stock purchase agreement with TOTAL Delaware, Inc. ( *TOTAL* ), a Delaware corporation and subsidiary of TOTAL S.A. Pursuant to the common stock purchase agreement, Tellurian Investments agreed to issue 35,384,615 shares of its common stock to TOTAL for an aggregate purchase price of approximately \$207 million (or \$5.85 per share) (the *TOTAL Investment* ). The TOTAL Investment was completed on January 3, 2017. Net proceeds from the TOTAL Investment will be used to fund capital expenses and other costs related to Driftwood LNG and other general corporate purposes.

During 2016, Tellurian Investments entered into various lease option agreements for a total of 260.6 acres of land adjacent to its Calcasieu Parish, Louisiana land providing for four or five-year terms, subject to a maximum 60-year extension exercisable at the option of Tellurian Investments.

**Table of Contents****Results of Operations*****Nine Months Ended September 30, 2016 and 2015***

	<b>2016</b>	<b>2015</b>
	<b>Successor</b>	<b>Predecessor</b>
	<i>(in thousands)</i>	
Revenue	\$	\$ 1,375
Revenue, related parties		216
<b>Total revenue</b>		<b>1,591</b>
<b>Costs and expenses:</b>		
Operating expenses	30,422	236
General and administrative	37,737	1,013
<b>Total operating costs and expenses</b>	<b>68,159</b>	<b>1,249</b>
<b>(Loss) income from operations</b>	<b>(68,159)</b>	<b>342</b>
<b>Non-operating income:</b>		
Other income, net	118	
Loss before income tax benefit	(68,041)	342
Provision for income tax benefit	166	
<b>Net (loss) income</b>	<b>\$ (67,875)</b>	<b>\$ 342</b>

***Tellurian Investments***

Tellurian Investments had no significant activities from its date of formation, December 29, 2015, through December 31, 2015. Tellurian Services is considered the accounting predecessor for all periods prior to 2016. Below is a discussion of Tellurian Investments ( Successor ) operating results for the nine months ended September 30, 2016.

***Revenue***

Tellurian Investments did not have any revenue for the nine months ended September 30, 2016. Driftwood LNG is currently in development and expects to begin generating revenues in approximately 2022.

***Operating expenses***

Operating expenses of \$30.422 million recorded for the nine months ended September 30, 2016 are made up primarily of engineering costs of \$28.042 million, \$380 thousand in amortization of prepaid lease expenses related to the ground lease for a port facility, contracted project labor of \$783 thousand, professional fees of \$593 thousand, regulatory expenses of \$190 thousand, depreciation expense and asset disposal costs of \$92 thousand, operating salary expense of \$332 thousand and \$10 thousand in other operating expenses.



*General and administrative expenses*

General and administrative ( G&A ) expenses of \$37.737 million for the nine months ended September 30, 2016 are made up primarily of share based compensation expense of

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\$24.230 million, salary and other accrued compensation expenses of \$6.550 million, legal and other professional fees of \$5.529 million, information technology expenses of \$366 thousand, advertising and marketing expenses of \$230 thousand, rent and other office expenses of \$436 thousand, travel expenses of \$240 thousand and other general expenses of \$156 thousand.

### *Other income, net*

Other income was \$118 thousand for the nine months ended September 30, 2016, net. Other income consists of office space sublease income, service fees and labor costs of employees providing services for sublease tenants, net of expenses.

### *Nine Months Ended September 30, 2015*

#### ***Tellurian Services***

As noted above, Tellurian Services is considered the accounting predecessor for all periods prior to 2016. Below is a discussion of Tellurian Services ( Predecessor ) operating results for the nine months ended September 30, 2015.

#### *Revenue*

Tellurian Services revenues of \$1.375 million for the nine months ended September 30, 2015 are attributable to the contract related to the creation and distribution of an LNG industry analyst report delivered to Origin Energy Ltd.

#### *Revenue, related party*

Related party revenues of \$216 thousand is compensation under service agreements with entities to provide certain general administrative and management services.

#### *Operating expenses*

Operating expenses of \$236 thousand are made up of \$183 thousand direct expenses incurred to create and distribute the LNG industry analyst report delivered to Origin Energy Ltd. and \$53 thousand in operating salary expenses.

#### *General and administrative expenses*

G&A expenses of \$1.013 million are made up of salary and other compensation expenses of \$450 thousand, rent and other office expenses of \$183 thousand, legal and other professional fees of \$202 thousand, travel expenses of \$64 thousand, information technology expenses of \$59 thousand, advertising and marketing expense of \$16 thousand, business development expense of \$10 thousand and other general expenses of \$29 thousand.

#### ***Tellurian Services***

Set forth below is a discussion of Tellurian Services results of operations for the period from January 1, 2016 to April 9, 2016 (the date of acquisition by Tellurian Investments) and the years ended December 31, 2015 and 2014.

**Table of Contents****Period Ended April 9, 2016 Compared to Year Ended December 31, 2015**

	<b>For the Period From January 1, 2016 through April 9, 2016</b>	<b>For the Year Ended December 31, 2015</b>
	<i>(in thousands)</i>	
Revenue	\$	\$ 1,375
Revenue, related party	31	311
<b>Total revenue</b>	<b>31</b>	<b>1,686</b>
<b>Costs and expenses:</b>		
Operating expenses	52	263
General and administrative	617	1,318
Total operating expenses	669	1,581
<b>(Loss) income from operations</b>	<b>(638)</b>	<b>105</b>
<b>Net (loss) income</b>	<b>\$ (638)</b>	<b>\$ 105</b>

*Revenue*

Tellurian Services 2016 revenues decreased by \$1.375 million, or 100%, from \$1.375 million in 2015 to zero in 2016 due to the termination of the contract related to the creation and distribution of an LNG industry analyst report delivered to Origin Energy Ltd. The termination of the contract was effective July 1, 2015. Tellurian Services did not have any other revenue generating contracts during 2015 or 2016.

*Revenue, related party*

Tellurian Services 2016 related party revenues decreased \$280 thousand, or 90.0%, from \$311 thousand in 2015 to \$31 thousand in 2016, primarily due to the loss of revenue previously recognized for its largest related party customer due to concerns regarding collectability. This was partially offset by the addition of new related party revenue service contracts from Tellurian Investments and its subsidiaries. The remaining difference is due to the allocation of annual fees over the shortened reporting period in 2016.

*General and administrative expenses*

G&A expenses decreased by \$701 thousand, or 53.2%, from \$1.318 million in 2015 to \$617 thousand in 2016. The decrease is driven by the shortened reporting period in 2016.

*Operating expenses*

Operating expenses decreased by \$211 thousand, or 80.2%, from \$263 thousand for 2015 to \$52 thousand operating expenses in 2016 due to the termination of the contract related to the creation and distribution of an LNG industry analyst report delivered to Origin Energy Ltd. The termination of the contract was effective July 1, 2015.

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**Table of Contents****Year Ended December 31, 2015 Compared to Year Ended December 31, 2014**

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
	<i>(in thousands)</i>	
Revenue	\$ 1,375	\$ 1,376
Revenue, related party	311	84
<b>Total revenue</b>	<b>1,686</b>	<b>1,460</b>
<b>Costs and expenses:</b>		
Operating expenses	263	129
General and administrative	1,318	700
Total operating expenses	1,581	829
<b>Income from operations</b>	<b>105</b>	<b>631</b>
<b>Net Income</b>	<b>\$ 105</b>	<b>\$ 631</b>

*Revenue*

Tellurian Services 2015 revenues decreased by \$1 thousand, or less than 1%, from \$1.376 million in 2014 to \$1.375 million for 2015 due to the timing of the allocation of the contract revenue related to the creation and distribution of an LNG Industry analyst report delivered to Origin Energy Ltd.

*Revenue, related party*

Tellurian Services 2015 related party revenues increased \$227 thousand, or 270.2%, from \$84 thousand in 2014 to \$311 thousand in 2015, due to the addition of new related party revenue streams from Parallax Enterprises LLC and its subsidiaries.

*Operating expenses*

Operating expenses increased by \$134 thousand, or 103.9%, from \$129 thousand for 2014 to \$263 thousand in 2015 due to increase in salary expense related to operations and the timing of expenses incurred to create and distribute the LNG industry analyst report delivered to Origin Energy Ltd.

*General and administrative expenses*

G&A expenses increased \$618 thousand, or 88.3%, from \$700 thousand in 2014 to \$1.318 million in 2015. Approximately \$560 thousand of this increase is attributable to the increase in staff employed. In addition, Tellurian Services incurred a one-time bad debt expense of \$102 thousand, a \$154 thousand increase in office operating expenses and \$68 thousand increase in information technology cost. The increases were partially offset by a decrease of \$147 thousand related to travel expenses, \$61 thousand in advertising costs and \$66 thousand in legal fees. The remainder of the increase was primarily attributable to other general expenses.

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**Table of Contents****Liquidity and Capital Resources**

Tellurian Investments' principal requirements for cash, in addition to general and administrative expenses and working capital, will be for the development of Driftwood LNG.

Tellurian Investments expects that the permitting process, regulatory approval, and securing the necessary financing will take approximately two years and that such expenditures will total \$100 to \$150 million and be funded by private offerings of Tellurian Investments common stock prior to the consummation of the Merger or public and private offerings of equity or debt securities of Magellan subsequent to the Merger or credit facilities. Following the permitting and regulatory process, Tellurian Investments expects a four-year construction period with estimated engineering, procurement and construction costs of \$500 to \$600 per tonne, resulting in total capital construction costs of \$13.0 to \$15.6 billion. Tellurian Investments expects to begin generating revenues with delivery of the first LNG cargoes in 2022.

At present, Tellurian Investments' cash flow is solely dependent upon the funds received from outside investors. On December 19, 2016, Tellurian Investments entered into a common stock purchase agreement with TOTAL. Pursuant to the common stock purchase agreement, Tellurian Investments agreed to issue 35,384,615 shares of its common stock to TOTAL for an aggregate purchase price of approximately \$207 million (or \$5.85 per share). Tellurian Investments believes that the proceeds from the TOTAL Investment will be sufficient to fund professional fees associated with front-end engineering and design work, costs of servicing necessary regulatory approvals, and other preliminary investigation and development activities related to Tellurian Investments' LNG terminals and related pipelines.

***Sources and Use of Cash – Tellurian Investments***

Tellurian Investments had no significant activities from its date of formation, December 29, 2015, through December 31, 2015. As noted above, Tellurian Services is considered the accounting predecessor for all periods prior to 2016. Below is a discussion of Tellurian Investments' ( Successor ) cash flows for the nine months ended September 30, 2016, as compared to Tellurian Services ( Predecessor ) for the nine months ended September 30, 2015.

***Operating Activities***

Cash used by operations of \$29.312 million in the nine months ended September 30, 2016 primarily reflects net losses offset by non-cash items and by cash generated by components of working capital. The non-cash items of \$24.152 million consist primarily of share-based compensation expense of \$24.230 million. The components of working capital provided cash of \$14.411 million in 2016. Total cash generated by the \$17.519 million increase in accounts payable and the \$63 thousand increase in related party accounts payable was offset by the \$243 thousand increase in related party accounts receivable, the \$67 thousand increase in accounts receivable, the \$2.074 million increase in prepaid expenses and the \$787 thousand increase in other non-current assets.

Cash provided by operations of \$460 thousand generated in the nine months ended September 30, 2015 by the Predecessor reflects earnings and cash provided by components of working capital. The components of working capital provided cash of \$105 thousand in 2015. Total cash generated by the \$40 thousand decrease in accounts receivable and the \$440 thousand increase in

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related party accounts payable was offset by the \$9 thousand increase in related party accounts receivable, the \$7 thousand increase in prepaid expenses and the \$359 thousand decrease in related party accounts payable.

*Investing Activities*

During the nine months ended September 30, 2016 and 2015, the Successor and Predecessor used \$8.989 million and \$56 thousand, respectively, of cash related to investing activities. All cash flow outlays related to investing activities were used in the purchase of land and property, plant and equipment. The Successor had \$210 thousand in cash provided by the acquisition of Tellurian Services.

*Financing Activities*

During the nine months ended September 30, 2016, the Successor was provided \$58.886 million of cash in financing activities as a result of the issuance of common shares offset by the share issuance cost of \$1.512 million. During the nine months ended September 30, 2015, the Predecessor used \$173 thousand as a result of distributions made to members.

*Sources and Use of Cash    Tellurian Services**Operating Activities*

Cash used by operations of \$111 thousand in the period from January 1, 2016 to April 9, 2016 primarily reflects net losses offset by cash generated by components of working capital. The components of working capital provided cash of \$516 thousand in 2016. Total cash generated by the \$1 thousand decrease in accounts receivables, the \$13 thousand decrease in prepaid expenses, the \$281 thousand increase in accounts payable and the \$253 thousand increase in related party accounts payable was offset by a \$32 thousand decrease in related party accounts receivable.

Cash provided by operations of \$810 thousand generated in the year ended December 31, 2015 primarily reflects earnings offset by cash used by components of working capital. The components of working capital provided cash of \$585 thousand in 2015. Total cash used by the \$19 thousand increase in prepaid expenses, the \$236 thousand decrease in accounts payable and the \$74 thousand decrease in related party accounts payable was offset by a \$39 thousand decline in accounts receivable and the \$875 thousand decrease in related party accounts payable.

Cash provided by operations of \$351 thousand generated in 2014 primarily reflects earnings offset by cash used by components of working capital. The components of working capital consumed cash of \$284 thousand in 2014. Total cash used by the \$1.075 million increase in related party accounts receivables, the \$22 thousand increase in prepaid expenses and the \$49 thousand increase in accounts receivable was offset by a \$400 thousand increase in accounts payable and \$462 thousand increase in related party accounts payable.

*Investing Activities*

During the period from January 1, 2016 to April, 9 2016 and the years ended December 31, 2015 and 2014, Tellurian Services used \$268 thousand, \$306 thousand and \$115 thousand, respectively, of cash related to investing activities. In 2015, there was a cash outlay in exchange for a related party note receivable. All other cash flow outlays related to investing activities were used in the purchase of property, plant and equipment.





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**Table of Contents***Financing Activities*

During the period from January 1, 2016 to April, 9 2016, there were no cash financing activities. During the year ended December 31, 2015, Tellurian Services used cash of \$173 thousand as a result of distributions made to members. During the year ended December 31, 2014, Tellurian Services was provided \$22 thousand of cash related to financing activities from member contributions.

**Critical Accounting Policies and Estimates**

The discussion and analysis of Tellurian Services and Tellurian Investments financial condition and results of operations are based on their respective financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management of Tellurian Services and Tellurian Investments to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. These estimates and assumptions are based on managements best estimates and judgement. Tellurian Services and Tellurian Investments management evaluate their estimates and assumptions on an ongoing basis using historical experience and other factors that are believed to be reasonable under the circumstances. Such estimates and assumptions are adjusted when facts and circumstances dictate. Actual results may differ from these estimates and assumptions used in the preparation of the financial statements.

Additional critical accounting policies include those related to accounting for LNG activities, the valuation of goodwill and share-based compensation.

*Accounting for LNG activities* Tellurian Investments will begin capitalizing the costs of its LNG terminals and related pipelines once the Driftwood LNG s affirmative final investment decision criteria have been met. Prior to meeting these criteria, most of the costs associated with a project are expensed as incurred.

*Goodwill* Tellurian Investments determines its reporting unit by identifying each unit that engaged in business activities from which it may earn revenues and incur expenses, had operating results regularly reviewed by the chief operating decision maker for purposes of resource allocation and performance assessment, and had discrete financial information. Tellurian Investments tests goodwill for impairment annually on October 1, or more frequently as circumstances dictate.

*Share-based compensation* Tellurian Investments recognizes share-based compensation at fair value on the date of grant. The fair value is recognized as expense over the requisite service period. For equity-classified share-based compensation awards (unrestricted stock grants, restricted stock to employees and discounted share purchases for executive officers), compensation cost is recognized based on the grant-date fair value of Tellurian Investments common stock and not subsequently remeasured. The fair value is recognized as expense using the straight-line basis for awards that vest based on service and market conditions and using the accelerated recognition method for awards that vest based on performance conditions.

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**FINANCIAL STATEMENTS OF MAGELLAN**

**Historical Consolidated Financial Statements of Magellan**

*Historical Consolidated Financial Statements of Magellan as of and for the Fiscal Years Ended June 30, 2016 and 2015*

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of

Magellan Petroleum Corporation

Denver, Colorado

We have audited the consolidated balance sheets of Magellan Petroleum Corporation and subsidiaries (the Company) as of June 30, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, stockholders (deficit) equity, and cash flows for each of the years ended June 30, 2016 and 2015. Magellan Petroleum Corporation's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Magellan Petroleum Corporation and subsidiaries as of June 30, 2016 and 2015, and the results of their operations and their cash flows for each of the years ended June 30, 2016 and 2015, in conformity with accounting principles generally accepted in the United States of America.

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and negative cash flows from operations which raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As described in Notes 2 and 3 to the consolidated financial statements, subsequent to June 30, 2016, the Company entered into certain transactions to dispose of substantially all of its operating assets. In connection therewith, the Company has provided certain unaudited pro forma financial information in Note 21 to the consolidated financial statements, which reflect the impacts of those significant events. The information within Note 21 is unaudited and we

express no assurance or opinion over the pro forma financial information.

/s/ EKS&H LLLP

September 13, 2016

Denver, Colorado

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**Table of Contents****MAGELLAN PETROLEUM CORPORATION****CONSOLIDATED BALANCE SHEETS**

(In thousands, except share amounts)

	<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,680	\$ 769
Securities available-for-sale	601	4,230
Accounts receivable	16	46
Prepaid and other assets	2,087	2,023
Current assets held for sale (Note 4)	26,042	1,514
<b>Total current assets</b>	<b>30,426</b>	<b>8,582</b>
<b>PROPERTY AND EQUIPMENT, NET (SUCCESSFUL EFFORTS METHOD):</b>		
Unproved oil and gas properties	32	38
Wells in progress	337	350
Land, buildings, and equipment (net of accumulated depreciation of \$517 and \$463 as of June 30, 2016, and 2015, respectively)	86	139
Property and equipment held for sale (Note 4)		36,546
<b>Net property and equipment</b>	<b>455</b>	<b>37,073</b>
<b>OTHER NON-CURRENT ASSETS:</b>		
Goodwill, net	500	500
Other long-term assets	169	169
Long-term assets held for sale (Note 4)		376
<b>Total other non-current assets</b>	<b>669</b>	<b>1,045</b>
<b>Total assets</b>	<b>\$ 31,550</b>	<b>\$ 46,700</b>
<b>LIABILITIES AND STOCKHOLDERS (DEFICIT) EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 791	\$ 298
Accrued and other liabilities	2,826	2,119
Notes payable	783	
Current liabilities held for sale (Note 4)	10,638	2,237

Total current liabilities	15,038	4,654
<b>LONG-TERM LIABILITIES:</b>		
Long-term liabilities held for sale (Note 4)		8,251
Total long-term liabilities		8,251
<b>COMMITMENTS AND CONTINGENCIES (Note 16)</b>		
<b>PREFERRED STOCK (Note 12):</b>		
Series A convertible preferred stock (par value \$0.01 per share): Authorized 28,000,000 shares; issued and outstanding 22,683,428 and 21,162,697 shares as of June 30, 2016, and 2015, respectively; liquidation preference of \$29,093 and \$28,435, respectively	23,501	25,850
Total preferred stock	23,501	25,850
<b>STOCKHOLDERS (DEFICIT) EQUITY:</b>		
Common stock (par value \$0.01 per share): Authorized 300,000,000 shares, issued 6,972,023 and 6,917,027 as of June 30, 2016, and 2015, respectively	70	69
Treasury stock (at cost): 1,209,389 shares as of June 30, 2016, and 2015	(9,806)	(9,806)
Capital in excess of par value	94,069	93,386
Accumulated deficit	(96,234)	(81,006)
Accumulated other comprehensive income	4,912	5,302
Total stockholders (deficit) equity	(6,989)	7,945
Total liabilities, preferred stock and stockholders (deficit) equity	\$ 31,550	\$ 46,700

The accompanying notes are an integral part of these consolidated financial statements.

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**MAGELLAN PETROLEUM CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except share and per share amounts)

	<b>For the years ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>OPERATING EXPENSES:</b>		
Depreciation	\$ 54	\$ 148
Exploration	71	239
General and administrative	5,214	7,946
Loss on sale of assets		316
<b>Total operating expenses</b>	<b>5,339</b>	<b>8,649</b>
<b>Loss from operations</b>	<b>(5,339)</b>	<b>(8,649)</b>
<b>OTHER INCOME (EXPENSE):</b>		
Net interest expense	(4)	
Loss on investment in securities	(587)	(15,087)
Gain on sale of bonus rights (Note 5)	2,514	
Fair value revision of contingent consideration payable		1,888
Other income	88	252
<b>Total other income (expense)</b>	<b>2,011</b>	<b>(12,947)</b>
<b>Loss from continuing operations, before tax</b>	<b>(3,328)</b>	<b>(21,596)</b>
<b>Income tax expense</b>		
<b>Loss from continuing operations, net of tax</b>	<b>(3,328)</b>	<b>(21,596)</b>
<b>DISCONTINUED OPERATIONS (Note 4):</b>		
<b>Loss from discontinued operations, net of tax</b>	<b>(14,249)</b>	<b>(21,404)</b>
<b>Net loss from discontinued operations</b>	<b>(14,249)</b>	<b>(21,404)</b>
<b>Net loss</b>	<b>(17,577)</b>	<b>(43,000)</b>
<b>Preferred stock dividends</b>	<b>(1,858)</b>	<b>(1,740)</b>
<b>Adjustment of preferred stock to redemption value (Note 12)</b>	<b>4,207</b>	

Net loss attributable to common stockholders	\$ (15,228)	\$ (44,740)
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## Loss per common share (Note 14):

Weighted average number of basic shares outstanding	5,746,307	5,710,288
Weighted average number of diluted shares outstanding	5,746,307	5,710,288

## Basic and diluted loss per common share:

Net loss from continuing operations, including preferred stock dividends and adjustment to redemption value of preferred stock	\$ (0.17)	\$(4.09)
Net loss from discontinued operations	\$ (2.48)	\$(3.75)
Net loss attributable to common stockholders	\$ (2.65)	\$(7.83)

The accompanying notes are an integral part of these consolidated financial statements.

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**MAGELLAN PETROLEUM CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(In thousands)

	<b>For the years ended</b>	
	<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>
Net loss	\$ (17,577)	\$ (43,000)
Other comprehensive (loss) income, net of tax:		
Foreign currency translation loss	(125)	(2,141)
Reclassification of foreign currency translation loss on intercompany account balances to earnings upon reversal of permanent investment in foreign subsidiaries		659
Reclassification of impairment loss on securities available-for-sale to earnings due to determination as other than temporary		15,087
Unrealized holding losses on securities available-for-sale	(265)	(6,294)
Other comprehensive (loss) income, net of tax	(390)	7,311
Comprehensive loss	\$ (17,967)	\$ (35,689)

The accompanying notes are an integral part of these consolidated financial statements.

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Table of Contents**MAGELLAN PETROLEUM CORPORATION****CONSOLIDATED STATEMENTS OF STOCKHOLDERS (DEFICIT) EQUITY**

(In thousands, except share and per share amounts)

	<b>Common Stock Shares</b>	<b>Common Stock Amount</b>	<b>Capital in Excess of Par Value</b>	<b>Treasury Stock</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Total Stockholders (Deficit) Equity</b>
Fiscal year ended June 30, 2014	6,875,605	\$ 69	\$ 93,467	\$ (9,344)	\$ (36,266)	\$ (2,009)	\$ 45,917
Net loss					(43,000)		(43,000)
Other comprehensive income, net of tax						7,311	7,311
Stock and stock-based compensation	30,791		1,606				1,606
Executive and employee forfeiture of options upon resignation			(648)				(648)
Executive forfeiture of restricted stock upon resignation	(17,500)		(67)				(67)
Purchase of stock and options from former executive			(983)	(462)			(1,445)
Net shares repurchased for employee tax costs upon vesting of restricted stock	(5,981)		(104)				(104)
Stock options exercised, net of shares withheld to satisfy employee tax obligations	34,112		115				115
Preferred stock dividend					(1,740)		(1,740)
Fiscal year ended June 30, 2015	6,917,027	69	93,386	(9,806)	(81,006)	5,302	7,945
Net loss					(17,577)		(17,577)
Other comprehensive loss, net of tax						(390)	(390)
Stock and stock-based compensation	62,500	1	700				701
Net shares repurchased for employee tax costs upon vesting of	(5,220)		(11)				(11)

restricted stock

Payment of cash in lieu  
of issuance of fractional  
shares in one share for  
eight shares reverse  
stock split

(2,284)

(6)

(6)

Preferred stock dividend

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