

MILLER ENERGY RESOURCES, INC.
Form DEFA14A
September 19, 2014

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

SCHEDULE 14A

(Amendment No. 1)

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

Filed by the Registrant
Filed by a party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14(a)(12)

Miller Energy Resources, Inc.
(Name of Registrant as Specified in Its Charter)

Not Applicable
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
Per unit price or other underlying value of transaction computed pursuant to Exchange Act
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- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
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-

EXPLANATORY NOTE

We are filing this Amended and Restated Proxy Statement of Miller Energy Resources, Inc. to reflect certain changes since the filing of our Proxy Statement on August 28, 2014 in the membership of our Board of Directors (the “Board”) and executive management team including the resignation and retirement of our Founder and former Executive Chairman of the Board, Deloy Miller, the resignation of our former Chief Executive Officer, Scott M. Boruff, and his appointment as Executive Chairman of the Board, the appointment of Carl Giesler as our Chief Executive Officer and a member of the Board, and the appointment of A. Haag Sherman as a member of the Board. In connection with these changes, our Board modified their previous resolution regarding the size of the Board and determined to set the size of the Board at seven members, effective as of September 14, 2014.

The Board further decided to recommend for election a slate of seven candidates at the Annual Meeting of Shareholders for the fiscal year ending April 30, 2014 to be held on October 30, 2014 as described in more detail later in this Amended and Restated Proxy Statement.

In addition to the changes described above, we are also including updates regarding changes to our corporate governance and executive and director compensation. On September 14, 2014, the Board determined to eliminate the position of Lead Director because there was no family relationship between our new Executive Chairman, Mr. Boruff, and our new Chief Executive Officer, Mr. Giesler, in contrast to the former relationship of Mr. Miller and Mr. Boruff. Mr. Miller was the step-father of Mr. Boruff’s late wife. With respect to the disclosure in our Compensation Discussion and Analysis section, we are providing updates regarding compensation paid or to be paid to Mr. Miller, Mr. Boruff, and Mr. Giesler in connection with their respective retirement, resignation and change in position, and hiring. We are also providing updated disclosure regarding stock option grants to Messrs. Sherman, Hannahs, and Stivers.

We have updated the disclosure regarding the beneficial ownership of our executive officers and directors to reflect the changes described in the immediately preceding paragraph, except where such disclosure is dated as of a date preceding September 14, 2014. For example, and for the avoidance of doubt, some information presented in this Amended and Restated Proxy Statement is for our fiscal year ended April 30, 2014, and therefore reflects values or calculations as of April 30, 2014.

Finally, we are adding a proposal to increase the number of shares of our common stock available for grant under our 2011 Equity Compensation Plan. This proposal and its accompanying required disclosure are set forth under “Proposal 3.”

Other than the changes set forth above and updates to the date of notice for the meeting and the date of this Amended and Restated Proxy Statement, there are no other changes to the Proxy Statement.

To Our Shareholders:

You are cordially invited to attend our annual meeting of shareholders (the “Annual Meeting”) of Miller Energy Resources, Inc. (the “Company”) for the fiscal year ended April 30, 2014 which will be held at the Rothchild Catering and Conference Center, 8807 Kingston Pike, Knoxville, TN 37923 on October 30, 2014, beginning at 9:00 a.m., local time.

Items of business to be considered at the meeting will include:

the election of seven directors from amongst the nominees named in the accompanying proxy statement (the “Amended and Restated Proxy Statement”);
the ratification of the appointment of our independent registered public accounting firm;
the adoption of an amendment to our 2011 Equity Compensation Plan; and
any other business that may be properly brought before the Annual Meeting or any adjournments or postponements thereof.

The accompanying Amended and Restated Proxy Statement is designed to answer your questions and provide you with important information regarding the Board of Directors of the Company and senior management and the matters that will be voted on at the Annual Meeting.

Whether or not you plan to attend the Annual Meeting, your vote is important. Instructions regarding the various methods of voting are contained on the proxy card, including voting by toll-free telephone number or the Internet. If you received a paper copy of your proxy card by mail, you may also vote your shares by marking your votes on the proxy card, signing and dating it and mailing it in the envelope provided.

On behalf of the Board of Directors, we would like to express our appreciation for your continued interest in the affairs of our Company. We look forward to greeting in person as many of our shareholders as possible. If you have any questions or require any assistance with voting your shares, or if you need additional copies of the proxy materials, please contact:

ISSUER DIRECT

500 Perimeter Park Drive, Suite D
Morrisville, NC 27560

Please reference: MILLER ENERGY RESOURCES, INC. 2014 ANNUAL MEETING

Shareholders May Call:

(866) 752-8683 to vote or to request materials

(919) 481-4000 for all other proxy-related matters, or assistance with voting

The initial Proxy Statement was dated and filed on August 28, 2014. We amended and restated the Proxy Statement on September 19, 2014, and the Amended and Restated Proxy Statement is first being mailed to shareholders on or about September 19, 2014.

Sincerely,

/s/ Carl F. Giesler, Jr.
Carl F. Giesler, Jr.
Chief Executive Officer

September 19, 2014

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON OCTOBER 30, 2014

We will hold the annual meeting of shareholders (the “Annual Meeting”) of Miller Energy Resources, Inc. (the “Company”) at the Rothchild Catering and Conference Center, 8807 Kingston Pike, Knoxville, TN 37923 on October 30, 2014, beginning at 9:00 a.m., local time. At the Annual Meeting you will be asked to vote on the following matters:

1. to elect seven directors from amongst the nominees named in the accompanying Amended and Restated Proxy Statement;
2. to ratify the appointment of KPMG LLP as our independent registered public accounting firm;
3. to adopt an amendment to our 2011 Equity Compensation Plan; and
4. to consider and act upon any other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The Board of Directors of the Company (the “Board of Directors”) recommends that you vote FOR all of the Company’s nominees for director in Proposal 1. The Board of Directors also recommends that you vote FOR Proposals 2 and 3.

The Company cordially invites all shareholders to attend the Annual Meeting in person. The Board of Directors has fixed the close of business on August 28, 2014, as the record date for determining the shareholders that are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

YOUR VOTE IS IMPORTANT. Whether or not you personally plan to attend the Annual Meeting, please take a few minutes now to vote by telephone or by Internet by following the instructions on the enclosed proxy card, or by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope provided. If you are a beneficial owner (i.e., you hold your shares in “street name”), please follow the voting instructions provided by your bank, broker or other nominee. Regardless of the number of Company shares you own, your vote is important.

By Order of the Board of Directors

/s/ Carl F. Giesler, Jr.
Carl F. Giesler, Jr.
Chief Executive Officer

Knoxville, TN
September 19, 2014

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on October 30, 2014: This amended and restated proxy statement, along with our Annual Report on Form 10-K for the year ended April 30, 2014, as amended, are available free of charge on our website www.millerenergyresources.com.

MILLER ENERGY RESOURCES, INC.

AMENDED AND RESTATED PROXY STATEMENT

2014 ANNUAL MEETING OF SHAREHOLDERS

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Shareholders Should Read the Entire Amended and Restated Proxy Statement
Carefully Prior to Submitting Their Proxies

AMENDED AND RESTATED PROXY STATEMENT OF MILLER ENERGY RESOURCES, INC.
FOR
ANNUAL MEETING OF SHAREHOLDERS

THIS SOLICITATION IS BEING MADE BY THE BOARD OF DIRECTORS OF
MILLER ENERGY RESOURCES, INC. AND NOT ON BEHALF OF ANY OTHER PERSON OR ENTITY

QUESTIONS AND ANSWERS

Following are some commonly asked questions raised by our shareholders and answers to each of those questions.

Why did I receive these proxy materials?

Our Board of Directors has made these materials available to you on the Internet or, upon your request, has delivered printed versions to you by mail, in connection with the solicitation of proxies by the board for the Annual Meeting of Shareholders which will be held on October 30, 2014 (the "Annual Meeting"). Proxies are solicited to give all shareholders of record at the close of business on August 28, 2014 an opportunity to vote on matters that come before the Annual Meeting.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials?

As permitted by the rules adopted by the Securities and Exchange Commission ("SEC"), we are making this proxy statement and our annual report available on the Internet. On September 19, 2014, we mailed a Notice of Internet Availability of Proxy Materials to our shareholders containing instructions on how to access the proxy statement and annual report and vote online. In addition, shareholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing the documents to you. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

What may I vote on at the Annual Meeting?

At the Annual Meeting, shareholders will consider and vote upon the following matters:

- to elect seven directors from amongst the nominees named in this Amended and Restated Proxy Statement;
- to ratify the appointment of KPMG LLP as our independent registered public accounting firm;
- to adopt an amendment to our 2011 Equity Compensation Plan; and
- to consider and act upon any other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Who is entitled to vote?

Shareholders of record as of the close of business on August 28, 2014, the Record Date, are entitled to vote on matters that come before the meeting. Shares can be voted only if the shareholder is present in person or is represented by proxy.

How many votes do I have?

Each share of the Company's common stock that you own as of the Record Date entitles you to one vote on each matter before the Annual Meeting. On August 28, 2014, there were 46,308,971 shares of our common stock outstanding.

What is the difference between holding shares as a shareholder of record and as a beneficial owner of shares held in street name?

Shareholders of Record. If your shares are registered directly in your name with our transfer agent, Interwest Transfer Company, Inc., you are considered the shareholder of record with respect to those shares.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in "street name," and the proxy materials, as applicable, are being forwarded to you by that organization. The organization holding your account is considered the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account.

How do I vote?

All shareholders may vote by proxy over the Internet by following the instructions provided in the Notice of Internet Availability of Proxy Materials, or, if you request printed copies of the proxy materials by mail, you can also vote by mail, by telephone or by facsimile.

If you are a shareholder of record, you may vote in person at the Annual Meeting. We will give you a ballot when you arrive. However, you may vote by proxy before the meeting and still attend, if you prefer.

If you are a beneficial owner of shares held in street name and you wish to vote in person at the Annual Meeting, you must obtain a valid proxy from the organization that holds your shares. If you do not obtain a valid proxy from your bank or broker, you will not be entitled to vote your shares, but you can still attend the Annual Meeting if you bring a recent bank or brokerage statement showing that you were the beneficial owner of shares of our common stock on the Record Date for voting.

What happens if I do not give specific voting instructions?

Shareholders of Record. If you are a shareholder of record and you:

• indicate when voting that you wish to vote as recommended by our Board of Directors; or
• if you sign and return a proxy card without giving specific voting instructions,

then the proxy holder will vote your shares in the manner recommended by our Board of Directors on all matters presented in this Amended and Restated Proxy Statement and as the proxy holder may determine in his discretion with respect to any other matters properly presented for a vote at the meeting.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of the New York Stock Exchange, the organization that holds your shares may generally vote on discretionary matters but cannot vote on non-discretionary matters. The ratification of the selection of independent registered public accounting firms is considered a routine matter for which brokerage firms may vote shares for which they have not received voting

instructions. This is called a “broker discretionary vote.” When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a “broker non-vote.” The election of directors is not considered a routine matter for which brokerage firms may vote shares for which they have not received voting instructions. Therefore, if you are a street name stockholder and do not provide voting instructions to your broker with respect to this matter, it will result in a broker non-vote with respect to the election of directors. In the case of votes on non-routine matters (all matters except for the proposal regarding ratification of the auditor), broker non-votes will not be counted for purposes of determining whether a quorum is present for action on these matters, and will not otherwise be counted. We encourage you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the notice.

Can I change my vote?

You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting.

Shareholders of Record. If you are a record holder, you may do this by completing and returning a new proxy card with a later date, by voting on a later date by using the Internet or by telephone, or by attending the Annual Meeting and voting in person. Only your latest proxy submitted prior to the Annual Meeting will be counted. Your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote at the Annual Meeting or specifically request in writing that your prior proxy be revoked.

Beneficial Owners. If you are a beneficial owner, you may change your vote by submitting new voting instructions to your broker in accordance with such broker's procedures.

What does it mean if I get more than one proxy card?

If you receive multiple proxy statements or proxy cards, your shares are likely registered differently or are in more than one account, such as individually and also jointly with your spouse. To serve you more efficiently, we encourage you to have all your accounts registered in the same name and address by contacting our transfer agent, Interwest Transfer Company, Inc., 1981 Murray Holladay Road, Suite 100, Salt Lake City, UT 84117, telephone (801) 272-9294, or, if your shares are held by your broker or bank in "street name," you should contact the broker or bank who holds your shares.

Why did I receive only one set of proxy materials although there are multiple shareholders at my address?

If one address is shared by two or more of our shareholders, we send only one set of proxy materials to that address unless we receive instructions to the contrary from any shareholder at that address. This practice, known as householding, is used to reduce our printing and postage costs. If a shareholder of record residing at such an address wishes to receive a separate set of proxy materials in the future, he or she may contact our Corporate Secretary. If you are a beneficial owner of shares held in street name, you can request or cancel householding by contacting your bank, broker, or nominee. For additional information, please see "Householding of Proxy Materials" on page 70 of this Amended and Restated Proxy Statement.

What constitutes a quorum?

The presence of a majority of the votes entitled to be cast on a matter constitutes a quorum, which is required in order to hold the Annual Meeting and conduct business. Presence may be in person or by proxy, regardless of whether the proxy has authority to vote on all matters. You will be considered part of the quorum if you voted on the Internet, by telephone, or by properly submitting a proxy card or voting instruction form by mail, or if you are present at the Annual Meeting.

Abstentions are counted as present and entitled to vote for determining whether a quorum is present. For the purpose of determining whether the shareholders have approved a matter, abstentions are not treated as votes cast affirmatively or negatively, and therefore have no effect on the outcome of any matter being voted on at the Annual Meeting.

If a broker does not have discretionary authority to vote on a particular matter, the affected shares will be treated as not present and not entitled to vote for such matter, and the same shares will not be considered present for quorum purposes with regard to such matter.

What is required to approve each proposal?

Election of directors: The nominees receiving a plurality of the votes cast for the election of directors will be elected. Any shares not voted (whether by broker non-vote or otherwise) have no impact on the vote. A withheld vote in the election of directors for one or more of the nominees will not be considered to have been voted for the director nominee and will result in those nominees receiving fewer votes.

Ratification of the appointment of KPMG LLP: The ratification of this appointment is approved if the votes cast in favor exceed the votes cast against. Abstentions are not treated as votes cast affirmatively or negatively, and therefore will have no effect on the outcome of the vote. If you hold your shares in street name and do not provide timely voting instructions, your broker may exercise discretionary authority, thereby avoiding a broker non-vote.

Adoption of an amendment to our 2011 Equity Compensation Plan: The adoption of the amendment to our 2011 Equity Compensation Plan is approved if the votes cast in favor exceed the votes cast against. Any shares not voted (whether by broker non-vote or otherwise) have no impact on the vote. Abstentions are not treated as votes cast affirmatively or negatively, and therefore will have no effect on the outcome of the vote.

Other Matters: Approval of any unscheduled matter, such as a matter incident to the conduct of the meeting, would require the votes cast in favor to exceed the votes cast against. Any shares not voted (whether by broker non-vote or otherwise) have no impact on the vote. Abstentions are not treated as votes cast affirmatively or negatively, and therefore will have no effect on the outcome of the vote.

What are the Board of Directors' recommendations on the proposals?

The Board of Directors recommends that you vote FOR all of its nominees for director in Proposal 1. The Board of Directors also recommends that you vote FOR Proposals 2 and 3.

How can I attend the Annual Meeting?

You are invited to attend the Annual Meeting only if you were a Company shareholder or joint holder as of the close of business on the Record Date, or if you hold a valid proxy for the Annual Meeting.

If you are a shareholder of record, you may vote in person at the Annual Meeting. Your name will be verified against the list of registered shareholders on the Record Date prior to your being admitted to the Annual Meeting.

If you are a beneficial owner of shares held in street name and you wish to vote in person at the Annual Meeting, you must obtain a valid legal proxy from the organization that holds your shares. If you do not obtain a valid legal proxy from your bank or broker, you will not be entitled to vote your shares at the Annual Meeting, but you can still attend the Annual Meeting if you provide proof of beneficial ownership as of the Record Date, such as your account statement showing that you owned our stock as of the Record Date, a copy of the voting instruction form provided by your broker, trustee or nominee, or other similar evidence of ownership.

The meeting will begin at 9:00 a.m. local time. Check-in will begin at 8:30 a.m. local time. To be admitted, you will also need a form of photo identification.

How will we solicit proxies and who is paying for this proxy solicitation?

The cost of soliciting proxies will be borne by us. These costs will include the expense of preparing, assembling, printing and mailing the notice to shareholders of record and beneficial owners and printed proxy materials to shareholders who specifically request them, and reimbursements paid to brokerage firms and others for their reasonable out-of-pocket expenses for forwarding proxy materials to shareholders and obtaining beneficial owners' voting instructions. We have not retained a proxy solicitor in conjunction with the Annual Meeting. In addition to soliciting proxies by mail, our board members, officers and employees may solicit proxies on our behalf, without additional compensation, personally or by telephone. We may also solicit proxies by email from shareholders who are our employees or who previously requested to receive proxy materials electronically.

Where can I find voting results of the Annual Meeting?

We will publish voting results in a Current Report on Form 8-K to be filed with the SEC within four business days from the date of the meeting.

May other matters be raised at the Annual Meeting?

We have not received proper notice of, and are not aware of, any business to be transacted at the Annual Meeting other than as indicated in this Amended and Restated Proxy Statement. Under Tennessee law and our governing documents, no other business aside from procedural matters may be raised at the Annual Meeting unless proper notice has been given to us by the shareholders seeking to bring such business before the meeting. If any other item or proposal properly comes before the Annual Meeting, the proxies received will be voted on such matter in accordance with the discretion of the proxy holders.

The Chairman of the Board of Directors has broad authority to conduct the Annual Meeting so that the business of the meeting is carried out in an orderly and timely manner. In doing so, he has broad discretion to establish reasonable rules for discussion, comments and questions during the meeting. The Chairman of the Board of Directors is also entitled to rely upon applicable law regarding disruptions or disorderly conduct to ensure that the Annual Meeting proceeds in a manner that is fair to all participants.

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How may I communicate with the Board of Directors or the non-management directors on the Board?

You may contact any of our directors by writing to them c/o Miller Energy Resources, Inc., 9721 Cogdill Road, Suite 302, Knoxville, TN 37932. Each communication should specify the applicable director or directors to be contacted as well as the general topic of the communication. We may initially receive and process communications before forwarding them to the applicable director. We generally will not forward to the directors a shareholder communication that is determined to be primarily commercial in nature, that relates to an improper or irrelevant topic, or that requests general information about the Company. Concerns about accounting or auditing matters or communications intended for non-management directors should be sent to the attention of the Chairman of the Audit Committee at the address above, or reported through our reporting website at <http://millerenergyresources.ethicspoint.com>. Our directors may at any time review a log of all correspondence received by us that is addressed to the independent members of the Board and request copies of any such correspondence.

What should I do if I have other questions?

If you have any questions or require any assistance with voting your shares, please contact:

ISSUER DIRECT

500 Perimeter Park Drive, Suite D

Morrisville, NC 27560

Please reference: MILLER ENERGY RESOURCES, INC. 2014 ANNUAL MEETING

Shareholders May Call:

(866) 752-8683 to vote or to request materials

(919) 481-4000 for all other proxy-related matters, or assistance with voting

CORPORATE GOVERNANCE

Summary of Corporate Governance Framework

Our Amended and Restated Bylaws (as amended, the “Bylaws”), the charters of each committee of our Board of Directors (the “Committee Charters”) our Corporate Governance Guidelines, our Code of Business Conduct and Ethics and our Insider Trading Policy provide the framework for our corporate governance. Copies of our Bylaws, Committee Charters, Corporate Governance Guidelines, Code of Business Conduct and Ethics and Insider Trading Policy may be found on our website at www.millerenergyresources.com. Copies of these materials also are available without charge upon written request to our Corporate Secretary.

We are committed to maintaining the highest standards of honest and ethical conduct in running our business efficiently, serving our shareholders’ interests and maintaining our integrity in the marketplace. To further this commitment, we have adopted our Code of Business Conduct and Ethics, which applies to all our directors, officers and employees. Additionally, we have adopted our Insider Trading Policy, which prohibits disclosure of, or trading in our securities on the basis of, material, non-public information, trading in our securities during certain “black-out” periods surrounding our periodic reports and certain events, and imposes other restrictions on our directors, officers and employees. We also have adopted and published to all employees our Whistleblower Notice establishing procedures by which any employee may bring to the attention of our Audit Committee any concern regarding accounting, internal control or other auditing issues affecting our Company or any improper activities of any officer or employee. Reports may be made anonymously.

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics sets forth a broad statement of policy on our fundamental principles of honesty, loyalty, fairness, and forthrightness, and promotes our objectives of:

- Honest and ethical conduct, including the handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in all reports and documents required to be filed with governmental authorities and in other public communications;
- Compliance with the applicable government and self-regulatory organization laws, rules and regulations;
- Prompt internal reporting of violations; and
- Accountability for compliance with the Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics applies to all of our directors, officers and employees, and each of them must certify in writing their commitment to comply with the Code of Business Conduct and Ethics.

Insider Trading Policy

Our Insider Trading Policy applies to directors, officers and employees of our Company, including our subsidiaries. Generally, these persons are prohibited from trading in our securities, directly or indirectly through family members or other persons or entities, if the person is aware of material non-public information relating to our Company. Similarly, these persons are prohibited from trading in the securities of any other company if they are aware of material non-public information about that company which was obtained in the course of the person’s employment with our Company, including our subsidiaries. These persons are also prohibited from passing on material non-public information to others or recommending the purchase or sale of any securities when they are aware of material non-public information - a practice sometimes known as “tipping.” In an effort to help prevent inadvertent violations of federal securities laws and avoid even the appearance of trading on the basis of material non-public information, all

directors, executive officers subject to Section 16 of the Securities Exchange Act of 1934 and certain designated employees who have access to material non-public information are generally prohibited from trading in our securities during quarterly blackout periods which begin three weeks after the end of each fiscal quarter and end after the second full business day following the filing of that report, as well as during certain event-specific blackout periods. Directors and executive officers must also pre-clear all transactions in our securities with our Legal Department

Whistleblower Notice and Anonymous Reporting Hotline

We have contracted with a third-party service provider to administer a hotline and website that ensures complete anonymity for anyone wishing to express concerns or report inappropriate behavior. The reports are sent to designated members of our Legal and Accounting Departments, who investigate each report and bring their findings to senior management, and when warranted, to the Chairman of the Audit Committee of the Board of Directors.

BOARD OF DIRECTORS - NOMINEES

The following is biographical information on the current members of our Board of Directors who are nominated for re-election.

Scott M. Boruff (51): Mr. Boruff has served as a director since August 2008, and as our Executive Chairman of the Board of Directors since September 2014. Mr. Boruff was previously our Chief Executive Officer from August 2008 to September 2014. Mr. Boruff is a proven executive with a diverse business background in investment banking and real estate development. As a professional in investment banking, he specialized in consulting services and strategic planning with an emphasis on companies in the oil and gas field. Mr. Boruff was a director and 49% owner of Dimirak Securities Corporation, a broker-dealer and member of FINRA, from April 2009 until July 2012. In July 2012, Mr. Boruff sold his interest in Dimirak and is no longer an owner of that company. He has more than 20 years of experience in developing commercial real estate projects and from 2006 to 2007 Mr. Boruff successfully led transactions averaging \$150 to \$200 million in size while serving as a director of Cresta Capital Strategies, LLC. Mr. Boruff received a Bachelor of Science degree in Business Administration from East Tennessee State University.

Mr. Carl F. Giesler, Jr. (42): Mr. Giesler has served as our CEO and a director of the Company since September 2014. Prior to joining Miller, Mr. Giesler was Managing Director of Investments at Harbinger Group Inc. (HGI), where he had primary responsibility for its energy investments. He helped found, structure, build and served as chairman of its private E&P MLP, Compass Production Partners LP. Prior to joining HGI in October 2011, Mr. Giesler was the primary oil & gas analyst at Harbinger Capital Partners (HCP), an affiliate of HGI. Prior to joining HCP in December 2008, Mr. Giesler served as Managing Director at AIG Financial Products Corp. (AIG FP), where he led the energy team's oil & gas investing efforts. Prior to joining AIG FP in September 2007, Mr. Giesler worked eight years in Morgan Stanley's energy investment banking group. He also served as a member of the board of directors of North American Energy Partners Inc. (NYSE: NOA) from April 2012 to May 2014. Mr. Giesler has a J.D. from Harvard Law School and a B.A. from the University of Virginia. He is also a CFA charterholder.

Bob G. Gower (77): Dr. Gower has been a member of our Board of Directors since April 2014. He has more than 50 years of business and senior management experience across a range of industries, including energy, chemical, and technology. He is the current Chairman of Ensysce Biosciences, Inc., a company he founded in 2008, which is focused on the use of carbon nanotubes as delivery agents in cancer treatment. In 2000, Dr. Gower co-founded Carbon Nanotechnologies, Inc. and served as its Chief Executive Officer until it merged with Unidym in 2007. He was Chief Executive Officer of Lyondell Petrochemical Company from 1988 to 1996, where he also served as Chairman of the Board from 1994 to 1997 and as President from 1985 to 1994. He was Senior Vice President at Atlantic Richfield Company from 1984 to 1985. Dr. Gower was Senior Vice President of ARCO Chemical Company from 1979 to 1984 and Vice President from 1977 to 1979. Since 1998, Dr. Gower has served on the Board of Directors of Kirby Corporation. He received his Bachelor's and Master's degrees from Southern Illinois University, and his doctorate in organic chemistry from the University of Minnesota.

Gerald Hannahs (62): Mr. Hannahs has been a member of our Board of Directors since July 2012. Mr. Hannahs brings more than 30 years of diverse experience as a successful entrepreneur and oil and gas business leader. Since 1993, Mr. Hannahs has been a private investor in companies and served as First Vice President for EF Hutton, Prudential and Paine Webber from 1982 to 1986. In 1983, Mr. Hannahs co-founded Texarkoma Crude & Gas Company, which operated in Tennessee and Alabama and was acquired in 1985 by Cross Timbers. Previously, he was a professional pitcher for the Montreal Expos, the Los Angeles Dodgers and the Minnesota Twins baseball teams before retiring from professional sports. Mr. Hannahs received a Bachelor of Science degree from the University of Arkansas.

Governor William B. Richardson (66): Governor Richardson has been a member of our Board of Directors since April 2014. He is the former Governor of New Mexico (2003-2011), and sought the Democratic nomination for President of the United States in 2008. Since entering life as a private citizen in 2011, Governor Richardson has been a consultant to, and has been appointed or elected to several boards of directors of both for-profit and non-profit companies, including the publicly traded Abengoa Yield, plc (since May 2014), Amp Holding, Inc. (since March 2013), Blue Earth Inc. (since October 2013), and Car Charging Group, Inc. (since December 2012). In addition, he is active with two foundations he founded, The Richardson Center for Global Engagement, and the Foundation to Preserve New Mexico Wildlife, which he co-founded with Robert Redford. Prior to his governorship, he served as the U.S. Secretary of Energy in the Clinton administration (1998-2001); he also served as U.S. Ambassador to the United Nations from 1997-1998, and as a member of the U.S House of Representatives for New Mexico from 1983 to 1997. Governor Richardson has also served as chairman of the 2004 Democratic National Convention, and chairman of the Democratic Governors Association. As Governor of New Mexico, Governor Richardson made the state the “Clean Energy State” by requiring utilities to meet 20% of New Mexico’s electrical demand from renewable sources. In addition, he established a Renewable Energy Transmission Authority to deliver New Mexico’s world-class renewable resources to market. During his first term in Congress, Governor Richardson won a coveted seat on the Energy and Commerce Committee, which is of particular importance to New Mexico. In the 101st Congress, he supported a plan to promote the use of non-gasoline cars, parts of which were included in the Clean Air Act re-authorization. As a member of the Interior and Insular Affairs Committee, he supported expansion of national parks and the designation of wild and scenic rivers. By the 103rd Congress, Richardson had risen to the position of Chief Deputy Whip and led the fight in the House for the North American Free Trade Agreement (NAFTA). He wrote articles advocating NAFTA for important national newspapers and encouraged President Clinton to work with Mexico on improving the environmental portions of the agreement in order to gain support for NAFTA in Congress. Richardson also played a key role in passing President Clinton’s 1993 Deficit Reduction package and the 1994 Crime Bill. In addition to his seat on the Energy Commerce Committee, Richardson was the second-ranking Democrat on the Select Intelligence Committee and served on the Natural Resources Committee, where he chaired the Native American Affairs Subcommittee which was created in the 103rd Congress. In January 2000, he oversaw the largest return of federal lands, 84,000 acres (340 km²), to an Indian Tribe (the Northern Ute Tribe of Utah) in more than 100 years. Richardson also directed the overhaul of the Department’s consultation policy with Native American tribes and established Tribal Energy Program. Richardson has been recognized for negotiating the release of hostages, American servicemen, and political prisoners in North Korea, Iraq, and Cuba, and has been nominated for the Nobel Peace Prize several times. He is the author of several books, including *How to Sweet-Talk a Shark: Strategies from a Master Negotiator*, *Between Worlds*, and *Leading by Example*. Governor Richardson received a B.A. from Tufts and an M.A. from Tufts’s Fletcher School of Law and Diplomacy.

A. Haag Sherman, Age 48. Mr. Sherman was appointed to our Board of Directors on September 14, 2014. His diverse business experience, including roles as a practicing attorney, accountant, registered investment advisor and businessman, brings a wealth of skills and perspective to our Board. Since 2012, Mr. Sherman has focused on his personal investments and building a company he co-founded, Bigfoot Energy Services, LLC, which with affiliates provides disposal, trucking and related services to E&P companies. In 2002, Mr. Sherman co-founded Salient Partners, L.P., a high-growth firm specializing in innovative financial solutions. At Salient, he served in various executive capacities, including CEO and Chief Investment Officer, from its founding until 2011. From 1998 to 2002, Mr. Sherman served as Executive Vice President of The Redstone Companies, L.P., of which he was a co-founding partner. In addition to these roles, Mr. Sherman was a registered representative at PaineWebber, Inc. from 1996 to 1998, a corporate and securities attorney at Akin, Gump, Strauss, Hauer & Feld, LLP from 1992 to 1996, and a public accountant in the audit practice of PriceWaterhouse LLP from 1988 to 1989. He currently serves on the boards of four other public companies, including Hilltop Corporation (since 2012), ZaZa Energy (since 2012), Salient MLP & Energy Infrastructure (since 2011), and Salient Midstream & MLP Fund (since 2012). Mr. Sherman is the author of *Shattering Orthodoxies: An Economic & Foreign Policy Blueprint for America*. He received a B.B.A. in Accounting and Economics cum laude from Baylor University, and a J.D. with honors from the University of Texas School of

Law, where he is currently an adjunct professor. He is a member of the State Bar of Texas and a Texas Certified Public Accountant.

Charles M. Stivers (52): Mr. Stivers has been a member of the Company's Board of Directors since 2004 and served as the Company's Chief Financial Officer from 2004 until January 2006. He brings more than 27 years of expertise in accounting and more than 23 years of professional experience in the oil and gas industry. Since 1990, he has been the owner and sole operator of Charles M. Stivers, C.P.A., a firm specializing in energy accounting, with clients across fourteen states in the U.S. Mr. Stivers previously served as Treasurer and Chief Financial Officer for Clay Resource Company and Senior Tax and Audit Specialist for Gallaher and Company. He received a Bachelor of Science degree from Eastern Kentucky University.

There are no family relationships between any of the executive officers and directors or nominees, except as set forth above. Each director is elected at our Annual Meeting and holds office until the next Annual Meeting or until his successor is elected and qualified.

Board of Directors Leadership Structure and Role in Risk Oversight

The Board of Directors oversees our business affairs and monitors the performance of management. In accordance with our Corporate Governance Guidelines, the Board of Directors does not involve itself in day-to-day operations. The directors keep themselves informed through discussions with management, by reading the reports and other materials sent to them by management and by participating in meetings of the Board of Directors and its committees. Directors are elected for a term of one year. Our directors hold office until their successors have been elected and duly qualified unless the director resigns or by reason of death or other cause is unable to serve in the capacity of director. If any director resigns, dies or is otherwise unable to serve out his or her term, or if the Board of Directors increases the number of directors, the Board of Directors may fill the vacancy by a vote of a majority of the directors then in office, although less than a quorum may exist. A director elected to fill a vacancy shall serve for the unexpired term of his or her predecessor.

While our Chairman of the Board of Directors and Chief Executive Officer positions are held by two different individuals, Mr. Boruff, our Chairman, is also an executive officer of our Company and is therefore not independent. In July 2010 our independent directors created the position of Lead Director. Individuals eligible to serve as our Lead Director must be independent members of our Board of Directors, and the director appointed as Lead Director serves for a one year term or until his successor has been appointed. In April 2014, Dr. Gower was appointed as Lead Director. In connection with the retirement of Mr. Deloy Miller, our Founder and former Executive Chairman of the Board, our Board revisited whether the position of Lead Director would continue to add value to our Company. The Board ultimately determined to eliminate the position of Lead Director because there was no family relationship between our new Executive Chairman, Mr. Boruff, and our new Chief Executive Officer, Mr. Giesler, in contrast to the former relationship of Mr. Miller and Mr. Boruff, as Mr. Miller was the step-father of Mr. Boruff's late wife. We believe that the separation of the duties of Chairman and CEO allows Mr. Boruff to lead the Board while Mr. Giesler focuses on our day to day business and strategy. In addition, because Mr. Boruff and Mr. Giesler are the only non-independent directors on our Board of seven directors, we believe that the independent supermajority of our directors is able to provide solid independent advice and oversight of management without the need of a formalized Lead Director position.

To assist in its governance, our Board of Directors has formed three standing committees composed entirely of independent directors: the Audit, Compensation, and Nominating and Corporate Governance committees. A discussion of each committee's function is set forth below beginning on page 11.

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including credit risk, liquidity risk, operational risk, strategic risk and reputation risk. Management is responsible for the day-to-day management of the risks the Company faces, while the Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. To do this, the Audit Committee meets regularly with management to discuss strategy and risks we face. Our Chief Financial Officer and our General Counsel attend many of the Board of Directors meetings and are available to address any questions or concerns raised by the directors on risk management and any other matters. The independent members of the Board of Directors work together to provide strong, independent oversight of our management and affairs through its standing committees and, when necessary, special meetings of independent directors.

Board of Directors Meetings and Attendance

During fiscal 2014, the Board of Directors held 24 meetings. No director attended, either in person or via telephone, fewer than 75% of the aggregate of all meetings of the Board of Directors and committees, if any, on which such

director served.

Annual Meeting Attendance

Our common stock is listed on the New York Stock Exchange. Rules of the New York Stock Exchange require that we hold an annual meeting no later than one year after the end of our fiscal year. We do not have a policy requiring directors to attend the annual meeting, but we encourage them to do so. Seven of our ten then-serving Directors, Messrs. Miller, Boruff, Gettelfinger, Hannahs, Hall, Stivers, and Voyticky attended our last annual meeting held on April 16, 2014. In addition, Dr. Gower, who was elected to the Board of Directors at that meeting, attended.

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DIRECTOR INDEPENDENCE

The Board of Directors has determined that a majority of our current directors and nominees have no relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and are “independent directors” as defined in the New York Stock Exchange Listed Company Manual. In determining the independence of our directors and our nominees, the Board of Directors has adopted independence standards specified by applicable laws and regulations of the SEC and the listing standards of the New York Stock Exchange. In making the determination of the independence of our directors and our nominees, the Board of Directors considered all known transactions in which we and any director had any interest, including any discussed under “Certain Relationships and Related Transactions” below. The Board of Directors has determined that Messrs. Gower, Hannahs, Richardson, Sherman, and Stivers are independent. The Board of Directors has determined that former directors, Messrs. Leary and Schlumberger were independent during their service on the Board.

The corporate governance rules of the New York Stock Exchange require that our independent directors must meet in regularly scheduled executive sessions at which only independent directors are present. Each independent director has access to the members of our management team or other employees as well as full access to our books and records. We have no policy limiting, and exert no control over, meetings of our independent directors.

COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors as well as persons who beneficially own more than 10% of a registered class of our equity securities to file with the SEC initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our common shares and other equity securities, on Forms 3, 4 and 5, respectively. Executive officers, directors and greater than 10% shareholders are required by the SEC regulations to furnish us with copies of all Section 16(a) reports they file. Based on our review of the copies of such forms received by us, and to the best of our knowledge, all executive officers, directors, and persons holding greater than 10% of our issued and outstanding stock have filed the required reports in a timely manner during fiscal 2014, other than Forms 3 filed late by Messrs. Schlumberger and Brawley, and a Form 4 filed late by Mr. Schlumberger. These forms were subsequently filed.

BOARD COMMITTEES

The Board of Directors has standing Audit, Compensation and Nominating and Corporate Governance committees. Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee has a written charter. The charters are available on our website at www.millerenergyresources.com. Messrs. Miller and Boruff, who are not independent directors, are not members of any committee of our Board of Directors. Information concerning the current membership and function of each committee, as of September 19, 2014, is as follows:

Board of Directors Committee Membership

Director	Audit Committee Member	Compensation Committee Member	Nominating and Governance Committee Member
Bob G. Gower	ü1	ü	ü
Gerald Hannahs	ü	ü1	ü
William B. Richardson			
A. Haag Sherman ²			
Charles M. Stivers	ü	ü	ü1

1 Denotes Chairperson.

2 Mr. Sherman was appointed to the Board on September 14, 2014. His committee assignments have not yet been determined.

Audit Committee. The Audit Committee assists the Board of Directors in fulfilling its oversight responsibility relating to:

- the integrity of our financial statements;
- our compliance with legal and regulatory requirements;

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the qualifications, independence, and performance of our independent registered public accountants; and
the performance of our internal audit function.

The Audit Committee is composed of three directors, all of whom have been determined by the Board of Directors to be “independent,” as defined by the New York Stock Exchange Listed Company Manual. The Board of Directors determined that Mr. Turkleson and Mr. Leary, both former members of our Board of Directors and members of the Audit Committee during fiscal 2014, along with Dr. Gower and Mr. Stivers, two of the current members of the Audit Committee, each qualify as “audit committee financial experts” as defined by the SEC. The report of the committee is included in this Amended and Restated Proxy Statement. During fiscal 2014, the Audit Committee held 18 meetings.

Compensation Committee. The Compensation Committee is responsible for overseeing our compensation programs and practices, including our executive compensation plans and incentive compensation plans, as well as the compensation of our Chief Executive Officer and other executive officers. The Chief Executive Officer provides input to the Compensation Committee with respect to the individual performance and compensation recommendations for the other executive officers. The Compensation Committee is composed of at least three directors, all of whom have been determined by the Board of Directors to be “independent,” as defined by the New York Stock Exchange Listed Company Manual. During fiscal 2014, the Compensation Committee held 14 meetings. In making its compensation decisions, the Compensation Committee considered information from a wide range of sources, including outside advisors.

Subsequent to the end of fiscal 2014, the Compensation Committee engaged Frederic W. Cook & Co., Inc. (“FWC”), an independent, third-party compensation consultant, to provide executive compensation advisory services for the Compensation Committee. No other services were provided by FWC to the Company or its affiliates. The decision to engage FWC was not made or recommended by management, and no conflicts of interest were raised by the engagement of FWC. FWC was tasked with reviewing the competitiveness of the Company’s current compensation levels for its top executives, including the named executive officers discussed below in “Compensation Discussion and Analysis” (except for Mr. Perry), and with developing a peer group for assessing competitiveness of compensation, providing feedback regarding competitiveness and appropriateness of compensation levels, suggesting changes to compensation levels if appropriate, and providing a framework for annual incentives. The substance of the report authored by FWC and presented to the Compensation Committee is discussed below under “Compensation Discussion and Analysis: V. Subsequent to July 28, 2014: General Compensation Philosophy.” The engagement of any compensation consultant rests exclusively with the Compensation Committee, which has sole authority to retain and terminate any compensation consultant or other advisor that it uses. The compensation committee has assessed the independence of FWC and concluded that no conflicts of interest exist that would prevent FWC from providing independent and objective advice to the compensation committee. In making these determinations, our compensation committee reviewed and considered all factors that could reasonably and negatively impact upon the FWC’s independence and provision of services, including those required under the New York Stock Exchange Listing Rules.

The Compensation Committee analyzes on an annual basis the actual or anticipated effect (including, as appropriate, a deterrent effect) that our compensation policies and practices have had or may have on our employees with respect to creating any excessive and undesirable risk-taking in the performance of their duties for us. The Compensation Committee then makes a determination, on an annual basis, as to whether any of our compensation policies and practices create risks that are reasonably likely to have a material adverse effect on our Company. On September 17, 2014, the Compensation Committee reviewed our current compensation policies and practices and determined that they do not create any such risks. No changes to our compensation policies and practices have been made since the date of the Compensation Committee’s review.

The Compensation Committee seeks to discourage and deter inappropriate risk taking through the compensation programs it adopts and implements for our named executive officers and our employees generally. We believe that the

compensation-related programs employed by us are consistent with those objectives and align our employees' incentives for risk taking with the long-term best interests of our shareholders. These programs provide a holistic approach to compensation that provides a mix of fixed and variable compensation, with the variable component impacting both short-term cash compensation and long-term equity compensation.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee:

- recommends the slate of director nominees for election to our Board of Directors;
- identifies and recommends candidates to fill vacancies occurring between annual shareholder meetings;
- reviews the composition of committees of the Board of Directors; and
- monitors compliance with, reviews, and recommends changes to our various corporate governance policies and guidelines.

The committee also prepares and supervises the Board of Directors' annual review of director independence and the Board of Directors' annual self-evaluation. The Nominating and Corporate Governance Committee is composed of three directors, all of whom have been determined by the Board of Directors to be "independent," as defined by the New York Stock Exchange Listed Company Manual. The Nominating and Corporate Governance Committee held 7 meetings in fiscal 2014.

The Nominating and Corporate Governance Committee considers all qualified candidates for our Board of Directors identified by members of the Nominating and Corporate Governance Committee, by other members of the Board of Directors, by senior management and by our shareholders. The committee reviews each candidate including each candidate's independence, skills and expertise based on a variety of factors, including the person's experience or background in management, finance, regulatory matters, and corporate governance. Further, when identifying nominees to serve as director, while we do not have a policy regarding the consideration of diversity in selecting directors, the Nominating and Corporate Governance Committee seeks to create a Board of Directors that is strong in its collective knowledge and has a diversity of skills and experience with respect to accounting and finance, management and leadership, vision and strategy, business operations, business judgment, industry knowledge, and corporate governance. The Committee does not have any specific minimum qualifications but considers each candidate holistically in light of the current mix of experience, skills, and needs of the Board at the time of nomination. In addition, prior to recommending to the Board that an existing director be nominated for re-election to the Board of Directors, the Nominating and Corporate Governance Committee will consider and review an existing director's attendance and performance, length of service, experience, skills and contributions that the existing director brings to the Board of Directors, equity ownership in our Company and independence.

The committee follows the same process and uses the same criteria for evaluating candidates proposed by shareholders, members of the Board of Directors and members of senior management. Based on its assessment of each candidate, the committee recommends candidates to the Board of Directors. However, there is no assurance that there will be any vacancy on the Board of Directors at the time of any submission or that the Nominating and Corporate Governance Committee will recommend any candidate to the Board of Directors for nomination.

On August 21, 2014, the Nominating and Corporate Governance Committee discussed and approved its recommendation that the Board of Directors approve an eight-member slate, consisting of all of the directors elected by shareholders at the last annual meeting, for nomination in connection with the election of directors at the 2014 Annual Meeting. This recommendation was considered by the Board at a meeting on August 26, 2014. At that meeting, the Board of Directors also considered an alternative proposal for a six member slate, which would not have included Mr. Leary and Mr. Schlumberger. The Board of Directors ultimately determined to reconvene on August 28, 2014 for additional discussion of the two proposals. At the August 28, 2014 meeting, the Board of Directors voted on the recommendation of the Nominating and Corporate Governance Committee, which was not adopted. The Board of Directors then voted on the proposed six-member slate for election at the 2014 Annual Meeting, which was adopted by a majority of the Board of Directors. Both Mr. Leary and Mr. Schlumberger elected to tender their resignations from the Board of Directors following the adoption of the six-member slate.

On September 14, 2014, the Board of Directors met to consider the employment of Mr. Giesler, the resignation of Mr. Boruff and change in his positions, the resignation and retirement of Mr. Miller, and the appointment of Mr. Sherman to the Board of Directors. The Board voted to appoint Mr. Sherman and Mr. Giesler to the Board, and to name Mr. Boruff as Executive Chairman. The Board also adopted a resolution modifying the August 28, 2014 resolutions which provided for a Board of Directors consisting of seven members, effective immediately, and a seven member slate of director nominees as included herein.

Shareholder Nominations

Shareholders who would like to propose a candidate may do so by submitting the candidate's name, resume and biographical information to the attention of our Corporate Secretary. All proposals for nomination received by the Corporate Secretary will be presented to the committee for appropriate consideration. It is the policy of the Nominating and Corporate Governance Committee to consider director candidates recommended by shareholders who appear to be qualified to serve on the Company's Board of Directors. The Nominating and Corporate Governance Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the Nominating and Corporate Governance Committee does not perceive a need to increase the size of the Board of Directors. In order to avoid the unnecessary use of the Nominating and Corporate Governance Committee's resources, the Nominating and Corporate Governance Committee will consider only those director candidates recommended in accordance with the procedures set forth below. To submit a recommendation of a director candidate to the Nominating and Corporate Committee, a shareholder should submit the following information in writing, addressed to the Corporate Secretary of our Company at our main office:

1. The name and address of the person recommended as a director candidate;

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2. All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended;
 3. The written consent of the person being recommended as a director candidate to be named in the Proxy Statement as a nominee and to serve as a director if elected;
- As to the person making the recommendation, the name and address, as they appear on our books, of such person, and number of shares of our common stock owned by such person; provided, however, that if the person is not a
4. record holder of our common stock, the person should submit his or her name and address along with a current written statement from the record holder of the shares that reflects the recommending person's beneficial ownership of our common stock; and
 5. A statement disclosing whether the person making the recommendation is acting with or on behalf of any other person and, if applicable, the identity of such person.

DIRECTOR COMPENSATION

Executive officers of our Company or its subsidiaries who are also members of the Board of Directors do not receive any compensation specifically for their services as directors.

It has been our practice that upon appointment or election to the Board of Directors, each new director receives a grant of stock options vesting over three years. Those grants have ranged in size from 100,000 shares to 250,000 shares.

On May 27, 2011, the Board of Directors adopted a compensation policy for its outside directors, consisting of certain cash payments and an annual grant of an option to purchase 40,000 shares of our common stock at a price equal to the price at the close of business on the date of award, vesting in one year. The cash component of the director compensation is comprised of an annual retainer of \$20,000 and \$1,000 for attendance in person of a meeting of the Board of Directors. An outside director is also paid \$500 for attendance in person at a committee meeting and \$500 for telephonic attendance of a meeting of the Board of Directors. Instead of the \$20,000 retainer, our lead independent director receives a \$30,000 annual retainer. The Chairman of each of our committees receives an additional retainer as follows: Audit Committee, \$7,500; Compensation Committee, \$5,000; and Nominating and Corporate Governance Committee, \$2,500.

On April 17, 2014, the Compensation Committee of the Board of Directors adopted a revision to the annual stock option grant portion of the compensation policy for outside directors, increasing the option amount to 60,000 shares, which will now vest over three years instead of over one year. No other changes were made to the policy.

The following table provides information about compensation paid to our non-employee directors during fiscal 2014 for their services as directors. The value of the securities issued reflects the aggregate grant date fair value computed in accordance with ASC Topic 718. While options were granted to these individuals as described below, because not all of these options have vested by the end of fiscal 2014 and the grant is subject to continued service on the Board of Directors, under generally accepted accounting principles, we recognize compensation expense for these grants over the vesting period. Mr. Sherman is not included in the table as he was not serving as a director during fiscal 2014. On September 14, 2014, Mr. Sherman was granted an option to purchase 100,000 shares of our common stock at an exercise price of \$4.90, vesting over three years.

Name (a)	Fees Paid or Earned in Cash (b)	Stock Awards (c)	Option Awards (d)	Non-Equity Incentive Plan Compensation (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (f)	All Other Compensation (g)	Total (h)
Herman E. Gettelfinger ¹	\$31,500	\$—	\$105,550	\$ —	\$ —	\$ —	\$137,050
Bob G. Gower ²	3,563	—	842,718	—	—	—	846,281
Gerald E. Hannahs, Jr. ³	53,250	—	105,550	—	—	—	158,800
Joseph T. Leary ⁴	2,833	—	337,087	—	—	—	339,920
Merrill A. McPeak ⁵	46,000	—	105,550	—	—	—	151,550
William B. Richardson ⁶	2,333	—	674,174	—	—	—	676,507
Marceau N. Schlumberger ⁷	39,000	—	329,169	—	—	—	368,169
Charles M. Stivers ⁸	53,125	—	105,550	—	—	—	158,675
Don A. Turkleson ⁹	36,750	—	158,325	—	—	—	195,075

Mr. Gettelfinger was granted options to purchase an aggregate of 40,000 shares of our common stock at an exercise price of \$4.34 per share on July 17, 2013, with a one year vesting schedule. This option was amended to be allowed to vest in Mr. Gettelfinger's estate subsequent to our fiscal year end. The aggregate number of option and stock awards held by Mr. Gettelfinger includes vested options to purchase 100,000 shares of common stock at \$5.94 per share expiring in April 2020, vested options to purchase 40,000 shares of common stock at an exercise price of \$5.89 that expire in May 2021, vested options to purchase 40,000 shares of common stock at \$3.84 per share expiring in July 2022 and an unvested option to purchase 40,000 shares of our common stock exercisable at \$4.34 which expires in July 2023. Mr. Gettelfinger passed away on May 17, 2014, and these shares will remain exercisable by his estate for a period of six months or one year, depending upon whether they were granted under the 2010 Plan or 2011 Plan. Dr. Gower was granted options to purchase an aggregate of 250,000 shares of our common stock at an exercise price of \$5.29 per share on April 17, 2014, vesting over three years. The aggregate number of option and stock awards held by Dr. Gower includes unvested options to purchase 250,000 shares of our common stock at an exercise price of \$5.29 per share that expire in April 2024, and an unvested option to purchase 60,000 shares of our common stock at an exercise price of \$5.68 that vests over three years and expires in July 2024.

Mr. Hannahs was granted options to purchase an aggregate of 40,000 shares of our common stock at an exercise price of \$4.34 per share on July 17, 2013, with a one year vesting schedule. The aggregate number of option and stock awards held by Mr. Hannahs includes a vested option to purchase 66,667 shares of our common stock at an exercise price of \$3.84, a vested option to purchase 40,000 shares of our common stock at an exercise price of \$4.34 which expires in July 2023, an unvested option to purchase 33,333 shares of our common stock at an exercise price of \$3.84 that expires in July 2023, and an unvested option to purchase 60,000 shares of our common stock at an exercise price of \$5.68 that vests over three years and expires in July 2024. On September 14, 2014, Mr. Hannahs was granted an option to purchase 100,000 shares of our common stock at an exercise price of \$4.90, vesting over three years.

Mr. Leary was granted options to purchase an aggregate of 100,000 shares of our common stock at an exercise price of \$5.29 per share on April 17, 2014, vesting over three years. The aggregate number of option and stock awards held by Mr. Leary includes unvested options to purchase 100,000 shares of our common stock at an exercise price of

\$5.29 per share that expire in April 2024, and an unvested option to purchase 60,000 shares of our common stock at an exercise price of \$5.68 that vests over three years and expires in July 2024. Mr. Leary resigned from the Board of Directors on August 28, 2014, and his unvested options terminated in accordance with their own terms.

General McPeak was granted options to purchase an aggregate of 40,000 shares of our common stock an exercise price of \$4.34 per share on July 17, 2013, with a one year vesting schedule. The aggregate number of option and stock awards held by General McPeak includes vested options to purchase 200,000 shares of common stock at \$5.94 per share expiring in April 2020, options to purchase 100,000 shares of common stock at \$4.98 per share expiring in July 2020, vested options to purchase 40,000 shares of common stock at an exercise price of \$5.89 which expire in May 2021, options to purchase 40,000 shares

of common stock at an exercise price of \$3.84 that expire in July 2022, and an option to purchase 40,000 shares of common stock at an exercise price of \$4.34 which expires in July 2023. General McPeak's term on the Board of Directors ended on April 16, 2014.

Gov. Richardson was granted options to purchase an aggregate of 200,000 shares of our common stock at an exercise price of \$5.29 per share on April 17, 2014, vesting over three years. The aggregate number of option and stock awards held by Gov. Richardson includes unvested options to purchase 200,000 shares of our common stock at an exercise price of \$5.29 per share that expire in April 2024, and an unvested option to purchase 60,000 shares of our common stock at an exercise price of \$5.68 that vests over three years and expires in July 2024.

Mr. Schlumberger was granted options to purchase 100,000 shares of our common stock at an exercise price of \$5.28 on July 25, 2013, vesting over three years. The aggregate number of option and stock awards held by Mr. Schlumberger includes vested options to purchase 33,334 shares of common stock at \$5.28 expiring in July 2023, and unvested options to purchase 66,666 shares of common stock at \$5.28 expiring in July 2023, and an unvested option to purchase 60,000 shares of our common stock at an exercise price of \$5.68 that vests over three years and expires in July 2024. Mr. Schlumberger resigned from the Board of Directors on August 28, 2014, and his unvested options terminated in accordance with their own terms.

Mr. Stivers was granted options to purchase an aggregate of 40,000 shares of our common stock an exercise price of \$4.34 per share on July 17, 2013, with a one year vesting schedule. The aggregate number of option and stock awards held by Mr. Stivers includes vested options to purchase 100,000 shares of common stock at \$5.94 per share expiring in April 2020, vested options to purchase 40,000 shares of common stock at an exercise price of \$5.89 which expire in May 2021, vested options to purchase 40,000 shares of common stock at an exercise price of \$3.84 that expire in July 2022, and vested options to purchase 40,000 shares of common stock at an exercise price of \$4.34 which expire in July 2023, and an unvested option to purchase 60,000 shares of our common stock at an exercise price of \$5.68 that vests over three years and expires in July 2024. On September 14, 2014, Mr. Stivers was granted an option to purchase 100,000 shares of our common stock at an exercise price of \$4.90, vesting over three years.

Mr. Turkleson was granted options to purchase an aggregate of 60,000 shares of our common stock an exercise price of \$4.34 per share on July 17, 2013, with a one year vesting schedule. The aggregate number of option and stock awards held by Mr. Turkleson includes vested options to purchase 100,000 shares of common stock at \$5.25 per share expiring in January 2021, vested options to purchase 40,000 shares of common stock at an exercise price of \$5.89 which expire in May 2021, vested options to purchase 40,000 shares of our common stock exercisable at \$3.84 that expire in July 2022, and vested options to purchase 60,000 shares of common stock at an exercise price of \$4.34 which expire in July 2023. Mr. Turkleson's term on the Board of Directors ended on April 16, 2014.

AUDIT COMMITTEE REPORT

Report of the Audit Committee of the Board of Directors

The primary function of the Audit Committee is to assist the Board of Directors in its oversight of our financial reporting processes. Management is responsible for the preparation, presentation and integrity of the financial statements, including establishing accounting and financial reporting principles and designing systems of internal control over financial reporting. Our independent auditors are responsible for expressing an opinion as to the conformity of our consolidated financial statements with U.S. generally accepted accounting principles and expressing an opinion on the effectiveness of the Company's internal control over financial reporting.

With respect to fiscal 2014, in addition to its other work, the Audit Committee:

- reviewed and discussed with management our audited consolidated financial statements as of April 30, 2014 and the year then ended;
- discussed with KPMG LLP the matters required to be discussed by Auditing Standard No. 16, "Communication with Audit Committees," as amended, as adopted by the Public Company Accounting Oversight Board; and received the written disclosures and the letter from KPMG LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding KPMG LLP's communications with the Audit Committee concerning independence, and has discussed with KPMG LLP its independence and determined that the provision of non-audit services was compatible with maintaining auditor independence.

The Audit Committee recommended, based on the review and discussion summarized above, that the Board of Directors include the audited consolidated financial statements in the fiscal 2014 Form 10-K for filing with the SEC.

Audit Committee of the Board of Directors of Miller Energy Resources,
Inc.¹

/s/ Bob G. Gower, Chairman

/s/ Joseph T. Leary

/s/ Charles Stivers

¹ Committee members on the date of the report

EXECUTIVE OFFICERS

The following individuals are our executive officers. Executive officers of our Company are appointed by the Board of Directors and serve at the pleasure of the Board.

Name	Positions
Scott M. Boruff	Executive Chairman and former Chief Executive Officer (until September 2014)
Carl F. Giesler, Jr.	Chief Executive Officer (beginning September 2014)
Deloy Miller	Former Executive Chairman (until September 2014) and former Chief Operating Officer (until July 2013)
David J. Voyticky	Former President (until August 2014) and former Acting Chief Financial Officer (until February 2014)
John M. Brawley	Chief Financial Officer (beginning February 2014)
David M. Hall	Chief Operating Officer of the Company (beginning July 2013) and Chief Executive Officer of Cook Inlet Energy, LLC
Kurt C. Yost	Senior Vice President and General Counsel

Scott M. Boruff, Age 51. For information regarding Mr. Boruff, please see “Board of Directors-Nominees” which appears earlier in this Amended and Restated Proxy Statement.

Carl F. Giesler, Jr., Age 42. For information regarding Mr. Giesler, please see “Board of Directors-Nominees” which appears earlier in this Amended and Restated Proxy Statement.

Deloy Miller, Age 67. Mr. Miller, the Company’s founder and former Executive Chairman of the Board of Directors, is a seasoned oil and gas professional with more than 45 years of experience in the drilling and production industry. Prior to Mr. Miller’s appointment as Executive Chairman of the Board in July 2013, he led the Company as Chief Executive Officer from 1967 to August 2008 and as Chief Operating Officer from August 2008 to July 2013. Mr. Miller retired in September 2014. In recognition of his extensive experience in energy and his knowledge of the geology of Tennessee and Kentucky, Mr. Miller was appointed to the Federal Reserve Bank of Atlanta’s Energy Advisory Council for a two-year term in 2011. Mr. Miller was named as the Tennessee Oil Man of the Year in 1978 by the Tennessee Oil & Gas Association. He was appointed by the Governor of Tennessee as the petroleum industry’s representative on the Tennessee Oil & Gas Board, served two terms as its president and continues to serve on its board.

David J. Voyticky, Age 45. Mr. Voyticky was a member of the Company’s Board of Directors from April 2010 to April 2014, President from June 2011 to August 2014 and was Acting Chief Financial Officer from September 2011 to February 2014. Mr. Voyticky resigned from his employment with us on August 12, 2014. Mr. Voyticky has provided strategic and financial counsel to U.S. and international companies for more than 15 years and has served on the Boards of several natural resources companies. He advised multinational corporations in mergers, acquisitions and financing while working at Goldman, Sachs & Co., Houlihan Lokey Howard & Zukin Capital, Inc., and J.P. Morgan. From August 2005 to June 2011, he served as an independent consultant to high-growth companies. He has served on the boards of Best Energy Services, Genesis Biopharma, and Mosquito Consolidated Gold Mines, Ltd. Mr. Voyticky received a Bachelor of Arts degree in Philosophy from Pomona College, a Masters in International Policy and Economics from the Ford School at the University of Michigan, and a J.D. and a M.B.A. from the University of Michigan.

John M. Brawley, Age 32. Mr. Brawley was hired as our Chief Financial Officer in February 2014. He has significant experience in corporate finance, specializing in the energy industry. Mr. Brawley was previously a consultant for the Company, starting in November of 2013, and he managed both the February refinancing of the Company’s credit

facility with Apollo and Highbridge and our entry into our reserve-based revolving bank loan with KeyBank. From 2010 to 2013, Mr. Brawley was a consultant with Guggenheim Partners, a diversified financial services firm with more than \$190 billion of assets under management, where he managed their mezzanine energy portfolio as the co-head of the Houston office and provided energy expertise for Guggenheim's high yield and syndicated loan portfolios. Prior to Guggenheim Partners, Mr. Brawley worked directly for the CFO of ATP Oil & Gas as a consultant from 2007 to 2009, and was a financial analyst at Lehman Brothers in their energy investment banking practice in 2006. Mr. Brawley received a B.A. in Economics and Biological Sciences and an M.B.A., with a concentration in accounting and finance, from Rice University.

David M. Hall, Age 45. Mr. Hall has served as a director and as Chief Executive Officer of CIE since December 2009 and as the Company's Chief Operating Officer since July 2013. He has worked with the Company's Alaska assets since construction began in 1991, and has more than a decade of comprehensive experience in Alaska with the oil and gas business, having served as Vice President and General Manager of Alaska Operations for Pacific Energy Resources Ltd. from January 2008 to December 2009. Prior to his experience at Pacific Energy Resources, Mr. Hall led Alaska operations for Forest Oil as its Production Manager, and served as the Production Foreman from 2000 to 2007.

Kurt C. Yost, Age 42. Mr. Yost was hired as our Senior Vice President and General Counsel in May 2012. He has more than 16 years of corporate and commercial law experience. From April 2011 to May 2012, Mr. Yost was General Counsel for Northrock Partners, a startup nutritional supplement manufacturer and distribution company. From March 2010 to March 2011, he was in-house counsel and later General Counsel at Max International, LLC, a nutraceutical manufacturing and distribution company. He worked at several law firms in New York City from September 1997 to March 2010, including Pepper Hamilton LLP (July 2007 to March 2010), Allen & Overy LLP (April 2003 to January 2006), Bingham McCutchen LLP (February 2001 to April 2003) and Mayer Brown LLP (September 1997 to February 2001). While at these firms, Mr. Yost represented many of their largest corporate clients on a variety of matters ranging from corporate financings to mergers & acquisitions. He is a contributing author to the treatise, "Securities Practice and Electronic Technologies," (John R. Hewitt and James B. Carlson, eds. (2006)). Mr. Yost received a J.D. from the University of Virginia School of Law, and graduated summa cum laude from Temple University, with a B.B.A. in Economics and Finance. He is admitted to practice law in New York and is admitted as an in-house counsel in Tennessee. He has also been admitted to practice law in the State of Utah, though that license is inactive at present.

In addition to the Executive Officers as set forth above, we provide information regarding another key employee of Cook Inlet Energy, LLC ("Cook Inlet Energy" or "CIE"), a wholly-owned subsidiary of the Company, Mr. Conrad Perry, CIE's Vice President and Drilling Manager.

Conrad Perry, Age 61. Mr. Perry has served as Vice President and Drilling Manager for Cook Inlet Energy since March 2013. Mr. Perry brings over 35 years of experience to our operations, including twenty years spent as a drilling and project consultant to Pioneer Natural Resources, PRA, Shared Services Drilling, and Anadarko Petroleum, among others. Mr. Perry was Drilling Superintendent for the CINGSA 5 well drilling project in Kenai, Alaska, and worked as a Drilling Coordinator for Stat Oil on their Chukchi Sea Drilling Program. Mr. Perry received a B.S. in Mechanical Engineering from the University of Southern California.

EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of compensation arrangements of our named executive officers should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward-looking statements that are based on our current plans, as well as considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion.

This Compensation Discussion and Analysis provides information about the fiscal 2014 and fiscal 2015 compensation programs for our fiscal 2014 named executive officers, including:

- Scott M. Boruff, Chief Executive Officer, our principal executive officer;
- David J. Voyticky, our former President (until August 2014) and former Acting Chief Financial Officer, our principal financial officer (until February 2014);
- John M. Brawley, Chief Financial Officer, our principal financial officer (since February 2014);
- Deloy Miller, our Executive Chairman and former Chief Operating Officer (until July 2013);
- David M. Hall, our Chief Operating Officer (since July 2013) and the Chief Executive Officer of Cook Inlet Energy;
- Kurt C. Yost, our Senior Vice President and General Counsel; and
- Conrad Perry, Cook Inlet Energy's Vice President and Drilling Manager.

At the end of this Compensation Discussion and Analysis, we are also providing updated disclosure regarding the compensation of Mr. Boruff, Mr. Miller, and Mr. Giesler resulting from the changes to our executive management team occurring on September 14, 2014.

I. Our Decision-Making Climate: Fiscal 2014 Corporate Performance

During fiscal 2014, we began our aggressive sidetrack program on the Osprey Platform and gained production from RU-1A, RU-2A, and RU-5B. Our revenues increased by 103% to \$70.6 million compared to \$34.8 million in the previous fiscal year, which was primarily due to increased production as a result of five new wells coming online and our acquisition of the North Fork Unit. Total net production, excluding natural gas produced and used as fuel gas, was 816,986 barrels of oil equivalent ("BOE") in fiscal 2014 compared to 317,606 BOE for fiscal 2013.

In fiscal 2014, our total capital expenditures were \$167.9 million. These expenditures included our acquisition of the North Fork Unit, and the purchase of a new drilling rig. We entered into an agreement to acquire the North Fork Unit in the Cook Inlet region and Anchor Point Energy, LLC for \$65.0 million subject to customary adjustments, with approximately \$5.0 million paid in our Series D Preferred Stock (213,586 shares). We entered into an option to purchase a land-based drilling rig from Baker Process, Inc., which we exercised on May 5, 2014 by entering into a definitive agreement to purchase the rig for \$3.3 million. The 2400 HP rig, which we have named Rig 36, will require approximately \$5.0 million to \$8.0 million of improvements and will be first used to drill our Sabre prospect.

In addition, on February 6, 2014, we signed an agreement with Tesoro Alaska Company ("Tesoro") and its affiliate the Trans-Foreland Pipeline Company, LLC ("TFPC"), to build a new transportation pipeline. This agreement, the Trans-Foreland Pipeline Development Agreement, allows for the construction of the Trans-Foreland Pipeline to connect our Kustatan Production Facility on the west side of the Cook Inlet to the Kenai Pipe Line Company tank farm on the east side. Completion of the pipeline would provide numerous advantages to us, including a reduction in both transportation costs and delays associated with shipping oil across the Cook Inlet to Tesoro's facilities. The cost to construct the pipeline would be borne by TFPC, with our Company contributing services, certain permits, and

agreeing to sell to TFPC connecting pipeline systems and related assets on the west side of the Cook Inlet on or before December 31, 2015 in the event TFPC and/or Tesoro elect to pursue the project to completion. We also have certain rights to require the project at cost in the event that they elect not to continue it to completion.

Our financial situation improved as well, as we refinanced our prior senior credit facility with Apollo and entered into a new credit facility with Apollo and Highbridge Capital Strategies. Proceeds from the new \$175.0 million term credit facility were used to repay the previously existing credit facility, repay all obligations to Miller Energy Income 2009-A, LP, acquire the North Fork properties and provide working capital.

We also raised funds through our Series C Preferred Stock and newly designated Series D Preferred Stock. Our Series C Preferred Stock and Series D Preferred Stock are listed on the NYSE under the symbol “MILLprC” and “MILLprD” respectively.

We added personnel to our corporate team to improve our financial reporting and internal controls, including the addition of Mr. Brawley as Chief Financial Officer.

Finally, subsequent to our fiscal year end, we entered into an agreement to acquire another drilling rig, now designated as Rig 37, for \$7.0 million, and into a \$250.0 million credit agreement for our first lien reserve-based revolving bank loan with KeyBank National Association (“KeyBank”), as administrative agent, and KeyBank, CIT Finance LLC, Mutual of Omaha Bank and OneWest Bank, N.A., as lenders. The revolving loan facility had an initial borrowing base of \$60.0 million.

II. Overview

We provide information below regarding the compensation for our named executive officers for three distinct periods: (1) May 1, 2013 to July 17, 2013 (as to base salaries only); (2) July 17, 2013 to July 28, 2014; and (3) July 29, 2014 forward. These periods differ from our fiscal year because our Compensation Committee generally reviews our executive compensation program during the first quarter of our fiscal year, after our year end results are available, and prior to the deadline to set executive compensation metrics that comply with Section 162(m) of the Internal Revenue Code. Therefore, the compensation program for each fiscal year generally differs from the first quarter of our fiscal year (the period between May 1 and July 31) as compared to the remainder of the fiscal year (August 1 through April 30). However, where we report amounts paid to our named executive officers in the tables and narrative disclosure below, we are reporting the actual amounts paid out over the fiscal year from May 1 to April 30, in accordance with SEC rules.

III. July 28, 2014 and Prior: General Compensation Philosophy

Objectives, Elements, Design

The Company has seen significant growth and change in the past five fiscal years. Because of this growth, our compensation program has evolved during this time. The objectives of our compensation program are to attract, motivate, and retain the key executives who drive our success. Our Compensation Committee reviews the effectiveness and competitiveness of this program on an ongoing basis. Our shareholders voted to approve the executive compensation program at our 2013 annual meeting held on April 16, 2014, and accordingly, the Compensation Committee has continued to consider the same elements of compensation in our executive compensation program.

Each named executive officer’s compensation package is comprised of the following elements:

- Base salary
- Incentive-based bonus
- Long term stock-based incentives
- Other benefits, including health and life insurance, or car allowances or use of a Company vehicle.

Our compensation program is designed to meet our objectives of attracting, motivating and retaining our named executive officers through a compensation package that:

-

- provides competitive total compensation including stock-based compensation, encouraging our executive officers to act as owners with an equity stake in the Company;
- provides a significant portion of total compensation linked to performance that we believe will incentivize the creation of long-term shareholder value;
- differentiates rewards based on the executive officer's contributions to our performance;
- enhances retention by having a significant percentage of executive officer total compensation subject to multi-year vesting; and
- does not encourage unnecessary and excessive risk taking.

This program is designed to reward our named executive officers for performance that is in the best interest of our shareholders and meets the specific goals for each named executive officer set by the Compensation Committee each year. It also incentivizes our named executive officers to continue their employment with us, and encourages them to think long term with respect to the Company's development and operations.

Generally, the Compensation Committee meets during the first quarter of the fiscal year to determine whether to award incentive compensation for the fiscal year that has just been completed. At that meeting, base salaries and long term stock-based incentive awards are usually considered. Bonuses and incentive stock grants were considered in the context of our fiscal 2013 performance and were determined in a meeting in June 2013, with compensation packages for the 2014 fiscal year determined in a subsequent meeting in July 2013. A similar procedure was followed in early fiscal 2015, with initial meetings held to determine fiscal 2014 bonuses and later meetings held to review our existing compensation program and to design and adopt a new compensation program for fiscal 2015.

Benchmarking: Peer Companies

We compete with other independent oil and gas exploration companies and small and mid-market capitalization U.S. companies for senior executive talent. While each executive's salary and other terms of his compensation are negotiated individually upon hire and periodically over the course of employment, we try to establish similar terms across our executives' compensation packages. Seeking to hire and to retain exceptional talent, we try to keep our compensation packages in line with the top 20% of companies within the oil and gas exploration markets, though the Compensation Committee has decided to make exceptions where it believed warranted in its business judgment. The Compensation Committee uses executive compensation benchmarking as a holistic market check, and in fiscal 2011, we reviewed the market competitiveness of our executive compensation relative to industry peers in order to provide a baseline for our named executive officers' compensation. The following list identifies the companies the Compensation Committee included in this peer group during the review in fiscal 2011:

Abraxas Petroleum Corp., Approach Resources, Inc., ATP Oil & Gas Corp., Berry Petroleum Co., Bill Barrett Corp., BPZ Resources, Inc., Breitburn Energy Partners L.P., CAMAC Energy Inc., Carrizo Oil & Gas Inc., Clayton Williams Energy Inc., Comstock Resources Inc., Contango Oil & Gas Co., Delta Petroleum Corp., Dorchester Minerals LP, Encore Energy Partners LP, Endeavour International Corporation, Energy Partners Ltd., EV Energy Partners LP, FX Energy Inc., GeoResources, Inc., Goodrich Petroleum Corp., Gulfport Energy Corp., Harvest Natural Resources Inc., Houston American Energy Corp., Hyperdynamics Corporation, Kodiak Oil & Gas Corp., Legacy Reserves LP, Magnum Hunter Resources Corp., McMoRan Exploration Co., North European Oil Royalty Trust, Northern Oil and Gas, Inc., Panhandle Oil and Gas Inc., Penn Virginia Corp., Petroleum Development Corporation, PetroQuest Energy Inc., Resolute Energy Corporation, Rex Energy Corporation, Rosetta Resources, Inc., Stone Energy Corp., Swift Energy Co., TransAtlantic Petroleum Ltd., Vaalco Energy Inc., Vanguard Natural Resources, LLC, Venoco, Inc., W&T Offshore Inc., Warren Resources Inc.

These companies were selected by the Compensation Committee to represent a broad selection of oil and gas exploration and development companies comparable in market capitalization and overall risk profile to our Company.

Decision-Making Process

The Compensation Committee sets and reviews the overall goals of our executive compensation program and the elements of the program, including the mix of cash and stock-based compensation and the mix of short-term and long-term compensation, to determine whether they are appropriate, properly coordinated, and achieve their intended purposes. From time to time, the Compensation Committee may make modifications or revisions to existing compensation plans and adopt new plans. Once the results of the previous fiscal year are available for review, which usually occurs in the first quarter of the subsequent fiscal year, the Compensation Committee meets for the purposes of:

- Designing our Compensation Program. Establishing the overall design and governance of our executive compensation program.

- Reviewing Performance for Prior Fiscal Year. Adjusting base salary and approving actual incentive awards based on each executive officer's performance for the just-completed fiscal year.
- Setting Compensation Opportunities for Current Fiscal Year. Determining future compensation targets and maximum awards for our executive officers for a fiscal year.

The following table depicts the roles of management, the Compensation Committee, and our Board of Directors in recommending or approving actions relating to the compensation of our executive officers.

Action	For the Chief Executive Officer	For Other Executive Officers
Design compensation program	Compensation Committee	Compensation Committee
Establish target and maximum Incentive Plan awards	Compensation Committee	Compensation Committee
Performance appraisal	Compensation Committee	Chief Executive Officer
Recommend base salary adjustments	Compensation Committee	Chief Executive Officer and Compensation Committee
Approve base salary adjustments	Compensation Committee	Board of Directors
Recommend Incentive Plan awards (including cash bonuses)	Compensation Committee	Chief Executive Officer and Compensation Committee
Approve Incentive Plan awards (including cash bonuses)	Compensation Committee	Board of Directors

Risk-Limiting Factors

The Compensation Committee has determined that the structure of our compensation program for executive officers does not incentivize unnecessary or excessive risk taking. The base salary component of compensation does not encourage risk-taking because it is a fixed amount. The incentive awards for fiscal 2014 had the following risk-limiting characteristics:

Cash bonus awards to each executive officer for fiscal 2014 took into account the executive's base salary, performance, stock performance of the Company relative to peers, and whether the executive met specific goals set by the Compensation Committee, such as compliance with legal, risk, safety, environmental and regulatory requirements, maintaining appropriate capitalization and cash flow for the Company, and avoiding excess leverage, achieving a minimum \$7.60 per share as stock price of April 30, 2014, and achieving a 5,000 barrels of oil equivalent per day minimum production level from February 1, 2014 to April 30, 2014.

Awards would be made based on a review of a variety of indicators of performance, thus diversifying the risk associated with any single indicator of performance.

The Board of Directors does not believe that the market currently recognizes the value of our infrastructure and mid-stream assets and potential reserves in Alaska in our stock price, and that as additional production comes online, the market will recognize the value of our infrastructure and mid-stream assets and potential reserves. As such, the Board concluded that the target prices tied to the vesting of certain options to our executive officers were achievable without unnecessary risk taking by the executive officers or the Company. In addition, the Board believed that the best way to align management's interests with those of our shareholders was to deliver a substantial portion of their compensation contingent on the achievement of certain share price points as the achievement of these targets benefits all shareholders.

The Compensation Committee retained negative discretion with respect to the incentive cash bonuses resulting in its ability to determine that the executive officers may not receive the incentive cash bonuses if at the end of fiscal 2014 the Committee determined it is appropriate to reduce or eliminate the bonuses based upon the Company's failure to comply with legal or regulatory requirements, other failures by the executive to maintain or uphold adequate safety or environmental standards or the Company's cost of capital or capital structure being unsatisfactory. The Compensation Committee also previously retained negative discretion with respect to the grant of options to the named executive officers. As these options would no longer be granted to the named executive officers, in accordance with the Agreed Reduction (discussed below), the discretion to reduce these awards was no longer required at the time of assessment.

IV. Fiscal 2014: Base Salary and Annual Incentive Bonuses

Base Salaries

A competitive base salary for each of our employees is essential to our ability to compete with other independent oil and gas exploration companies and small and mid-market capitalization U.S. companies in attracting and retaining senior executive talent. The Compensation Committee sets base salaries at hiring and reviews base salaries by considering the following:

The scope and complexity of the responsibilities of each position; the training, knowledge, and experience required to perform the job; the recruiting challenges and opportunities associated with the position; the risks and opportunities associated with hiring at the higher and lower ranges of the position skill sets; the expected autonomy of the job; and for current executives, the Company-specific experience, seniority, performance, and compatibility; and

- The fiscal 2011 benchmarking process described above; and where applicable, industry or position specific surveys.

The Compensation Committee reviews base salaries annually, usually at the same time as the determination of incentive compensation bonuses.

For fiscal 2013 and a portion of the first quarter of fiscal 2014, the following named executive officers had the following annualized base salaries, established in prior agreements with these executives:

- Mr. Boruff - \$500,000
- Mr. Voyticky - \$475,000
- Mr. Miller - \$205,000
- Mr. Hall - \$205,000
- Mr. Yost - \$175,000

Early in fiscal 2014, the following named executive officers each received increases to their base salaries, resulting in the following annualized base salaries becoming effective as of July 17, 2013:

- Mr. Boruff - \$795,000
- Mr. Voyticky - \$750,000
- Mr. Miller - \$375,000
- Mr. Hall - \$375,000
- Mr. Yost - \$300,000

The increases in base salary for these named executives were based on the Compensation Committee's determination that:

accomplishments in fiscal 2013 and prior fiscal years are expected to lead to significant gains in shareholder value in fiscal 2014 and beyond, including the expansion of operations and increases in production experienced in early fiscal 2014, management's obtaining financing necessary to drill our reserves, which has the potential to substantially increase production in fiscal 2014 and transform the Company;

given the work needed on capital raising and drilling/rework operations activity in fiscal 2014, the Board of Directors deemed it important to appropriately and fairly compensate and incentivize management;

- with respect to Mr. Voyticky, because his role in the Company had in prior years been vital to our capital raising efforts and operational results, and because he held a significant and prominent leadership role within the Company

and as a spokesman for us with investors and the markets generally;

the newly negotiated employment agreements each had a term of one year without any automatic renewal or “evergreen” provision, and thus salaries could be adjusted downward in future periods if the expected gains were less than anticipated; and

in the course of negotiating the fiscal 2014 compensation package, the named executive officers agreed to substantial conditions on all bonus and incentive awards, including a 5,000 barrel of oil equivalent production target and share price performance requirements in connection with receiving cash incentives and separate share price performance targets in connection with receiving long term incentives, each as more fully described below.

Mr. Perry receives a salary of \$350,000 in accordance with his employment agreement. Mr. Brawley was hired in February 2014, and receives a salary of \$350,000 in accordance with his employment agreement.

Incentive Compensation Bonuses

Following the end of fiscal 2013, the Compensation Committee devoted several meetings in the first quarter of fiscal 2014 to a comprehensive discussion of all executive officers' performance and long-term potential. The meetings were attended by the members of the Compensation Committee, Mr. Boruff, and Mr. Yost, though some were held in executive session, with only committee members present. The Compensation Committee also reviewed information prepared by our senior management that set forth each executive officer's historical earnings, the value of outstanding and unvested equity awards, current holdings of shares of Company common stock, any perquisites and benefits, and, if applicable, any potential severance payments and benefits. Based on its discussions at these meetings and recommendations from Mr. Boruff, the Compensation Committee established the target amount of each executive officer's incentive award for fiscal 2014 and any base salary adjustments for fiscal 2014 after considering an evaluation of the executive officer's performance for the just-completed fiscal year, as prepared and presented by Mr. Boruff. Mr. Boruff did not make recommendations on his own compensation.

The Compensation Committee also used the meetings to set compensation opportunities for our executive officers for fiscal 2014. In addition to the base salaries set forth above, the fiscal 2014 compensation program included two incentive bonus programs: the Cash Incentive Bonus Program, and the Equity Bonus Program. On March 10, 2014, in response to the concerns raised by certain shareholders with Mr. Boruff that the potential equity awards included in the Equity Bonus Program could be excessively dilutive if the relevant metrics were met, the named executive officers, the Compensation Committee and the Board agreed to eliminate all grants of options for fiscal 2014 included in the Equity Bonus Program (the "Agreed Reduction"). As a result none of these options would have been granted to the named executive officers whether or not earned under the terms of their respective employment agreements with the Company.

No payments would be made under the Cash Incentive Bonus Program or the Equity Bonus Program unless the Company's average daily production for the fourth quarter of fiscal year 2014 was greater than 5,000 barrels of oil equivalent per day (using the ratio of one barrel of crude oil, condensate or natural gas liquids to six thousand cubic feet of natural gas) (the "Production Condition"). In addition, no payment would be made under the Cash Incentive Bonus Program unless the closing price of the Company's common stock on the New York Stock Exchange on April 30, 2014 was \$7.60 or greater. The Compensation Committee retained its negative discretion to reduce any bonuses paid under either the Cash Incentive Bonus Program or the Equity Bonus Program. Except as disclosed below, a participant must have been employed by the Company on April 30, 2014 in order to have received a bonus under the Cash Incentive Bonus Program or the Equity Bonus Program.

The Cash Incentive Bonus Program

The Cash Incentive Bonus Program was a cash bonus program for our named executive officers which built on our past practice of designating certain peer companies against whose common stock we measure our common stock's performance.

If the conditions to payment were satisfied, each participant in the Cash Incentive Bonus Program would be entitled to receive a cash bonus equal to a percentage of his base salary for fiscal year 2014. The amount of bonus payable under the Cash Incentive Bonus Program would depend upon the extent to which the closing share price for the Company's common stock as reported on the New York Stock Exchange for the period beginning on May 1, 2013 through April 30, 2014, outperformed, on an annual return basis, the share price for the common stock of the Peer Companies (defined below) over that same time period.

"Peer Companies" means publicly-traded companies included in the SunTrust Small Cap Index, but excluding any companies on that list which cease to be publicly traded on or before April 30, 2014. "SunTrust Small Cap Index" means the list of oil and natural gas exploration and production companies with a market capitalization of less than \$1 billion as prepared by SunTrust Robinson Humphrey in their S&P Sector Comparison as of July 15, 2013. This peer group was selected for compensation analysis because it represents the most probable competitors to the Company in the market for executive talent.

The bonus payments made under the Cash Incentive Bonus Program were to be determined as follows:

Officer and Title	Percentage of Peer Companies on the SunTrust Small Cap Index that the Company outperforms from May 1, 2013 through April 30, 2014					
	55% or fewer	Greater than 55% up to 65%	Greater than 65% up to 75%	Greater than 75% up to 80%	Greater than 80% up to 90%	Greater than 90%
	Bonus Payable Under the 2014 Cash Bonus Program (as a percentage of base salary for fiscal year 2014)					
Scott Boruff, Chief Executive Officer	0%	50%	100%	150%	250%	300%
David Voyticky, President and Acting Chief Financial Officer	0%	50%	100%	150%	250%	300%
Deloy Miller, Chairman	0%	50%	75%	100%	125%	150%
David Hall, Chief Operating Officer	0%	50%	60%	100%	125%	150%
Kurt Yost, Senior Vice President and General Counsel	0%	50%	60%	100%	125%	150%

The Compensation Committee retained the discretion to reduce payments made under the Cash Incentive Bonus Program based upon the Company's regulatory compliance, safety and environmental record and the Company's cost of capital and capital structure.

As required by the charter of the Compensation Committee, the Cash Incentive Bonus Program was voted on and approved by a Subcommittee (as defined below). The decisions of that Subcommittee were then approved by a vote of the Compensation Committee and later by a vote of the full Board.

The Equity Bonus Program

Although eliminated as a result of the Agreed Reduction, subsequent to our 2013 fiscal year end, in connection with our new executive compensation plan and new executive employment agreements, additional long term incentive awards were granted to our named executive officers under the Equity Bonus Program at the recommendation of the Compensation Committee. As required by the charter of the Compensation Committee, the Equity Bonus Program was voted on and approved by a subcommittee of the members of the Compensation Committee who met the definition of "outside directors" for purposes of Section 162(m) of the Internal Revenue Code (the "Subcommittee"). The decisions of the Subcommittee were then approved by a vote of the Compensation Committee and later by a vote of the full Board of Directors.

Prior to the Agreed Reduction, the amounts that would have been awarded to the named executive officers would have been as follows:

Officer and Title	Number of Options to be Granted (Amount after the Agreed Reduction)
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Scott Boruff, Chief Executive Officer	3,000,000 (0)
David Voyticky, President and Acting Chief Financial Officer	3,000,000 (0)
Deloy Miller, Chairman	499,998 (0)
David Hall, Chief Operating Officer	499,998 (0)
Kurt Yost, Senior Vice President and General Counsel	300,000 (0)

These options would only have vested if (i) the 5,000 barrels of oil equivalent per day Production Condition had been met, and (ii) the following pricing conditions had been met:

1. One-third of the options would have vested if the closing share price for the Company's common stock as reported on the New York Stock Exchange had exceeded \$8.00 for at least 20 trading days during fiscal year 2014.
To the extent not previously vested under tranche 1 above, two-thirds of the options would have vested if the
2. closing share price for the Company's common stock as reported on the New York Stock Exchange had exceeded \$10.00 for at least 20 trading days during fiscal year 2014.
To the extent not previously vested under tranches 1 and 2 above, the options would have vested in full if the
3. closing share price for the Company's common stock as reported on the New York Stock Exchange had exceeded \$12.00 for at least 20 trading days during fiscal year 2014.

The Compensation Committee adopted the compensation program for Mr. Boruff, and recommended the compensation program for the remaining executive officers to the Board on July 29, 2013. The Board subsequently adopted the compensation programs for Messrs. Voyticky, Miller, Hall, and Yost later in the same session.

Voting on the Compensation Plan for the Named Executive Officers

The Compensation Committee had voted to approve a prior proposed compensation package on or about July 19, 2013 (the "July 19 Proposal"). However, subsequently, internal and external counsel determined that this earlier plan would not have been compliant with Section 162(m) of the Internal Revenue Code (as the performance-based elements of it were not all duly passed on by the Subcommittee) and was not fully effective under the charter of the Compensation Committee and the Company's Bylaws and, in addition, Mr. Boruff's proposed employment agreement was not then effective. In order to consider and approve a revised plan in compliance with Section 162(m) and in light of General McPeak's unavailability due to overseas travel, it was necessary to add an additional director who would qualify as an "outside director" for 162(m) purposes.

On July 25, 2013, the Board expanded the size of the Board to 10 directors and elected Marceau Schlumberger to the Board. Mr. Schlumberger was appointed to the Compensation Committee and was immediately provided materials for review prior to a meeting of the Compensation Committee on July 29, 2013. At this meeting, the Compensation Committee revisited the compensation package and developed a revised compensation plan (the "July 29 Plan"). This July 29 Plan was later modified by the Agreed Reduction (as so modified, the "Modified July 29 Plan"). The July 29 Plan included the incentive payments, option grants and base salaries for the named executive officers for fiscal 2014 as described above (without modification by the Agreed Reduction) and elsewhere in this Amended and Restated Proxy Statement.

The Compensation Committee approval of the July 29 Plan was not unanimous. General McPeak was out of the country and did not participate in the July 29 meeting. Although General McPeak voted in favor of the July 19 Proposal, he did not approve of certain changes in the July 29 Plan which he did not have an opportunity to vote on. In later meetings of the Compensation Committee, he noted his objections to the July 29 Plan, in particular objecting to the compensation for Mr. Voyticky, the cost of the options to be issued under the July 29 Plan and their potentially dilutive effect.

Although many features of the July 19 Proposal were carried forward into the July 29 Plan, there were several significant differences which arose based on additional negotiations with management. The terms of the July 19 Proposal, which was ultimately not entered into by the Company, are discussed in more detail below.

Proposed Base Salaries for FY 2014

Under the July 19 Proposal, the named executive officers would have received the following salaries:

- Scott M. Boruff: \$795,000
- David Voyticky: \$475,000
- Deloy Miller: \$300,000
- David M. Hall: \$300,000
- Kurt C. Yost: \$250,000

Proposed Cash Incentive Compensation for FY 2014

Under the July 19 Proposal, the cash bonus incentive compensation would have been structured as a percentage of the base salary of the named executive officer earned if the Company's stock price outperformed, on a percentage basis, the share price for the common stock of a certain percentage of the Peer Companies, as follows:

Officer and Title	Proposed Percentage of Peer Companies on the SunTrust Small Cap Index that the Company outperforms from May 1, 2013 through April 30, 2014					
	55% or fewer	Greater than 55% up to 65%	Greater than 65% up to 75%	Greater than 75% up to 80%	Greater than 80% up to 90%	Greater than 90%
	Bonus Payable Under the 2014 Cash Bonus Program (as a percentage of base salary for fiscal year 2014)					
Scott Boruff, Chief Executive Officer	0%	50%	100%	150%	250%	300%
David Voyticky, President and Acting Chief Financial Officer	0%	50%	100%	150%	250%	300%
Deloy Miller, Chairman	0%	50%	75%	100%	125%	150%
David Hall, Chief Operating Officer	0%	50%	60%	100%	125%	150%
Kurt Yost, Senior Vice President and General Counsel	0%	50%	60%	100%	125%	150%

Under the July 19 Proposal, if the Company's common stock price were to have fallen below \$4.00 per share or lower by April 30, 2014, no cash bonuses would have been paid to any named executive officer. Under the July 29 Plan, the Company's closing stock price must have been \$7.60 or higher on April 30, 2014, and the Company's average daily production for the fourth quarter of fiscal 2014 must have exceeded 5,000 barrels of oil equivalent in order for cash bonuses to be paid and the Compensation Committee must have agreed not to use its negative discretion to reduce or eliminate awards.

Proposed Equity Long Term Incentive Compensation for FY 2014

Under the July 19 Proposal, each of the named executive officers would have been granted a two-year option to purchase the Company's common stock at an exercise price of \$5.00 per share. Just as with the July 29 Plan, this grant would have been subject to shareholder approval of an increase in the number of shares available under the Company's 2011 Plan. If these options did not vest in the relevant named executive officer on or before April 30, 2014, they would have terminated.

The number of options included in the July 19 Proposal were the same as those ultimately approved under the July 29, Plan except that Mr. Voyticky would have received an option to acquire only 1,000,000 shares rather than 3,000,000.

Officer and Title	Number of Options to be Granted under the July 19 Proposal
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Scott Boruff, Chief Executive Officer	3,000,000
David Voyticky, President and Acting Chief Financial Officer	1,000,000
Deloy Miller, Executive Chairman	499,998
David Hall, Chief Operating Officer	499,998
Kurt Yost, Senior Vice President and General Counsel	300,000

Under the July 19 Proposal, as under the original July 29 Plan (prior to the July 29 Plan being modified by the Agreed Reduction):

• one-third of the options would have vested on the earliest date on which the closing share price for the Company's common stock as reported on the New York Stock Exchange had exceeded \$8.00 for at least 20 trading days during the 2014 fiscal year;

• another one-third would have vested if the closing share price for the Company's common stock as reported on the New York Stock Exchange had exceeded \$10.00 for at least 20 trading days during the 2014 fiscal year; and

• the final one-third would have vested if the closing share price for the Company's common stock as reported on the New York Stock Exchange had exceeded \$12.00 for at least 20 trading days during the 2014 fiscal year.

Under the July 29 Plan, long term incentive compensation could only be awarded if the Company's production exceed 5,000 barrels of oil equivalent during the fourth quarter of fiscal 2014, but under the July 19 Proposal, this condition would not have applied.

Comparison of the July 19 Proposal against the Modified July 29 Plan.

The following table compares the terms of the July 19 Proposal against the Modified July 29 Plan:

July 19 Proposal

Base Salaries

- 1 Scott Boruff - \$795,000
- 1 David Voyticky - \$475,000
- 1 Deloy Miller - \$300,000
- 1 David Hall - \$300,000
- 1 Kurt Yost - \$250,000

Cash Incentive Compensation

The same peer group and same percentages of base salaries applied under the July 19 Proposal and the July 29 Plan. To the extent base salaries are lower under the July 19 Proposal than under the July 29 Plan, the bonus levels under the July 19 Proposal would have been proportionately lower, as amounts awarded were to be based on a percentage of base salary.

Under the July 19 Proposal, incentives would be paid based on outperforming (in the matter described above) the following percentage of our Peer Companies:

- 1 55% - 65%
- 1 65% - 75%
- 1 75% - 85%
- 1 85% - 95%
- 1 >95%

Restrictions: If the Company's common stock price were to have fallen below \$4.00 per share or lower by April 30, 2014, no cash bonuses would have been paid to any named executive officer.

Equity Long Term Incentive Compensation

Each of the named executive officers would have been granted a 2-year option to purchase the Company's common stock at an exercise price of \$5.00 per share, subject to shareholder approval of an increase in the number of shares available under the Company's 2011 Plan.

The option would have vested in thirds on the earliest date on which the closing share price for the Company's common stock as reported on the NYSE exceeded the following prices for at least 20 trading days during the 2014 fiscal year: \$8.00, \$10.00, and \$12.00, respectively. Each of the named executive officers would have been granted the following number of option:

- 1 Scott Boruff - 3,000,000
- 1 David Voyticky - 1,000,000
- 1 Deloy Miller - 499,998
- 1 David Hall - 499,998

Modified July 29 Plan

Base Salaries

- 1 Scott Boruff - \$795,000
- 1 David Voyticky - \$750,000
- 1 Deloy Miller - \$375,000
- 1 David Hall - \$375,000
- 1 Kurt Yost - \$300,000

Cash Incentive Compensation

The same peer group and same percentages of base salaries applied under the July 19 Proposal and the July 29 Plan. To the extent base salaries are higher under the July 29 Plan than under the July 19 Proposal, the bonus levels under the July 29 Plan would be proportionately higher, as amounts awarded were to be based on a percentage of base salary.

Under the July 29 Plan, incentives will be paid based on outperforming (in the matter described above) the following percentage of our Peer Companies:

- 1 55% - 65%
- 1 65% - 75%
- 1 75% - 80%
- 1 80% - 90%
- 1 >90%

Restrictions: No cash bonuses would be paid to any named executive officer unless: (i) the closing price of the Company's common stock on the NYSE on April 30, 2014 was \$7.60 or greater and (ii) the 5,000 barrels of oil equivalent per day Production Condition must have been met. The amounts of cash bonuses were subject to the Committee's negative discretion.

Equity Long Term Incentive Compensation

Prior to the Agreed Reduction, each of the named executive officers was granted a two-year option to purchase the Company's common stock at an exercise price of \$5.21 per share, subject to shareholder approval of an increase in the number of shares available under the Company's 2011 Plan.

In connection with the Agreed Reduction, all such contingent option grants made to our named executive officers were canceled.

1 Kurt Yost - 300,000

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Performance Review Process and Results

At the end of our 2014 fiscal year, our named executive officers participated in a performance review process that led to decisions regarding their bonuses for fiscal 2014.

Chief Executive Officer

As described later in this Amended and Restated Proxy Statement, we were a party to an employment agreement with Mr. Boruff through July 28, 2014. The compensation terms of this agreement include a base salary and an annual incentive opportunity. Following the end of fiscal 2014, the Compensation Committee evaluated Mr. Boruff's performance in achieving his performance objectives, which included financial, operational, and strategic metrics as discussed above.

As a result of the Agreed Reduction, the Equity Bonus Program was eliminated and no bonus was awarded to Mr. Boruff under that incentive program. Because the two conditions precedent to an award under the Cash Incentive Bonus Program were not met, no bonus was awarded to Mr. Boruff under that incentive program either. However, the Compensation Committee did find that substantial progress had been made by the Company during fiscal 2014 with respect to production, revenues, and liquidity. Production levels at the end of fiscal 2014 were found to have increased by more than 240% from the end of fiscal 2013, total revenues had increased by more than 100% during that period and the Company had secured new sources of financing at a reduced cost as compared to fiscal 2013 (these improvements in production, revenues and liquidity are referred to below as the "New Performance Factors"). Although the increase in production fell short of the production metric previously established for fiscal 2014, and revenue and liquidity improvements were not included in the established metrics for fiscal 2014, the Committee concluded that it was prudent to consider the New Performance Factors and Mr. Boruff's role in achieving them as a reason to exercise their discretion to award Mr. Boruff a cash bonus outside the Cash Incentive Bonus Program. After discussion of these points, the Compensation Committee chose to exercise their discretion to award Mr. Boruff a cash bonus of \$150,000.

Other Named Executive Officers

The Compensation Committee also assessed the performance of our other named executive officers. The performance of Mr. Voyticky, Mr. Brawley, Mr. Miller, Mr. Hall, Mr. Yost and Mr. Perry were evaluated as to the achievement of each of their performance objectives, which included financial, operational, and strategic metrics. Of those officers, only Mr. Voyticky, Mr. Miller, Mr. Hall, and Mr. Yost were subject to the previously approved Equity Bonus Program and Cash Incentive Bonus Program for fiscal 2014. Mr. Perry had not been a named executive officer for fiscal 2014 and as a result was not considered for these programs when they were established and Mr. Brawley was hired during fiscal 2014 after these programs were put in place.

As a result of the Agreed Reduction, the Equity Bonus Program was eliminated and no bonus was awarded to Mr. Voyticky, Mr. Miller, Mr. Hall, or Mr. Yost under that incentive program. Because the two conditions precedent to an award under the Cash Incentive Bonus Program were not met, no bonus was awarded to any of these named executive officers under that incentive program either.

As with Mr. Boruff, however, the Compensation Committee did take note of the New Performance Factors achieved in fiscal 2014 and their effect on the Company. It was concluded that, in light of these New Performance Factors, Mr. Brawley and Mr. Perry should be rewarded for their respective efforts in achieving these results. With respect to Mr. Voyticky, Mr. Miller, Mr. Hall and Mr. Yost, although, the increase of production fell short of the production metric previously established for each of them in fiscal 2014, and revenue and liquidity improvements were not included in the established metrics for them in fiscal 2014, the Compensation Committee concluded that it was prudent in light of the New Performance Factors to exercise their discretion to award each of these officers a cash bonus outside the Cash

Incentive Bonus Program. Exercising their discretion, the Compensation Committee then recommended to the Board the payment of the following cash bonuses to the other named executive officers for their service in fiscal 2014:

Officer and Title	Cash Bonus
John Brawley, Chief Financial Officer	\$75,000
David Voyticky, President	\$75,000
Deloy Miller, Executive Chairman	\$125,000
David Hall, Chief Operating Officer	\$125,000
Kurt Yost, Senior Vice President and General Counsel	\$75,000
Conrad Perry, Vice President and Drilling Manager of Cook Inlet Energy, LLC	\$50,000

The Board accepted the Compensation Committee's recommendations and awarded the bonuses set forth above.

V. Subsequent to July 28, 2014: General Compensation Philosophy

In early fiscal 2015, the Compensation Committee met to discuss base salaries for fiscal 2015 and to establish an executive compensation program for fiscal 2015. The general framework for this executive compensation program was based upon the previous executive compensation program with respect to its objectives, elements, design, and decision making process (see above under "July 28, 2014 and Prior: General Compensation Philosophy"). However, this year the Compensation Committee engaged an independent, third-party compensation consultant, Frederic W. Cook & Co., Inc., or FWC, to assist in its review of base salaries and to assist in the design of the incentive compensation portion of the executive compensation program.

FWC completed its review and presented its findings to the Compensation Committee in a report. The report contained an analysis of current executive salaries, benchmarked against a group of peer companies chosen by the consultant as a proposed peer group, which the Compensation Committee adopted. FWC proposed that the base salaries for our named executive officers remain the same for fiscal 2015, and the Compensation Committee agreed.

Benchmarking: Peer Companies

The Compensation Committee uses executive compensation benchmarking as a holistic market check, and in early fiscal 2015, we reviewed the market competitiveness of our executive compensation relative to industry peers in order to provide guidance regarding potential adjustments in our named executive officers' compensation. The following list identifies the companies the Compensation Committee included in this peer group at the recommendation of the compensation consultant during the review in fiscal 2015:

Abraxas Petroleum Corp., American Eagle Energy Corp., Approach Resources, Inc., Callon Petroleum Co., Contago Oil & Gas Co., Dune Energy Inc., Emerald Oil Inc., Escalera Resources Co., FX Energy Inc., Panhandle Oil & Gas, Inc., PetroQuest Energy Inc., PostRock Energy Corp., PrimeEnergy Corp., Rex Energy Corp., Ring Energy Inc., Saratoga Resources, Inc., Tengasco Inc., Warren Resources, Inc.

Incentive Compensation

Also addressed in the FWC report was incentive compensation. Specifically, the Compensation Committee had tasked FWC with providing a framework for annual incentives. FWC provided the framework set forth below under "VI. Fiscal 2015: Base Salaries and Annual Incentive Bonuses," which was also adopted by the Compensation Committee. The approach proposed by the consultant is both common in the exploration and production industry and effective in providing meaningful line of sight to key performance goals, as it includes multiple measures, operational specific measures, and provides the Compensation Committee with discretion in determining the final bonus payouts should the Company fail to meet certain expectations with respect to reducing expenses and eliminating the material weakness in internal control over financial reporting.

Risk-Limiting Factors

The Compensation Committee has determined that the structure of our compensation program for executive officers does not incentivize unnecessary or excessive risk taking. The base salary component of compensation does not encourage risk-taking because it is a fixed amount. The incentive awards for fiscal 2015 have the following risk-limiting characteristics:

- Cash bonus awards to each executive officer for fiscal 2015 take into account the executive's base salary, and two different performance metrics.

- Awards would be made based on a review of several indicators of performance, thus diversifying the risk associated with any single indicator of performance.

The Compensation Committee retained negative discretion with respect to both the incentive cash bonuses and equity bonuses resulting in their ability to determine that the executive officers may not receive the incentive bonuses if at the end of fiscal 2015 the Committee determines it is appropriate to eliminate or reduce them based upon the Company's failure to reduce "current general and administrative expenses" by at least \$5,000,000 or to eliminate the Company's reported material weakness in internal control over financial reporting. For purposes of this use of the Compensation Committee's negative discretion, it is noted that "current general and administrative expenses" means those general and administrative expenses arising from the operation of the Company's existing assets, and will exclude expenses incurred as a result of any new acquisitions we may close during fiscal 2015. This term may also exclude certain extraordinary and non-recurring items if warranted in the judgment of the Compensation Committee.

VI. Fiscal 2015: Base Salary and Annual Incentive Bonuses

On July 28, 2014, the Compensation Committee and Board of Directors each met to discuss the results of their review of the compensation paid to our CEO and our other named executive officers and to establish a compensation plan for the year ending April 30, 2015. As noted above, the Compensation Committee has exclusive authority to set the compensation for Mr. Boruff, and makes recommendations to the Board for the remaining named executive officers.

There are no written agreements currently in effect at this time expressly reflecting the terms of the fiscal 2015 executive compensation plan adopted by the Compensation Committee and the Board (the "Fiscal 2015 Compensation Plan"). However, Mr. Brawley's and Mr. Perry's written employment agreements remain in full force and effect. To the extent applicable, the Company deems these agreements to incorporate the terms of the Fiscal 2015 Compensation Plan. The Company may choose to enter into formal written employment agreements with the CEO and the other named executive officers, although any such agreements will be subject to the terms of this Fiscal 2015 Compensation Plan.

The compensation for our CEO and other named executive officers consists of three primary elements under the Fiscal 2015 Compensation Plan, among other terms and conditions. These primary elements are: base salaries, the FY2015 Cash Bonus Program (defined below), and the FY2015 Equity Award Program (defined below).

With respect to the FY2015 Cash Bonus Program and the FY2015 Equity Award Program (taken together, the "Incentive Programs"), no payment or award will be made under these programs until the Compensation Committee has met to evaluate the performance of the Company for fiscal 2015 as compared to two performance metrics, net production and adjusted EBITDA, as discussed in more detail below. At this meeting, the Compensation Committee will determine the value of the cash bonuses and equity awards earned under the Incentive Programs. This meeting can only occur after the end of the Company's fiscal 2015 year (with the date of that meeting being referred to as the "Determination Date").

Following the end of fiscal 2015, the Compensation Committee will meet to determine whether the metrics were met, whether, and to what extent, their negative discretion, as discussed further below, is exercisable, and to calculate the value of the cash and equity awards under the FY2015 Cash Bonus Program and FY2015 Equity Award Program in light of the performance achieved relative to the metrics and the description of these programs above.

Base Salaries

The Compensation Committee decided that no change in Mr. Boruff's base salary would be made, and recommended to the Board that no change in the current base salaries of any of the named executive officers' salaries be made. The Board accepted and adopted the Compensation Committee's recommendation. For fiscal 2015, the named executive officers' salaries will be:

Officer and Title	Base Salary
Scott Boruff, Chief Executive Officer	\$795,000
John Brawley, Chief Financial Officer	\$350,000
David Voyticky, President ⁽¹⁾	\$500,000
Deloy Miller, Executive Chairman	\$375,000
David Hall, Chief Operating Officer	\$375,000
Kurt Yost, Senior Vice President and General Counsel	\$300,000
Conrad Perry, Vice President and Drilling Manager of Cook Inlet Energy, LLC	\$350,000

As previously disclosed, we entered into an Extension Agreement with Mr. Voyticky on June 3, 2014 which set his salary at \$500,000.00 for the period from July 29, 2014 through July 29, 2015. Prior to July 29, 2014, Mr. (1) Voyticky's salary was set forth in his previous employment agreement. Mr. Voyticky resigned from his position on August 12, 2014.

Cash Bonus Incentive Compensation for Fiscal Year 2015

On July 28, 2014, the Compensation Committee and Board also approved a new cash incentive bonus program for fiscal 2015 for Mr. Boruff, then our CEO, and our other named executive officers as of that date (other than Mr. Perry, whose bonus is governed by his existing employment agreement) (the "FY2015 Cash Bonus Program"). As required by the charter of the Compensation Committee, the FY2015 Cash Bonus Program was voted on and approved by the members of the Compensation Committee, each of whom meets the definition of "outside director" for purposes of Section 162(m) of the Internal Revenue Code. The Compensation Committee adopted the FY2015 Cash Bonus Program with respect to Mr. Boruff and then recommended the program to the Board as to the other executive officers noted below. The Board accepted this recommendation and adopted the program.

On September 14, 2014, Mr. Miller retired from service to the Company, Mr. Boruff became Executive Chairman of the Board and Mr. Giesler was appointed as Chief Executive Officer. In connection with those changes, the Compensation Committee added Mr. Geisler to the FY2015 Cash Bonus Program and noted the change in Mr. Boruff's title, without otherwise changing the bonus amounts which can be earned by him under the plan. As Mr. Miller is no longer an executive officer of the Company, he will no longer participate in the FY2015 Cash Bonus Program.

Under the FY2015 Cash Bonus Program, a "Target Cash Bonus," payable in cash, was established for each participating executive, as set forth in the table below. The Target Cash Bonuses represent, as a percentage of base salary, the cash bonus to be awarded to each executive if the Company achieves a "Target Value" with respect to its net production and adjusted EBITDA for fiscal 2015. These metrics described in greater detail below under "Performance Metrics" and the bonuses to be paid for achieving the Target Value for each metric, determined independently, are set forth in the table below.

In addition, the FY2015 Cash Bonus Program establishes a "Threshold Cash Bonus" and a "Maximum Cash Bonus" for each participating executive, as set forth in the table below. The Threshold Cash Bonus is set as half the Target Cash Bonus and represents that cash bonus payable to each participating executive if the Company achieves a certain minimum "Threshold Value" with respect to its net production or adjusted EBITDA for fiscal 2015, as further described

below. For each of these performance metrics, a cash bonus will only be earned if the Company achieves at least the Threshold Value for fiscal 2015 with respect to that metric.

The Maximum Cash Bonus is set as twice the Target Cash Bonus and represents, for each performance metric, the cash bonus payable to each participating executive if the Company achieves a certain “Stretch Goal” with respect to that performance

metric for fiscal 2015. No additional bonus will be paid to an executive for attaining actual performance levels higher than the Stretch Goals.

If, for either performance metric, the Company achieves an intermediate value between the Threshold Value and the Target Value for that metric (the range between those points being referred to as the “Lower Interval”), the cash bonus amount awarded to each participating executive under the FY2015 Cash Bonus Program with respect to that performance metric will be an amount between the Threshold Cash Bonus and the Target Cash Bonus, interpolated on a straight-line basis between those two bonus amounts based on a comparison of the Company’s actual performance for fiscal 2015 with respect to that metric relative to the Lower Interval for that metric.

Similarly, if, for either performance metric, the Company achieves an intermediate value between the Target Value and the Stretch Goal for that metric (the range between those points being referred to as the “Upper Interval”), the cash bonus amount awarded to each participating executive under the FY2015 Cash Bonus Program with respect to that performance metric will be an amount between the Target Cash Bonus and the Maximum Cash Bonus, interpolated on a straight-line basis between those two bonus amounts based on a comparison of the Company’s actual performance for fiscal 2015 with respect to that metric relative to the Upper Interval for that metric.

The amount of the cash bonus payable with respect to each performance metric (net production and adjusted EBITDA) will be determined independently and, therefore it is possible that a cash bonus may be earned under one of the two performance metrics even if the Company fails to reach the Threshold Value with respect to the other performance metric.

Notwithstanding the description above, cash bonuses awarded under the FY2015 Cash Bonus Program may be reduced by the Compensation Committee in the exercise of its negative discretion, as more fully described under the heading “Negative Discretion Retained” below.

For each of the performance metrics established and for each executive named below, the amounts of the Threshold Cash Bonus, Target Cash Bonus and Maximum Cash Bonus are as set forth in the following table:

FY 2015 Cash Bonus Program

(bonuses expressed as a percentage of base salary)

Executive and Position	Net Production Metric			Adjusted EBITDA Metric		
	Threshold Cash Bonus	Target Cash Bonus	Maximum Cash Bonus	Threshold Cash Bonus	Target Cash Bonus	Maximum Cash Bonus
Scott Boruff, Executive Chairman	25%	50%	100%	25%	50%	100%
Carl F. Giesler, Jr., Chief Executive Officer	25%	50%	100%	25%	50%	100%
John Brawley, Chief Financial Officer	18.75%	37.5%	75%	18.75%	37.5%	75%
David Voyticky, President ¹	18.75%	37.5%	75%	18.75%	37.5%	75%
Deloy Miller, Executive Chairman ²	18.75%	37.5%	75%	18.75%	37.5%	75%
David Hall, Chief Operating Officer	18.75%	37.5%	75%	18.75%	37.5%	75%
Kurt Yost, Senior Vice President and General Counsel	12.5%	25%	50%	12.5%	25%	50%

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- (1) As previously disclosed, Mr. Voyticky resigned from his position on August 12, 2014.
 - (2) As previously disclosed, Mr. Miller resigned from his position on September 14, 2014.

For the avoidance of doubt, as stated above, the amount of cash bonus payable under the foregoing is determined independently for each of the two performance metrics (net production and adjusted EBITDA) under the FY2015 Cash Bonus Program. For example, if the “Stretch Goals” were achieved with respect to both net production and adjusted EBITDA, then Mr.

Boruff would be entitled to a total cash bonus equal to 200% of his base salary for the year, with 100% awarded because the Stretch Goal was met with respect to the net production metric and 100% awarded because the Stretch Goal was met with respect to adjusted EBITDA.

Equity Long Term Incentive Compensation for FY 2015

On July 28, 2014, the Board approved a new long term equity incentive bonus program for fiscal year 2015 for Mr. Boruff, then CEO, and our other named executive officers as of that date (other than Mr. Perry, whose long term incentives are governed by his existing employment agreement) (the "FY2015 Equity Award Program"). As required by the charter of the Compensation Committee, the FY2015 Equity Award Program was voted on and approved by the members of the Compensation Committee, each of whom meet the definition of "outside directors" for purposes of Section 162(m) of the Internal Revenue Code. The Compensation Committee adopted FY2015 Equity Award Program with respect to Mr. Boruff and then recommended the program to the Board as to the other executive officers noted below. The Board accepted this recommendation and adopted the program.

On September 14, 2014, as noted above Mr. Miller retired from service to the Company, Mr. Boruff became Executive Chairman of the Board and Mr. Giesler was appointed as Chief Executive Officer. In connection with those changes, the Compensation Committee added Mr. Geisler to the FY2015 Equity Bonus Program and noted the change in Mr., Boruff's title, without otherwise changing the equity awards which can be earned by him under the plan. As Mr. Miller is no long an executive officer of the Company, he will no longer participate in the FY2015 Equity Bonus Program.

Under the FY2015 Equity Award Program, a "Target Equity Award" was established for each participating executive, as set forth in the table below. These Target Equity Awards are denominated in cash but if awarded will be payable 50% in shares of the Company's common stock and 50% in an option to purchase the Company's common stock. The shares and the options will be valued as described below. The Target Equity Award represents the value of the equity that will be awarded to each participating executive if the Company achieves a "Target Value" with respect to its net production and adjusted EBITDA for fiscal 2015. These metrics, described in greater detail below under "Performance Metrics," and the value of the awards for achieving the Target Value for each metric, determine