
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): June 2, 2009 (May 27, 2009)

Magellan Petroleum Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-5507

(Commission File Number)

06-0842255

(IRS Employer Identification No.)

10 Columbus Boulevard, Hartford, CT

(Address of Principal Executive Offices)

06106

(Zip Code)

860-293-2006

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

Approval of New Form of Indemnification Agreement

On May 27, 2009, the Board adopted a new form of indemnification agreement for the Company's directors and officers and entered into the agreement with each officer and director, other than William H. Hastings, the Company's President and Chief Executive Officer, who previously entered into an identical agreement with the Company dated February 2, 2009. A copy of the new indemnification agreement is attached hereto as Exhibit 10.1 and is hereby incorporated by reference.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Expansion of Our Board of Directors

As previously disclosed in a current report filed on February 10, 2009, the Purchase Agreement (as defined below in Item 8.01 under the heading "Update on Strategic Investment") between Magellan Petroleum Corporation (the "Company") and its strategic investor, Young Energy Prize S.A. ("YEP"), requires the Company to take action to expand the size of its Board of Directors (the "Board") to consist of seven (7) members, including two directors designated by YEP, effective upon the closing (the "Closing") of the YEP equity investment transaction (the "Election Effective Date").

At a Board meeting held on May 27, 2009, the Company's Board adopted resolutions: (a) conditionally amending the Company's Bylaws to expand the size of the Board, as more fully described below under Item 5.03 hereof; and (b) conditionally electing Messrs. Nikolay Bogachev and J. Thomas Wilson to the Board as Class II directors, each to serve a term of office expiring at the Company's 2011 Annual Meeting of Shareholders. If the Closing of the YEP equity investment transaction does not take place, the conditional expansion of the Board and the elections of Messrs. Bogachev and Wilson to the Board shall both be null and void and of no legal force or effect.

Upon the Election Effective Date, each of Messrs. Bogachev and Wilson will be entitled to receive the compensation payable by the Company to each of its non-employee directors (see Item 8.01 below under the heading "Adoption of the Directors Compensation Policy and Share Ownership Guidelines"). In addition, each of Messrs. Bogachev and Wilson will enter into an indemnification agreement with the Company in the same form as Exhibit 10.1 attached hereto, as required by the Company's Restated Certificate of Incorporation.

As previously disclosed, under the Purchase Agreement with YEP, the Company intends at the Closing to enter into a three-year consulting agreement with Mr. Wilson on the following terms:

- Mr. Wilson will provide management and geologic expertise and experience in support of the principal activities of the Company's senior management, on an "as needed" non-substantial periodic basis;
- Mr. Wilson will also be available to support special projects of the Company and to devote substantial amounts of time to such special projects;
- other than reimbursement of his reasonable out of pocket expenses in rendering such services, Mr. Wilson shall not receive cash compensation for his non-substantial periodic services. In the event that the Company requests Mr. Wilson to perform substantial services devoted to special projects, he shall receive cash compensation of \$1,000 per day for such services; and
- Mr. Wilson has been granted, as of February 2, 2009, non-qualified stock options to purchase 387,500 shares of the Company's Common Stock at an exercise price of \$1.20 per share (with a corresponding reduction in the options granted to Mr. Hastings on December 11, 2008); of which options to acquire 262,500 shares will vest ratably based on the continued consulting services of Mr. Wilson over a three-year period and 125,000 shares will vest based on the same performance criteria as apply to the options granted by the Company to Mr. Hastings on December 11, 2008.

Mr. Wilson's option awards were expressly conditioned upon the Company's shareholders approval of the amendment and restatement of the Company's 1998 Stock Option Plan, which was approved by shareholders on May 27, 2009 (see the Company's press release filed herewith as Exhibit 99.1). These option awards remain subject to the condition that the YEP equity investment transaction is completed at the Closing.

As of the date hereof, neither of Messrs. Bogachev or Wilson have been named to any committees of the Board. However, on April 3, 2009, the Purchase Agreement was amended to provide that, following the Closing of the YEP equity financing transaction, for so long as Mr. Bogachev and Mr. Wilson are serving on the Board as designees of YEP, (a) Mr. Bogachev may elect to be designated as a member of the Board's Audit Committee, provided that he meets the established requirements for members of such Committee and (b) Mr. Wilson may elect to be designated as a member of the Board's Compensation Committee, provided that he meets the established requirements for members of such Committee.

The Company confirms, as required by regulations under the Securities Exchange Act of 1934, that (1) there is no family relationship between either Mr. Bogachev or Mr. Wilson and any director or executive officer of the Company, (2) other than the requirements of the Purchase Agreement with YEP described in the first paragraph of this Item, there is no arrangement or understanding between Messrs. Bogachev and Wilson and any other person pursuant to which Messrs. Bogachev and Wilson were elected as directors of the Company, and (3) other than the Company's planned consulting agreement with Mr. Wilson, there is no transaction between either Messrs. Bogachev or Mr. Wilson and the Company that would require disclosure under Item 404(a) of Regulation S-K.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

Amendments to Our Restated Certificate of Incorporation

Under the Purchase Agreement, the Company agreed to seek shareholder approval to (1) repeal the “per capita” voting requirements of Article 12th and Article 14th of the Company’s Restated Certificate of Incorporation (the “Restated Certificate”), which require that any matter to be voted upon at any meeting of shareholders must be approved, not only by a majority of the shares voted at such meeting, but also by a majority of the shareholders present in person or by proxy and entitled to vote thereon; and (2) repeal Article 13th of the Restated Certificate, which generally requires that certain business combinations with interested shareholders within a prescribed 3-year time period after a person becomes an interested shareholder must be approved by a 66 2/3rd % super-majority vote of the shares of the Company’s Common Stock and a 66 2/3rd % vote of the Company’s shareholders, subject to certain exceptions.

At the Company’s Annual Meeting of Shareholders held on May 27, 2009 (the “Annual Meeting”), the Company’s shareholders voted to approve (a) an amendment to the Restated Certificate to repeal the “per capita” voting requirements of Article 12th and Article 14th of the Restated Certificate and (b) an amendment to the Restated Certificate to repeal the super-majority voting requirements of Article 13th.

Upon the Closing of the YEP equity investment transaction, the Company will, in accordance with the requirements of Delaware law, file two amendments to its Restated Certificate with the Secretary of State of the State of Delaware implementing the repeal of the per capita voting provisions of Article 12th and Article 14th thereof and the repeal of the super-majority voting requirements of Article 13th thereof, both of which amendments will become effective as of December 31, 2009.

Amendments of Our Bylaws

Expansion of Our Board of Directors

As described in Item 5.02 above, the Purchase Agreement with YEP requires the Company to take action to expand the size of its Board of Directors to consist of seven (7) members, including Messrs. Bogachev and Wilson, the two directors designated by YEP, effective upon the Closing of the YEP equity investment transaction.

In order to make these additions to the Board, the Board on May 27, 2009 adopted resolutions that conditionally amended the Bylaws (with new text underlined and deleted text shown with strikeouts) as follows:

ARTICLE III —Board of Directors

SECTION 1. Election and Removal of Directors.

(a) Number, Election and Terms. The powers of the corporation shall be exercised by the board of directors, except such as are by law or by the Certificate of Incorporation or by the By-Laws of the corporation reserved to the stockholders. The board of

directors shall consist of ~~five~~seven (57) members, but such number may be altered from time to time by an amendment of these By-Laws. At the 1985 Annual Meeting of Stockholders, the directors shall be divided into three classes, as nearly equal in number as possible, with the term of office of the first class to expire at the 1986 Annual Meeting of Stockholders, the term of office of the second class to expire at the 1987 Annual Meeting of Stockholders and the term of office of the third class to expire at the 1988 Annual Meeting of Stockholders, or in each case thereafter when their respective successors are elected and have qualified or upon their earlier death, resignation or removal. At each Annual Meeting of Stockholders following such initial classification and election, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding Annual Meeting of Stockholders after their election, or in each case thereafter when their respective successors are elected and have qualified or upon their earlier death, resignation or removal. Directors need not be stockholders.

Should the YEP equity investment transaction not be completed, then the above amendment to Article III, Section 1 of the Bylaws and the increase in size of the Board from five (5) to seven (7) persons shall both be null and void and of no legal force or effect.

Amendment of the Bylaws to Repeal the Per Capita Voting Provisions Thereof

In addition to the changes to the Restated Certificate to repeal the per capita voting provisions thereof, which were approved by the Company's shareholders at the Annual Meeting, there are several per capita voting provisions in the Company's Bylaws that implement the per capita voting requirements of Article 12th and Article 14th of the Restated Certificate. These provisions relate to shareholder voting at shareholder meetings, removal of directors and amendments to the Bylaws, and were described under the heading "Proposal 2" of the Company's definitive proxy statement dated April 20, 2009 for the Annual Meeting. In conjunction with the Closing of the YEP equity investment transaction, the Bylaws will be further amended to repeal these per capita voting provisions from the Company's Bylaws, effective as of December 31, 2009.

Item 8.01 Other Events

Update on Strategic Investment

As previously disclosed in a current report filed on February 10, 2009, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement"), dated February 9, 2009, with YEP under which the Company agreed to sell, and YEP agreed to purchase, 8,695,652 shares (the "Shares") of the Company's common stock, par value \$0.01 per share (the "Common Stock") at a purchase price of \$1.15 per share, or an aggregate of \$10,000,000. In addition, the Company agreed at the Closing of the purchase of the Shares to issue to YEP a stock purchase warrant (the "Warrant") entitling YEP to purchase 4,347,826 additional shares (the "Warrant Shares") of the Company's Common Stock through warrant exercise at a per share price of \$1.20.

On April 3, 2009, the Company and YEP amended the Purchase Agreement to, among

other things, extend the outside termination date for the Closing of YEP's equity investment from April 30, 2009 to June 30, 2009, in order to complete the YEP equity investment transaction. The amendment also provides that, if YEP completes the purchase of certain shares of the Company's Common Stock held by two Company shareholders, then the exercise price payable by YEP for the Warrant Shares shall be reduced from \$1.20 to \$1.15 per share.

At the Annual Meeting, the Company's shareholders voted to approve the issuance of Common Stock to YEP pursuant to the Purchase Agreement. The Company now expects, subject to the satisfaction of the other conditions to Closing contained in the Purchase Agreement, to complete the YEP equity investment on or before June 30, 2009.

Company Press Release

On May 28, 2009, the Company issued a press release announcing the voting results of shareholders at the Annual Meeting. A copy of the Company's press release is filed herewith as Exhibit 99.1 and is hereby incorporated by reference.

Annual Meeting Presentations to Shareholders

At the Annual Meeting, Robert Mollah, a director of the Company and Chairman of the Board of Magellan Petroleum Australia Limited, the Company's wholly-owned subsidiary ("MPAL"), made a powerpoint slide presentation about MPAL's operations and results during the year ended June 30, 2008. In addition, Mr. Hastings, the Company's President and CEO, made a slide presentation to shareholders about his background, the Company's planned operations and strategic objectives and plans.

Copies of these two Annual Meeting slide presentations are attached hereto as Exhibit 99.2 and Exhibit 99.3 and are hereby incorporated by reference. The Company has posted copies of these slide presentations on its corporate website, www.magpet.com.

Adoption of the Directors Compensation Policy and Share Ownership Guidelines

At a meeting of the Board held on May 27, 2009, the Board adopted a revised compensation policy for the non-employee directors of the Board. The changes reflect the results of the Committee's compensation study undertaken in 2008. The new compensation amounts for the Company's non-employee directors are set forth in the table below, and will become effective as of July 1, 2009.

Compensation Type	Current Amount	New Amount
Annual Board Member Cash Retainer	\$ 40,000	\$35,000
Annual Stock Award	\$ 0	\$35,000(1)
Chairman of the Board, cash fee	\$ 15,000	\$25,000
Chairman of the Audit Committee, cash fee	\$ 7,500	\$16,000
Chairman of the Compensation Committee, cash fee	\$ 0	\$ 8,000

Compensation Type	Current Amount	New Amount
Member of the Audit Committee, cash fee	\$ 0	\$ 10,000
Member of the Compensation Committee, cash fee	\$ 0	\$ 8,000

(1) The Board approved a policy whereby each non-employee director may receive an award of shares of Common Stock under Section 9 of the Stock Incentive Plan (described below) with a value equal to \$35,000, with the determination of the exact number of shares to be made on July 1st each year. The number of shares for each director award pursuant to Section 9, however, will be subject to a maximum annual cap of 15,000 shares. Any difference between the value of the equity award shares and \$35,000 will be added back to the amount of the Board Member Cash Retainer paid each year. Each year, directors will be permitted to sell up to 25% of the awarded shares to meet tax obligations.

Under the Company's medical reimbursement plan for all non-employee directors, the Company reimburses certain directors the cost of their medical premiums, up to \$500 per month (or \$6,000 per year). During fiscal year 2008, the cost of this reimbursement plan was \$23,964. The Board authorized the increase of this reimbursement amount to \$750 per month (or \$9,000 per year), effective as of July 1, 2009.

MPAL Board Fees

The Board is also considering reducing the current levels of cash compensation paid by MPAL to non-employee directors of the Company who also serve on the Board of Directors of MPAL. The Board of Directors of MPAL intends in the near future to formally consider what changes, if any, will be made to the compensation policy for the directors of MPAL.

Share Ownership Guidelines

In conjunction with the revised compensation policy for non-employee directors, the Board also adopted share ownership guidelines for the non-employee directors. Under the guidelines, each non-employee director will be required to own a minimum of 100,000 shares of the Company's Common Stock. For current directors and the YEP director designees, the guidelines must be satisfied by July 1, 2013. Shares purchased in the open market and shares received by directors as annual equity awards under Section 9 of the Stock Incentive Plan may be credited to the satisfaction of the ownership guideline.

Amendment of Section 9 of the Stock Incentive Plan

At the Annual Meeting, the Company's shareholders approved the share replenishment for, and the amendment and restatement of, the Company's 1998 Stock Option Plan, and renamed the Plan the "1998 Stock Incentive Plan."

On May 27, 2009, the Board adopted resolutions to amend the Company's 1998 Stock Incentive Plan to delete Section 9 of the Stock Incentive Plan in its entirety and replace it with the following new section 9.

9. Stock Awards to Non-Employee Directors.

The Committee may, in its discretion each year, beginning on July 1, 2009 and on each July 1st thereafter during the term of the Plan, grant to each person then serving as a non-employee director of the Company an award of Stock. No annual Stock Awards pursuant to this Section 9, however, will be made prior to stockholder approval of the Plan. For purposes of this Section 9, the term “non-employee director” shall mean any member of the Company’s Board, as of the close of business on the Grant Date of any Stock Award hereunder, who is not an employee of the Company or any Subsidiary or Affiliate.

This amendment to the Stock Incentive Plan relates to the adoption of the new compensation policy for the Company’s non-employee directors described above and takes effect immediately. The Company intends to file a complete, amended and restated version of the Stock Incentive Plan as an exhibit to its annual report on Form 10-K for the fiscal year ending June 30, 2009.

Adoption of Compensation Committee Charter

On May 27, 2009, the Compensation Committee of the Board recommended to the Board, and the full Board approved, the adoption of a written charter for the Compensation Committee.

A copy of the Committee’s Charter is attached hereto as Exhibit 99.4 and is hereby incorporated by reference. The Company will post a copy of the Compensation Committee’s Charter on its corporate website, www.magpet.com in the near future.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

- 10.1 Form of Indemnification Agreement for Directors and Officers.
- 99.1 Company press release, dated May 28, 2009.
- 99.2 MPAL Slide Presentation to Shareholders at the Annual Meeting, May 27, 2009.
- 99.3 President/CEO Slide Presentation to Shareholders at the Annual Meeting, May 27, 2009.
- 99.4 Compensation Committee Charter, adopted on May 27, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

MAGELLAN PETROLEUM CORPORATION

By: /s/ Daniel J. Samela

Name: Daniel J. Samela

Title: Chief Financial Officer, Chief
Accounting Officer and Treasurer

Dated: June 2, 2009

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Indemnification Agreement for Directors and Officers.
99.1	Company press release, dated May 28, 2009.
99.2	MPAL Slide Presentation to Shareholders at the Annual Meeting, May 27, 2009.
99.3	President/CEO Slide Presentation to Shareholders at the Annual Meeting, May 27, 2009.
99.4	Compensation Committee Charter, adopted on May 27, 2009.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this “**Agreement**”) is made as of the 27th day of May, 2009 (the “Effective Date”), by and between Magellan Petroleum Corporation, a Delaware corporation (the “**Company**”), and _____, an individual residing at _____, _____, _____ (the “**Indemnitee**”).

Recitals

A. The Indemnitee serves or has previously served as a director, officer and employee of the Company and in such capacities is performing or has performed valuable services for the Company.

B. The Delaware General Corporation Law, as amended from time to time (the “**DGCL**”), permits the Company to indemnify the officers, directors, employees and agents of the Company.

C. The Company desires to hold harmless and indemnify the Indemnitee to the fullest extent authorized or permitted by the provisions of the DGCL, or by any amendment thereof or other statutory provisions authorizing or permitting such indemnification which hereafter may be adopted.

D. The Company has entered into this Agreement and has assumed the obligations imposed on the Company hereby in order to induce the Indemnitee to serve or to continue to serve as a director, officer and employee of the Company, and acknowledges that the Indemnitee is relying upon this Agreement in serving or continuing to serve in such capacities.

Agreement

Accordingly, in consideration of the Indemnitee’s agreement to serve or continue to serve as a director and/or officer of the Company, the Company and the Indemnitee agree as follows:

1. Initial Indemnification.

(a) General. From and after the Effective Date, the Company shall indemnify the Indemnitee to the fullest extent permitted by applicable law whenever he was or is, or is threatened to be made, a party to or a participant in any threatened, pending or completed action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company to procure a judgment in its favor), by reason of the fact that he is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or

by reason of any action alleged to have been taken or omitted in any such capacity, against any and all expenses (including, without limitation, attorneys' fees and expenses), judgments, fines, amounts paid in settlements and other amounts actually and reasonably incurred by the Indemnitee or on his behalf in connection with such action, suit or proceeding and any appeal therefrom or any claim, issue or matter therein if the Indemnitee acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the Indemnitee did not satisfy the foregoing standard of conduct to the extent applicable thereto.

(b) Derivative Actions. From and after the Effective Date, the Company shall indemnify the Indemnitee to the fullest extent permitted by applicable law when he was or is, or is threatened to be made, a party to or a participant in any threatened, pending or completed action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative, by or in the right of the Company to procure a judgment in its favor by reason of the fact that he is or was or had agreed to become a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including, without limitation, attorneys' fees and expenses) actually and reasonably incurred by him or on his behalf in connection with the defense or settlement of such action, suit or proceeding and any appeal therefrom or any claim, issue or matter therein if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, except that no indemnification shall be made in respect of any claim, issue or matter as to which the Indemnitee shall have been fully adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery, or the court in which such action, suit or proceeding is or was brought, shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such expenses and then only to the extent that the Delaware Court of Chancery or such other court shall determine.

(c) Determination of Entitlement. Any indemnification under Section 1(a) or 1(b) hereof (unless ordered by a court) shall be made by the Company only if authorized in the specific case upon a determination, in accordance with Section 4 hereof or any applicable provision of the Company's Restated Certificate of Incorporation, as then amended (the "Charter"), its By-laws as then amended (the "By-laws"), any other agreement, any resolution or otherwise, that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1(a) or (b) above. Such determination shall be made (i) by the Company's Board of Directors (the "Board") by a majority vote of directors who are not parties to such action, suit or proceeding, even though less than a quorum of the Board, (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders of the Company

(the “Stockholders”). Notwithstanding the foregoing, as contemplated by Section 3, no subsequent amendment or change to the By-laws or Charter which limits or restricts the rights of the Company to indemnify Indemnitee shall adversely affect the rights of Indemnitee hereunder.

(d) Mandatory Indemnification. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is a party to (or participant in) and is successful, on the merits or otherwise, in any action, suit or proceeding referred to in Section 1(a) or 1(b) hereof, or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all expenses (including, without limitation, attorneys’ fees and expenses) actually and reasonably incurred by him in connection therewith. If Indemnitee is not wholly successful in such action, suit or proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters therein, the Company shall indemnify Indemnitee against all expenses actually and reasonably incurred by him or on his behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law.

(e) Advancement of Expenses. Notwithstanding any provision of this Agreement to the contrary (other than Section 4), the Company shall advance, to the extent not prohibited by law, the expenses (including, without limitation, attorneys’ fees and expenses) incurred by the Indemnitee in defending any civil, criminal, administrative or investigative action, suit or proceeding, and such advancement shall be made within thirty (30) days after the receipt by Company of a statement or statements requesting such advances from time to time, whether prior to or in advance of the final disposition of such action, suit or proceeding as authorized in accordance with Section 4 hereof or any applicable provision of the Charter, the By-laws, any other agreement, any resolution or otherwise.

(f) Benefit Plan Matters. For purposes of this Agreement, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on the Indemnitee with respect to any employee benefit plan; references to “serving at the request of the Company” shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, the Indemnitee with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and the beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Section 1.

2. Additional Indemnification.

(a) General. If and to the extent that (i) the DGCL is amended hereafter to require or permit indemnification, expense advancement or exculpation that is or may be more favorable to the Indemnitee than the maximum permissible indemnification, expense advancement and exculpation now permitted thereunder and provided in this Agreement, or (ii) the Company reincorporates in or merges, consolidates or combines into or with any other corporation or entity by virtue of which transaction the Company is not the surviving, resulting or acquiring corporation and the surviving, resulting or acquiring corporation is incorporated in a different jurisdiction which at such time requires or permits indemnification, expense

advancement or exculpation that is or may be more favorable to the Indemnitee than the maximum permissible indemnification, expense advancement and exculpation now permitted under the DGCL and provided in this Agreement, then pursuant to this Agreement the Indemnitee shall be entitled to, and this Agreement shall be deemed to be amended to provide for the Indemnitee's contractual entitlement to, indemnification, expense advancement and exculpation to the maximum extent that may be permitted or required under such applicable law at the time of any initial or subsequent request for indemnity hereunder (determined as contemplated by Section 4 hereof), whether or not the Company has adopted any Charter or By-law provisions adopting, effecting or implementing any provisions thereof which are permissive and not mandatory in nature. Nothing contained herein shall be deemed to detract from, diminish, impair, limit or adversely affect any right which the Indemnitee may have under this Agreement under any circumstances, including without limitation in the event of subsequent amendment or revision to the Charter or By-laws, and to the extent that any terms, conditions or provisions of this Agreement (including, without limitation, those in Section 1 hereof) are more favorable to the Indemnitee than the maximum indemnification, expense advancement and exculpation then permitted or required under such applicable law (determined as aforesaid), then such terms, conditions and provisions of this Agreement shall be preserved and integrated with such more favorable terms from then applicable law and shall continue to apply to the Indemnitee's rights by virtue of this Agreement. The same expansion of the Indemnitee's rights and deemed inclusion herein and integration herewith of any terms, conditions or provisions more favorable to the Indemnitee shall occur upon and with respect to any amendment of the provisions relating to indemnification, expense advancement and exculpation in the Company's Charter or By-laws and any provision by the Company to any other officer or director of the Company of any other different form of indemnification contract or agreement.

(b) Examples and Limitations. Without limiting the generality of Section 2(a) hereof, the Indemnitee hereby may become entitled to indemnification of any and all amounts which he becomes legally obligated to pay (including, without limitation, damages, judgments, fines, settlements, expenses of investigation and defense of legal actions, proceedings or claims and appeals therefrom, and expenses of appeal, attachment or similar bonds) relating to or arising out of any claim made against him because of any act, failure to act or neglect or breach of duty, including any actual or alleged error, misstatement or misleading statement, which he commits, suffers, permits or acquiesces in while acting in his capacity as an officer, director, employee or agent of the Company, subject only to any limitations on the maximum permissible, expense advancement or indemnification which may exist under applicable law (determined as provided in Section 2(a) hereof). In no event, however, shall the Company be obligated under this Section 2 to make any payment in connection with any claim against the Indemnitee:

(i) for which payment actually has been made to the Indemnitee under a valid and collectible insurance policy, except in respect of any retention or excess beyond the amount of payment under such insurance;

(ii) which results in a final, nonappealable order for the Indemnitee to pay a fine or similar governmental imposition which the Company is prohibited by applicable law from paying; or

(iii) which is based upon or attributable to the Indemnitee gaining in fact a personal profit to which he was not legally entitled, including, without limitation, any profits made from the purchase and sale by the Indemnitee of equity securities of the Company which are recoverable by the Company pursuant to Section 16(b) of the Securities Exchange Act of 1934 and any profits arising from transactions in any publicly traded securities of the Company which were effected by the Indemnitee in violation of Section 10(b) of the Securities Exchange Act of 1934 or Rule 10b-5 promulgated thereunder.

3. Effect of Future Adverse Changes in Charter, By-laws or Applicable Law.

Nothing herein shall prevent the adoption by the Board or Stockholders of the Company of any amendment to the Charter or By-laws of the Company, the effect of which would be to detract from, diminish, impair, limit or adversely affect the Indemnitee's rights to indemnification, expense advancement or exculpation that otherwise exist as of the Effective Date pursuant to such Charter or By-laws as applied to any act or failure to act occurring in whole or in part after the date hereof. In the event that the Company shall adopt any such amendment to its Charter or By-laws, however, or in the event that the indemnification, expense advancement or exculpation provisions of the DGCL (or any other then applicable law) hereafter shall be amended in a manner which may be deemed to detract from, diminish, impair, limit or adversely affect the Indemnitee's rights with respect thereto, such events and changes shall not in any manner or to any extent detract from, diminish, impair, limit or adversely affect in any manner the contractual indemnification rights and procedures granted to and benefiting the Indemnitee under this Agreement, unless and then except only to the extent that any of such rights or any of the terms, conditions and provisions of this Agreement shall thereby be made illegal or otherwise violative of applicable law, in which case the provisions of Section 10(c) hereof shall apply. For purposes only of determining the Indemnitee's rights to indemnification pursuant to the Company's Charter or By-laws as so amended, and not for purposes of the continuing applicability of this Agreement in accordance with its terms, any such amendment to the Company's Charter or By-laws shall apply to acts or failures to act occurring entirely after the date on which such amendment was approved and adopted by the Board or the Stockholders, as the case may be, unless the Indemnitee shall have voted in favor of such approval and adoption as a director or holder of record of the Company's voting stock, as the case may be.

4. Certain Procedures.

(a) Indemnification Procedures. For purposes of pursuing his rights to indemnification under Section 1 (other than the second sentence of Section 1(d) hereof, which shall be governed by Section 4(b) hereof) or Section 2 hereof, as the case may be, the Indemnitee shall be required to submit to the Board a sworn statement of request for indemnification substantially in the form of Exhibit 1 hereto (the "Indemnification Statement") averring that he is entitled to indemnification hereunder. Submission of an Indemnification Statement to the Board shall create a presumption that the Indemnitee is entitled to indemnification under Section 1 (other than the second sentence of Section 1(d) hereof, which shall be governed by Section 4(b) hereof) or Section 2 hereof, as the case may be, and, except as set forth below, the Board shall within 30 calendar days after submission of the Indemnification Statement specifically determine

that the Indemnitee is so entitled, unless within such 30-calendar day period it shall determine by Board action, based upon clear and convincing evidence (sufficient to rebut the foregoing presumption) that the Indemnitee is not entitled to indemnification under Sections 1 or 2 hereof. The Company shall notify the Indemnitee promptly in writing following such determination. Any evidence rebutting the Indemnitee's presumption, to which the Board gave weight in arriving at its determination, shall be disclosed to the Indemnitee with particularity in such written notice. Notwithstanding anything to the contrary contained in the three preceding sentences, if the Board determines that it cannot act on the request for indemnification submitted by the Indemnitee because a determination of entitlement can not be made in the manner required by Section 1(c) hereof, the Board will act promptly to retain independent legal counsel or convene a meeting of Stockholders to act on the request.

(b) Expense Advancement Procedures. For purposes of determining whether to authorize advancement of expenses pursuant to the second sentence of Section 1(d) hereof or Section 2(b) hereof, the Indemnitee shall be required to submit to the Board a sworn statement of request for advancement of expenses substantially in the form of Exhibit 2 hereto (the "Undertaking"), averring that (i) he has incurred or will incur actual expenses in defending a civil, criminal, administrative or investigative action, suit or proceeding and (ii) he undertakes to repay such amount if it shall be determined ultimately that he is not entitled to be indemnified by the Company under this Agreement or otherwise. Within 30 calendar days after receipt of the Undertaking, the Board shall authorize payment of the expenses described in the Undertaking, whereupon such payments shall be made promptly by the Company. No security shall be required in connection with any Undertaking, and any Undertaking shall be accepted without reference to the Indemnitee's ability to make repayment.

(c) Selection of Counsel. In the event the Company shall be obligated under this Section 4 to pay the expenses of any action, suit or proceeding against the Indemnitee, the Company shall be entitled to assume the defense of such proceeding, with counsel acceptable to and approved by the Indemnitee, upon the delivery to the Indemnitee of written notice of the Company's election to do so. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company will not be liable to the Indemnitee under this Agreement for any fees of separate counsel subsequently incurred by the Indemnitee with respect to the same action, suit or proceeding; provided, however, that if (i) the employment of counsel by the Indemnitee has been previously authorized by the Company, (ii) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of any such defense, or (iii) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the Indemnitee may select and employ his own counsel to direct the defense thereof and the fees and expenses of such counsel shall be paid by the Company. Notwithstanding any assumption of the defense of any such action, suit or proceeding and employment of counsel with respect thereto by the Company in accordance with the foregoing, the Indemnitee shall have the right to employ his own separate counsel to participate in any such action, suit or proceeding at the Indemnitee's expense.

5. Corporate Approval. The Company represents and warrants to the Indemnitee that: (i) the Company has all requisite power and authority to enter into this Agreement and to

perform its obligations hereunder; (ii) this Agreement and the performance of all of the Company’s obligations hereunder have been approved by all corporate action required on the part of the Company under the Charter, the By-laws or applicable law or contract; and (iii) this Agreement, when executed, will constitute the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to any applicable bankruptcy law and equitable limitations.

6. Fees and Expenses of Enforcement. It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other expenses associated with the enforcement of his rights under this Agreement by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. Accordingly, if it should appear to the Indemnitee that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any action, suit or proceeding designed (or having the effect of being designed) to deny, or to recover from, the Indemnitee the benefits intended to be provided to the Indemnitee hereunder, the Company irrevocably authorizes the Indemnitee from time to time to retain counsel of his choice, at the expense of the Company as hereafter provided, to represent the Indemnitee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, stockholder or other person affiliated with the Company, in any jurisdiction. The Company shall, to the fullest extent permitted by law, indemnify Indemnitee against any and all expenses, including without limitation attorneys’ fees and expenses, and, if requested by Indemnitee, shall advance, to the extent not prohibited by law, such expenses, actually and reasonably incurred by the Indemnitee (i) as a result of the Company’s failure to perform this Agreement or any provision hereof or (ii) as a result of the Company or any person contesting the validity or enforceability of this Agreement or any provision hereof.

7. Maintenance of Insurance and Self Insurance.

(a) The Company represents that it presently has in force and effect policies of D & O Insurance in insurance companies and amounts as follows (the “Insurance Policies”).

<u>Insurer</u>	<u>Policy No.</u>	<u>Amount</u>	<u>Deductible</u>
Chubb Group of Insurance Companies	81691712	\$10,000,000	\$250,000

Subject only to the provisions of Section 7(b) hereof, the Company hereby agrees that, so long as Indemnitee shall continue to serve as a director or officer of the Company (or shall continue at the request of the Company to serve as a director, officer, employee or agent of another company, partnership, joint venture, trust or other enterprise) and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal or investigative by reason of the fact that Indemnitee was a director of the Company (or served in any of said other capacities), the Company will purchase and maintain in effect for the benefit of Indemnitee one or more valid, binding and

enforceable policy or policies of D & O Insurance providing, in all respects, coverage at least comparable to that presently provided pursuant to the Insurance Policies.

(b) The Company shall not be required to maintain said policy or policies of D & O Insurance in effect if said insurance is not reasonably available or if, in the reasonable business judgment of the then directors of the Company, either (i) the premium cost for such insurance is substantially disproportionate to the amount of coverage or (ii) the coverage provided by such insurance is so limited by exclusions that there is insufficient benefit from such insurance.

8. Reorganizations. In the event that the Company shall be a constituent corporation (including any constituent of a constituent) in a merger, reorganization, consolidation, combination or similar transaction, the Company, if it shall not be the surviving, resulting or acquiring corporation therein, shall require as a condition thereto the surviving, resulting or acquiring corporation to expressly assume and adopt this Agreement and to agree to indemnify the Indemnitee to the full extent provided in this Agreement. Whether or not the Company is the resulting, surviving or acquiring corporation in any such transaction, the Indemnitee shall stand in the same position under this Agreement with respect to the resulting, surviving or acquiring corporation as he would have with respect to the Company if its separate existence had continued.

9. Nonexclusivity, Survival and Subrogation.

(a) Nonexclusivity. The rights to indemnification and advancement provided by this Agreement shall not be exclusive of any other rights to which the Indemnitee may be entitled under the Charter, the By-laws, the DGCL, any other statute, insurance policy, agreement, vote of shareholders or of directors or otherwise, both as to actions in his official capacity and as to actions in another capacity while holding such office.

(b) Survival. The provisions of this Agreement shall survive the death, disability, or incapacity of the Indemnitee or the termination of the Indemnitee's service as an officer, director, employee or agent of the Company and shall inure to the benefit of, and be enforceable by, the Indemnitee's heirs, executors, guardians, administrators or assigns.

(c) Subrogation. In the event of any payment by the Company under this Agreement, the Company shall be subrogated to the extent thereof to all rights of recovery previously vested in the Indemnitee, who shall cooperate with the Company, at the Company's expense, in executing all such instruments and taking all such other actions as shall be reasonably necessary for the Company to enforce such right or as the Company may reasonably request.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

11. Miscellaneous.

(a) This Agreement shall become effective as of the Effective Date.

(b) This Agreement contains the entire agreement of the parties relating to the subject matter hereof.

(c) Any provision of this Agreement may be amended or waived only if such amendment or waiver is in writing and signed, in the case of an amendment, by both parties hereto or, in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by either party in exercising any right, power or privilege hereunder shall operate as a waiver hereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right, power or privilege.

(d) If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

(e) Nothing contained in this Agreement is intended to create in the Indemnitee any separate or independent right to continued employment by the Company.

(f) This Agreement may be executed in counterparts, but all such counterparts taken together shall constitute on and the same Agreement.

(g) The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. The use of the word "including" in this Agreement shall be by way of example rather than limitation. The use of the word "or" in this Agreement is intended to be conjunctive rather than disjunctive.

* * * * *

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

MAGELLAN PETROLEUM CORPORATION

By: _____

Name:

Title:

Indemnatee

Indemnification Statement

STATE OF)
) ss.
COUNTY OF)

I, _____, being first duly sworn, do depose and state as follows:

1. This Indemnification Statement is submitted pursuant to the Indemnification Agreement, dated _____, 200__ between Magellan Petroleum Corporation, a Delaware corporation (the "Company"), and the undersigned.

2. I am requesting indemnification against expenses (including, without limitation, attorneys' fees and expenses), costs, judgments, damages, fines and amounts paid in settlement, all of which (collectively, "Liabilities") have been or will be actually and reasonably incurred by me in connection with an actual or threatened action, suit or proceeding to which I was or am a party or am threatened to be made a party.

3. With respect to all matters related to any such action, suit or proceeding, I am entitled to be indemnified as herein contemplated pursuant to the aforesaid Indemnification Agreement.

4. Without limiting any other rights which I have or may have, I am requesting indemnification against Liabilities which have arisen or may arise out of

_____.

Indemnitee

Subscribed and sworn to before me, a Notary Public in and for said County and State, this ____ day of _____, 20__.

[Seal]

My commission expires the ____ day of _____, 20__.

Undertaking

STATE OF)
) ss.
COUNTY OF)

I, _____, being first duly sworn, do depose and state as follows:

1. This Undertaking is submitted pursuant to the Indemnification Agreement, dated _____, 200____, between Magellan Petroleum Corporation, a Delaware corporation (the "Company"), and the undersigned.

2. I am requesting advancement of certain expenses (including, without limitation, attorneys' fees and expenses) which I have incurred or will incur in defending a civil, criminal, administrative or investigative action, suit or proceeding.

3. I hereby undertake to repay this advancement of expenses if it shall ultimately be determined that I am not entitled to be indemnified by the Company under the aforesaid Indemnification Agreement or otherwise.

4. The expenses for which advance is requested are, in general, all expenses related to

Indemnitee

Subscribed and sworn to before me, a Notary Public in and for said County and State, this ____ day of _____, 20__.

[Seal]

My commission expires the ____ day of _____, 20__.



**MAGELLAN PETROLEUM CORPORATION
ANNOUNCES VOTING RESULTS OF
ANNUAL MEETING OF SHAREHOLDERS**

PORTLAND, Maine, May 28, 2009 — Magellan Petroleum Corporation (NASDAQ: MPET) (ASX: MGN) announced that its shareholders had voted to approve each of the six items of business at the Company's annual meeting of shareholders held yesterday in Raleigh-Durham, North Carolina. The shareholders voted to approve a \$10 million equity investment in the Company through the issuance of (a) 8,695,652 shares of the Company's common stock, \$0.01 par value per share (the "Common Stock") and (b) warrants to acquire 4,347,826 shares of Common Stock to Young Energy Prize S.A. ("YEP"). The Shareholders also voted to approve:

- the election of William H. Hastings, the Company's President and CEO, as a director to serve a term of office expiring with the 2011 annual meeting of shareholders;
- an amendment to the Company's Restated Certificate of Incorporation (the "Restated Certificate") to repeal the "per capita" voting requirements of Article 12th and 14th thereof, which will have the effect of adopting one-share, one-vote for all matters for which shareholders are required to vote under Delaware law;
- an amendment to the Company's Restated Certificate to repeal Article 13th, the "super majority" voting provisions thereof;
- a replenishment and amendment and restatement of the Company's 1998 Stock Option Plan; and
- the ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending June 30, 2009.

Magellan's President and Chief Executive Officer, William H. Hastings said, "Our shareholders voted to strongly support the Company's planned \$10 million equity investment by YEP, key proposed changes to the Company's corporate governance and the Company's Stock Incentive Plan. In addition, the receipt of shareholder approval of the repeal of the "per capita" voting requirements of the Company's Restated Certificate is a condition to the closing of the YEP equity investment transaction. With this approval in hand, Magellan has now, in place, important elements necessary to initiate further growth initiatives. We will move to complete the closing of the YEP equity investment transaction promptly."

As previously disclosed, on February 9, 2009, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with YEP under which the Company intends to sell, and YEP has agreed to purchase, 8,695,652 shares (the "Shares") of the Company's common stock, par value \$0.01 per share (the "Common Stock") at a purchase price of \$1.15 per share, or an aggregate of \$10,000,000. In addition, the Company agreed at Closing to issue a stock purchase warrant (the "Warrant") to YEP entitling YEP to purchase 4,347,826 additional shares (the "Warrant Shares") of the Company's Common

Stock through warrant exercise at a per share price of \$1.20. On April 3, 2009, the parties amended the Purchase Agreement to extend the outside termination date for the closing of YEP's equity investment from April 30, 2009 to June 30, 2009, in order to conduct yesterday's meeting of shareholders and to complete the YEP equity investment transaction.

The parties now intend to, subject to the satisfaction of the other conditions to closing contained in the Purchase Agreement, to complete the YEP equity investment on or before June 30, 2009.

This press release is for informational purposes only and shall not constitute an offer to sell or a solicitation of an offer to buy any securities of Magellan. The Shares being sold in the private placement and the Warrant Shares have not been registered under the Securities Act of 1933, as amended, or state securities laws, and may not be offered or sold in the United States without being registered with the U.S. Securities and Exchange Commission ("SEC") or through an applicable exemption from SEC registration requirements. The Shares and Warrant Shares are being offered and sold only to YEP. Magellan has agreed to file a registration statement with the SEC covering the resale of the Shares issued in the private placement and the Warrant Shares issuable upon the exercise of the warrants.

* * * * *

For further information, please contact:

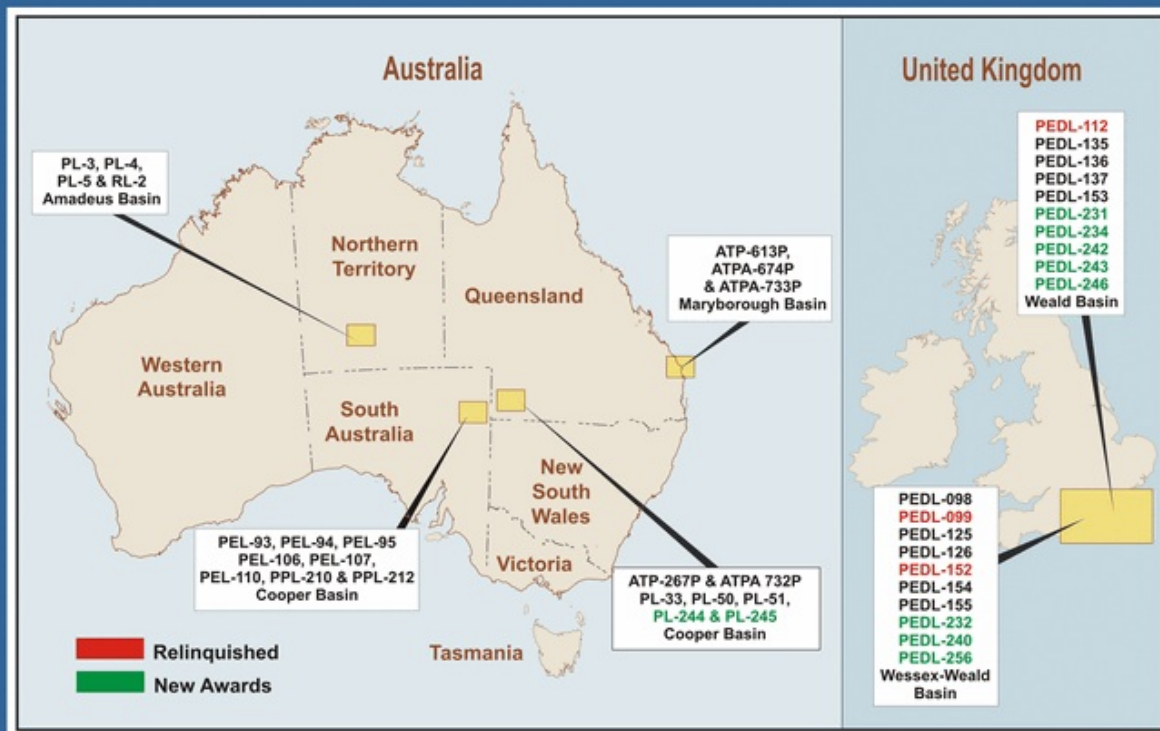
William H. Hastings, President and CEO of Magellan, (207) 776-5616
Daniel J. Samela, Chief Financial Officer of Magellan, at (860) 293-2006



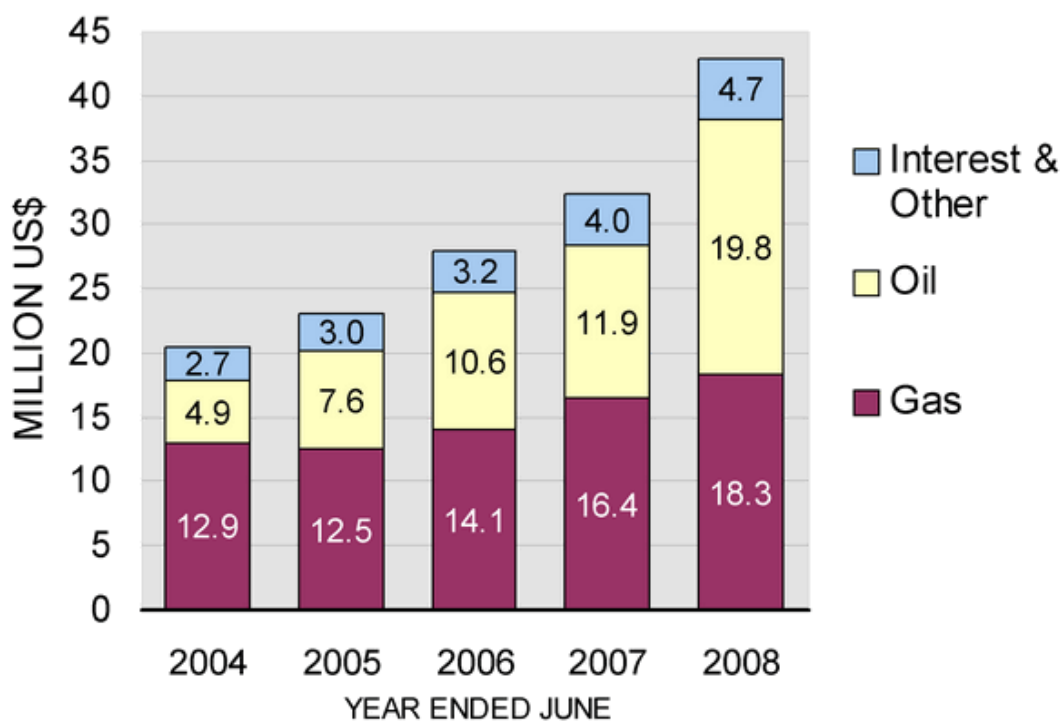
PRESENTATION TO THE
ANNUAL GENERAL MEETING

May 2009

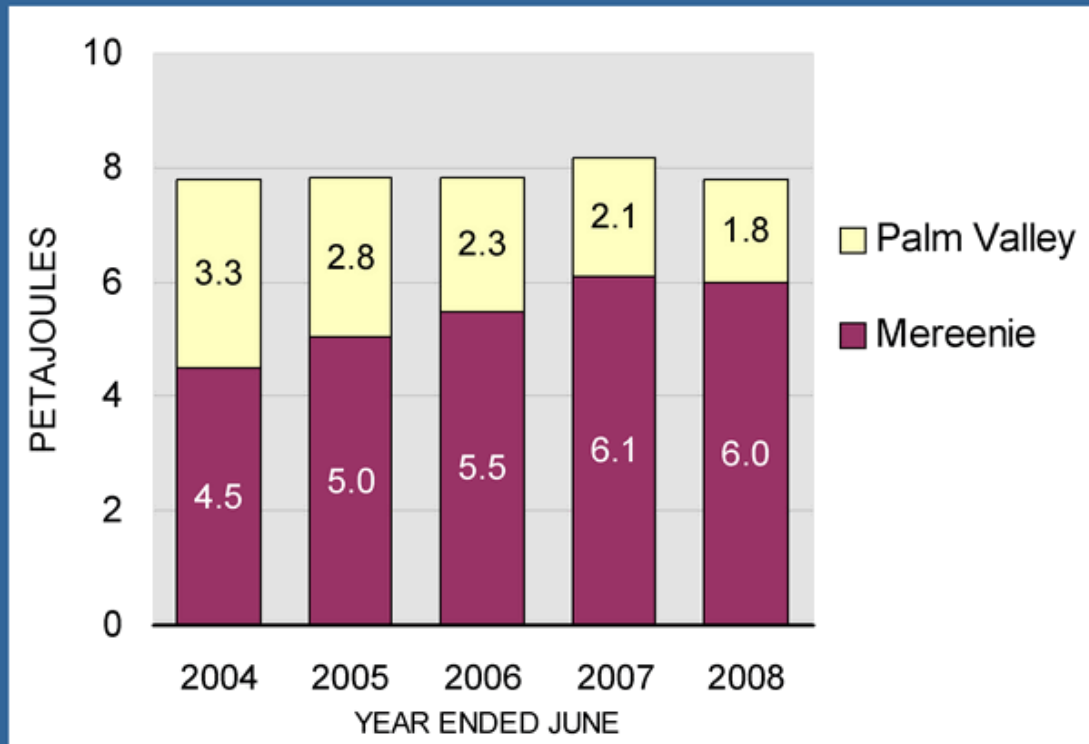
Magellan Petroleum Australia Limited (MPAL) Interests



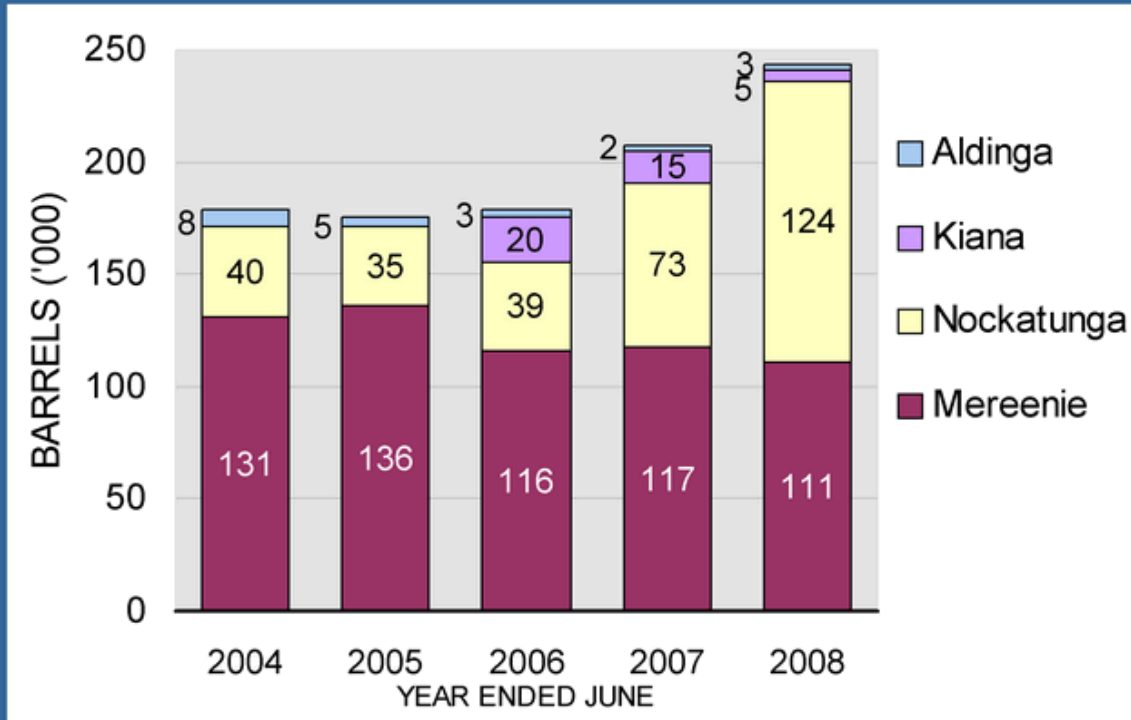
MPAL Revenue Comparison



MPAL Gas Sales



MPAL Oil Sales



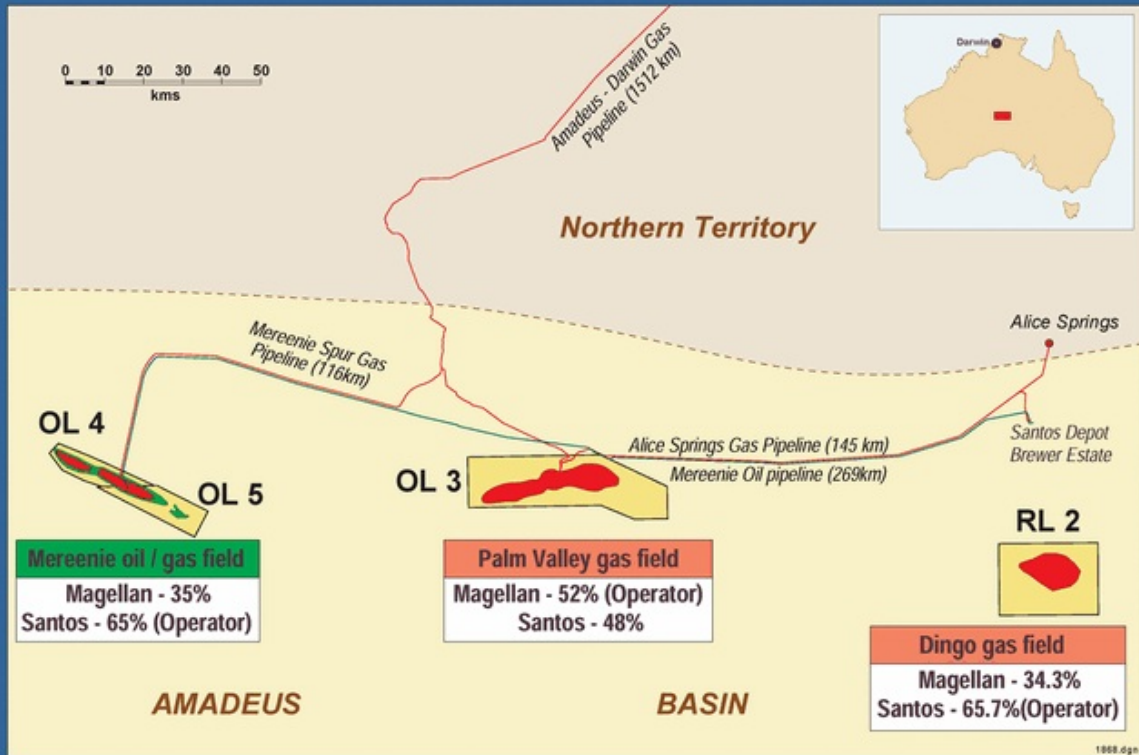


Magellan's Current Focus Areas

Mereenie and Palm Valley Fields

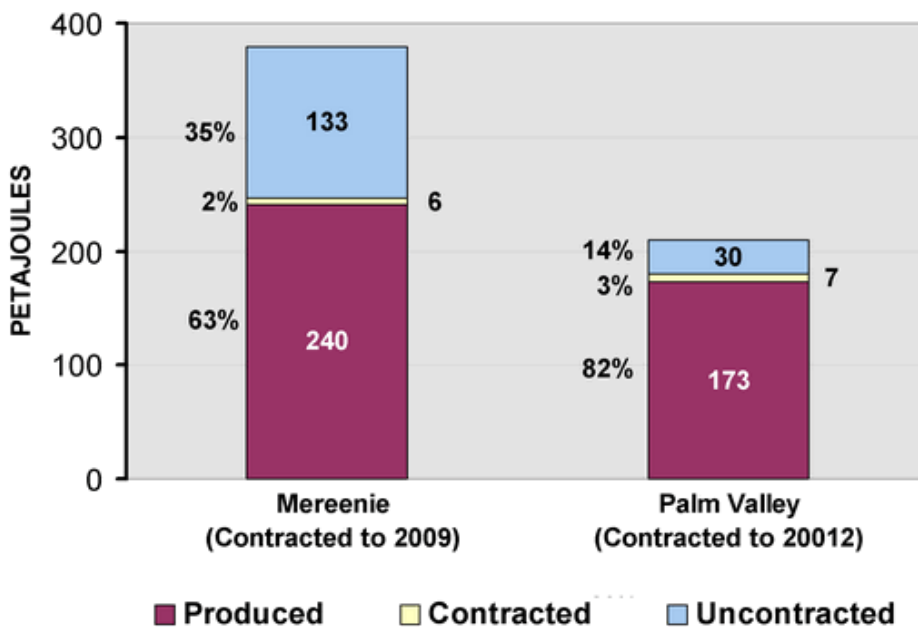
- Market uncommitted Mereenie and Palm Valley gas
 - Optimize Mereenie oil and gas production potential
 - Control costs in Mereenie and Palm Valley
 - Drill oil and gas development wells if commercially viable
-

Amadeus Basin Assets



Gas Sales Contracts

**Contracted & Uncontracted Reserves
Proved & Probable Reserves as at 31-Dec-08**



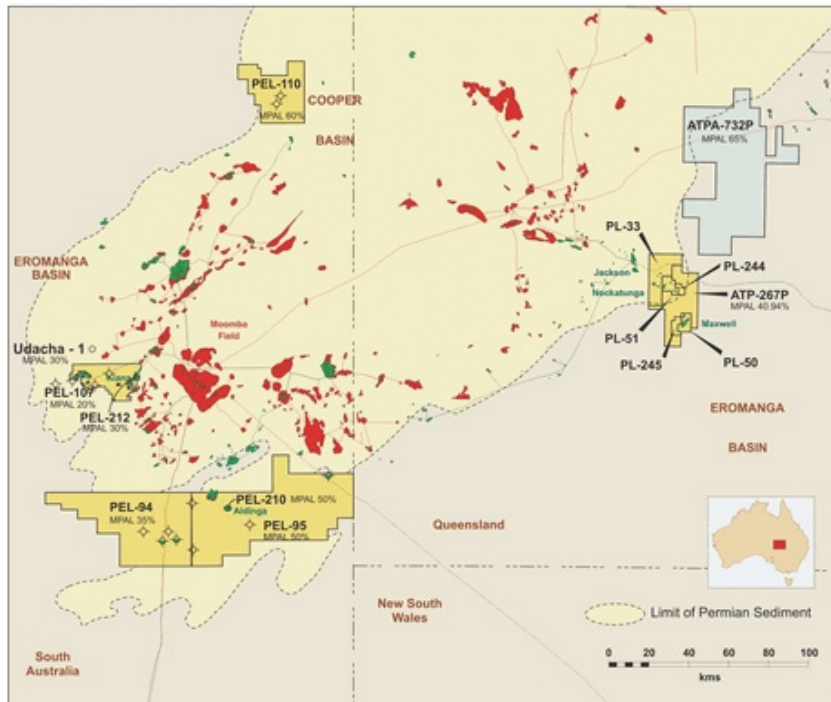


Magellan's Current Focus Areas

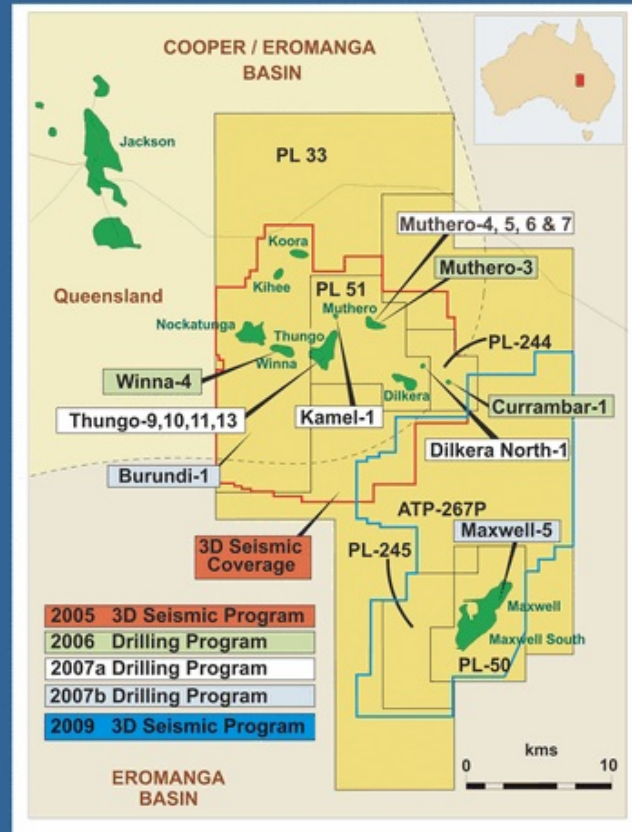
Cooper Basin

- Maxwell-5 in the Nockatunga assets came on production at an initial rate of 66 BOPD with a higher reservoir pressures than expected
 - Success in Maxwell-5 resulted in acquisition of 3D survey over Maxwell Field and adjacent areas in 2009
 - Decision on additional development/appraisal/exploration drilling to await interpretation of 3D
 - Production in the Nockatunga assets to be optimized in low oil price environment.
 - Manage the exploration portfolio elsewhere in the Cooper Basin with an emphasis on the farmout of existing permits
-

Cooper-Eromanga Basins



Nockatunga Area S-W Queensland

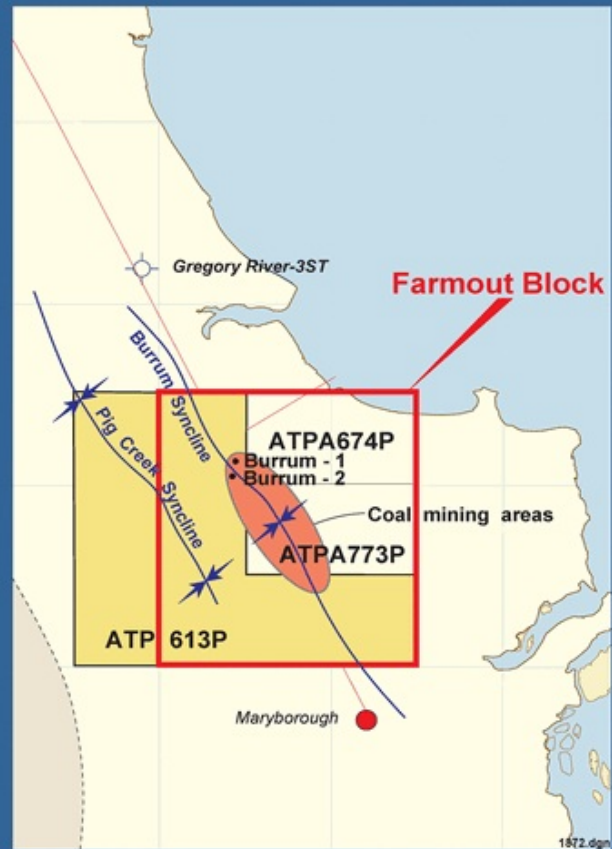


Magellan's Current Focus Areas

Maryborough Basin

- In ATP 613P, ATP Application 674P and ATP Application 733P evaluation of coal seam gas potential of Burrum Coal Measures is ongoing.
 - Magellan has farmed out the area to Blue Energy who completed stage one of the farmin obligations by drilling two exploration wells in ATP 613P.
 - Under stage two of the farmin, Blue Energy will conduct a further work program whereby it will become operator and earn a 75% interest in the farmin area.
 - This work is delayed pending completion of native title negotiations relating to the grant of the two ATPs.
-

Maryborough Basin Coal Bed Methane Potential

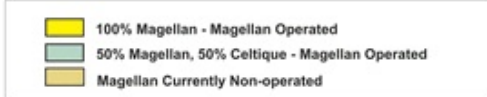
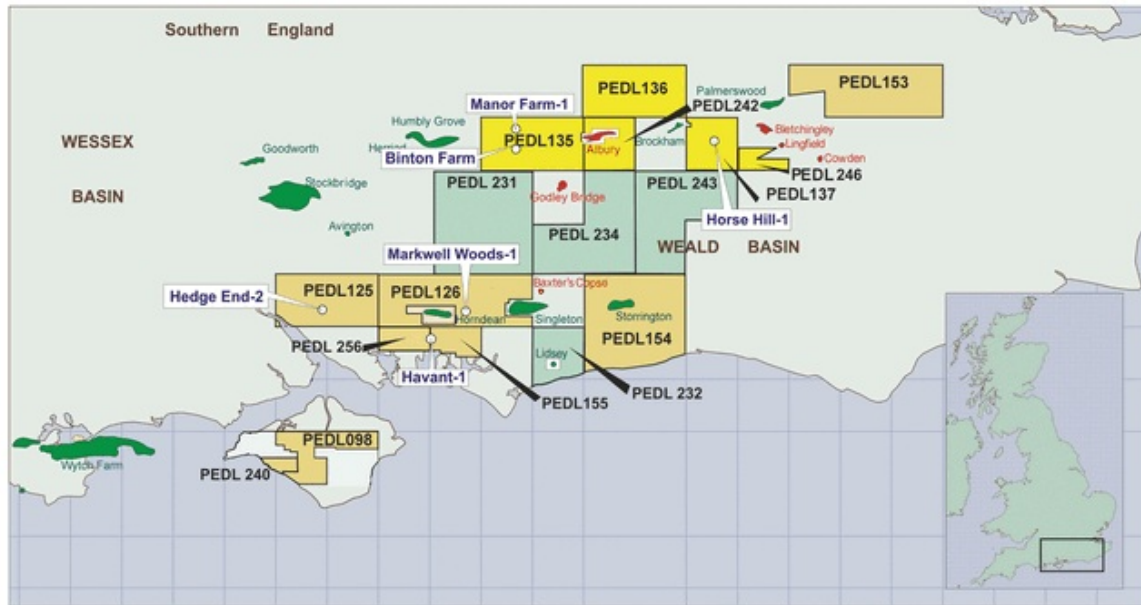


Magellan's Current Focus Areas

Onshore UK

- Planning permission for Markwells Wood-1 and Havant-1 received.
 - Site preparation for Markwells Wood-1 is well advanced and once completed negotiations will commence on a rig contract. Site preparation for Havant-1 to commence 3Q 2009.
 - Farmout of Magellan 100% wells Manor Farm-1 and Horse Hill-1 being progressed. Parties interested but delays experienced due to global financial crisis. Drilling sites identified and planning permission being progressed.
 - Successful 13th Onshore Round of UK licensing – 7 blocks awarded (6 as Operator).
-

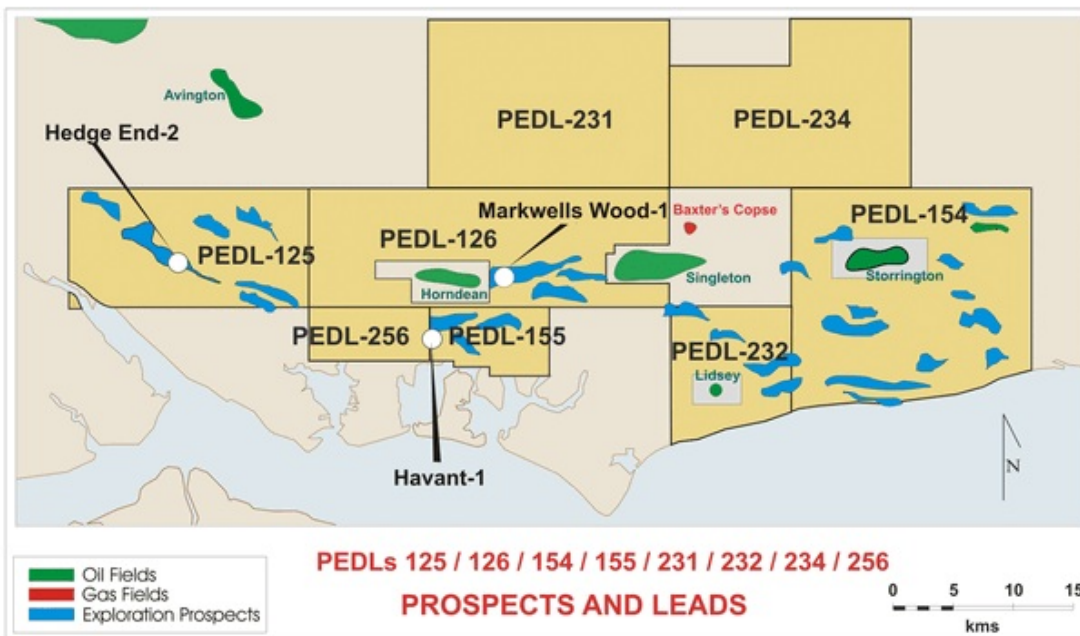
Weald-Wessex Basins



UK AREAS OF INTEREST



UK Prospects Southern Weald Basin





Markwells Wood -1 Access to Site Complete

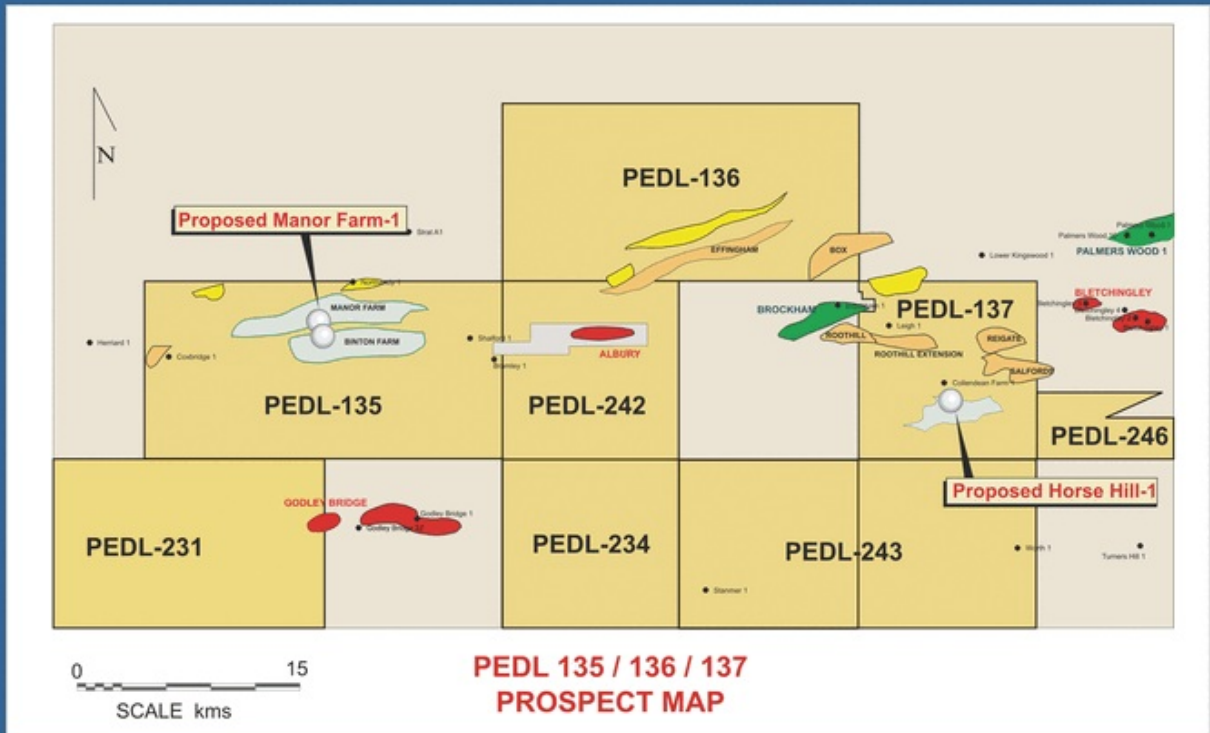




Markwells Wood -1 Track and Site Work



UK Prospects Northern Weald Basin



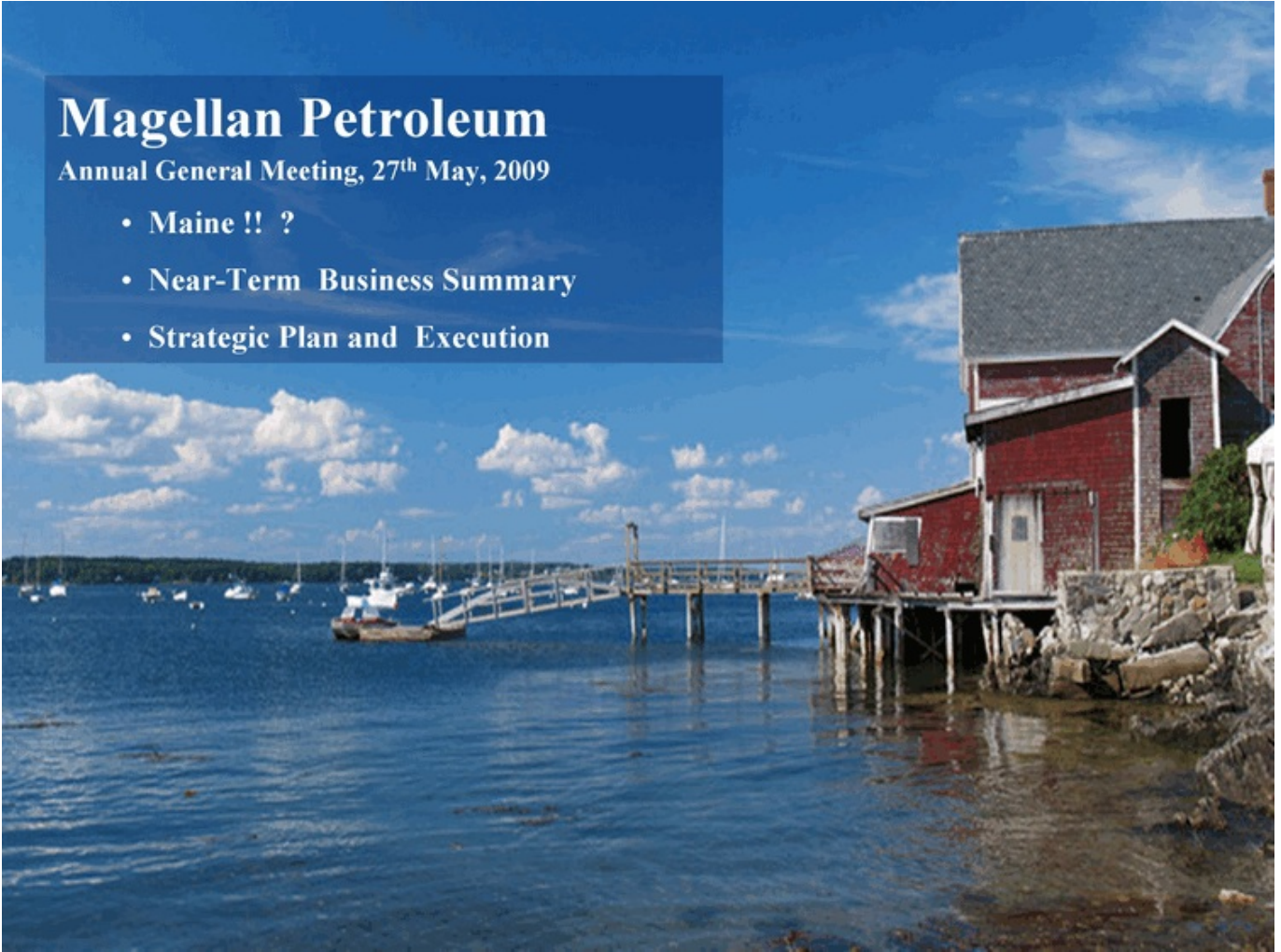


Thank You

Magellan Petroleum

Annual General Meeting, 27th May, 2009

- Maine !! ?
- Near-Term Business Summary
- Strategic Plan and Execution



Forward Looking Statements

Except for historical statements / discussions, some statements contained in this report constitute “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

These forward looking statements are based on current expectations and rely on a number of assumptions concerning future events, and are subject to a number of uncertainties and other factors, many of which are outside our control, that could cause actual results to differ materially from such statements.

Portland, Maine (MSA 350,000)

- ❑ Four Corporate headquarters
- ❑ Kiplinger's Top 5 for "Creative People"
- ❑ Inc's #20 for "Entrepreneurs" and #32 for "Business"
- ❑ Forbes 2009 Most Livable City









MAGELLAN PETROLEUM
CORPORATION

William H. Hastings
May, 2009

Annual General Meeting

Financial Summary, Review, and Discussion
Oil & Gas Commercial / Operations Situation

Business Valuation

Strategic Plan & Effort
Next Steps

Initial Personnel Changes

William H. Hastings

**President and Chief Executive Officer
Magellan Petroleum Corporation**

- **Twenty-seven years service with Marathon Oil Corporation**

- ✓ Active in New Ventures, Business Development, and Natural Gas projects
- ✓ Based in London from 1998 through 2003 and again in 2006

- **Significant Project Development experience**

- ✓ Alvheim (Norway), EGLNG (Equatorial Guinea), Corrib non-op stake, Kinsale Head storage, Symphony Gas line (not built)
- ✓ Existing projects have material impact on financials at Marathon

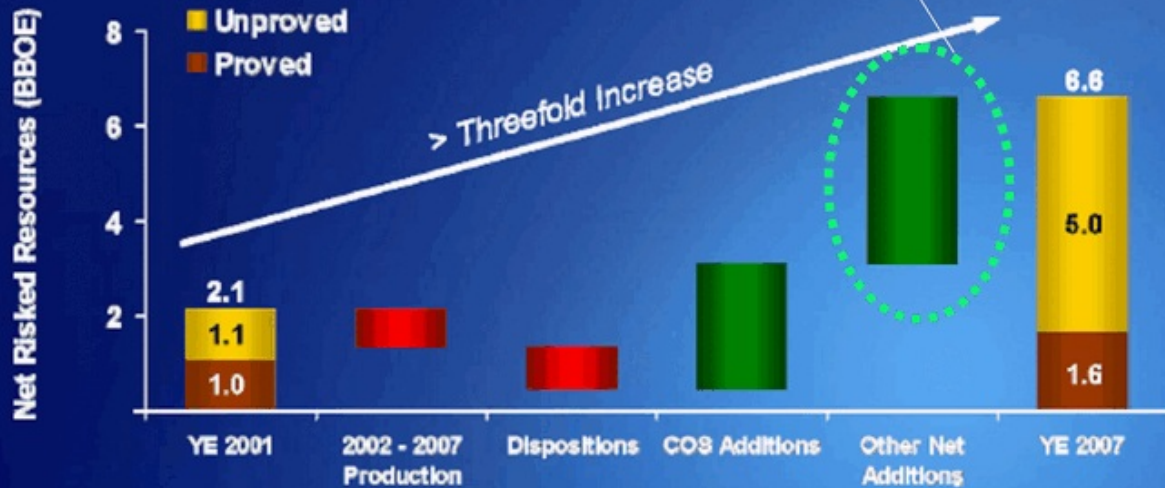
- **Important Skills**

- ✓ Balancing optimism versus realism
 - ✓ Execution of projects (not just talking)
 - ✓ Commitment and Patience necessary to build a business
-

Increased Resource Base Upstream and Oil Sands Mining



Marathon's Success since 2000



Resource growth drives future reserve additions

Business Summary

Business Potential

- **Opportunities**

- ✓ **Expense Reduction and Restructuring effort**

- We have existing fields, remaining reserves, and short /long term market options
- Solutions here have material impact
- Consolidation of operations may require additional capital

- ✓ **Growth**

- Significant, proven but undeveloped fields offshore North Australia
- Subsea template development technology
- Many processing/petrochemical companies increasing supply/exposure to China

- ✓ **Equity Valuations**

- Small-cap valuations are consistently below \$2/boe (30 cents/mcf)
 - Companies with discovered reserves are struggling with debt rollovers
 - Firms in both categories are receptive to combination / new direction
-

Current Business Summary

- **Financially, our year-on-year results were disappointing.**
 - ✓ The Crude oil market collapsed due to the economic meltdown
 - ✓ Natural gas prices remained stable due to fixed contract price
 - ✓ Mereenie and Palm Valley production have initiated expected declines
 - ✓ Gross reserves remain just under 200 BCF - available for sale
 - Our weighted average share of this is 83 BCF (not including Dingo)
 - We are roughly 85% natural gas and 15% oil
 - We are challenged by our cost structure and by pipeline operations reliability

 - **Our cash flow was good and our cash position is superior**
 - ✓ We have no debt
 - ✓ US\$51 million on-hand at YEP closing (45% US\$ and 55% Aus \$)

 - **New Investments**
 - ✓ Low Unit-cost reserves / distressed companies are “available”
 - ✓ We are making moves to secure high-value existing assets
 - ✓ We will rationalize/sell our high-cost operations.
-

Oil & Gas
Commercial / Operations
Discussion



Current Operations Situation

- **Both Mereenie and Palm Valley are producing now but lack long-term gas sales agreements**
 - ✓ **Sales proposals are actively being discussed.**
 - We remain optimistic, but are unsure of the exact outcome as of today.
 - ✓ **Operating expenses at the fields are relatively high**
 - We are exploring basin-wide operating solutions
 - We are pushing (with the Operator, Santos) for substantial opex reduction (including consolidation and remote operation)
 - Expense reduction programs will key to gas sales agreement results.
 - Mereenie oil pipeline operations will need attention and we will truck oil
 - **United Kingdom**
 - ✓ **Markwells Wood site is being cleared**
 - ✓ **Rig access remains key – with drilling to start October 2009 (earliest)**
-

Commercial Natural Gas Status

(Australian Sales)

- **We are active discussion with several parties**
 - ✓ **Downstream markets and partners**
 - ConocoPhillips (Darwin LNG / Bayu Undan)
 - Power and Water Corporation
 - ENI Australia
 - ✓ **Longer-term petrochemicals discussion**
 - Methanol
 - Ammonia
 - ✓ **Blacktip situation**
 - Initial production delayed substantively from 01Jan09
-

Oil Situation

(Cooper Basin & Mereenie)

✓ **Cooper Basin**

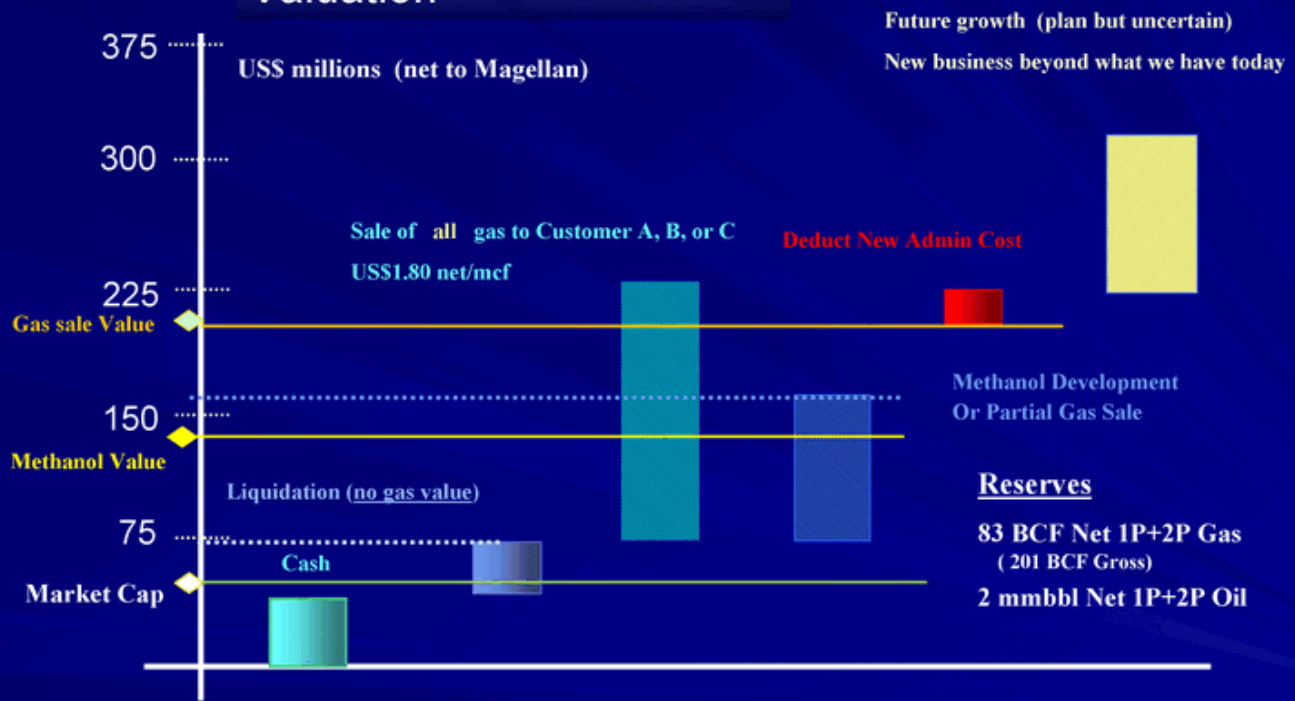
- Unit drilling costs are relatively high at \$20-25/bbl
- Unit operating costs are also high at \$18-24/bbl
- At current market price levels, given the size and risk level, the Cooper Basin will not achieve, long-term, positive financial value.
- Cooper Basin, therefore, is considered non-core

✓ **Mereenie**

- Field production has begun its predicted decline
 - Reliability of the oil pipeline from Mereenie to Brewer Estate is questioned
 - Interim plans to truck oil from Mereenie are active
 - This will marginally increase transport cost for the oil to market.
 - New well sites and pressure maintenance projects can improve Mereenie performance
 - Operator consolidation, remote telemetry operation, and aggressive cost-cutting programs will also significantly improve Mereenie performance
-

Business Valuation Assumptions

Cash Position and Valuation



Note : Each module represents results of Excel economic evaluation (distributed separately)

Strategic Plan & Effort

Strategic Overview

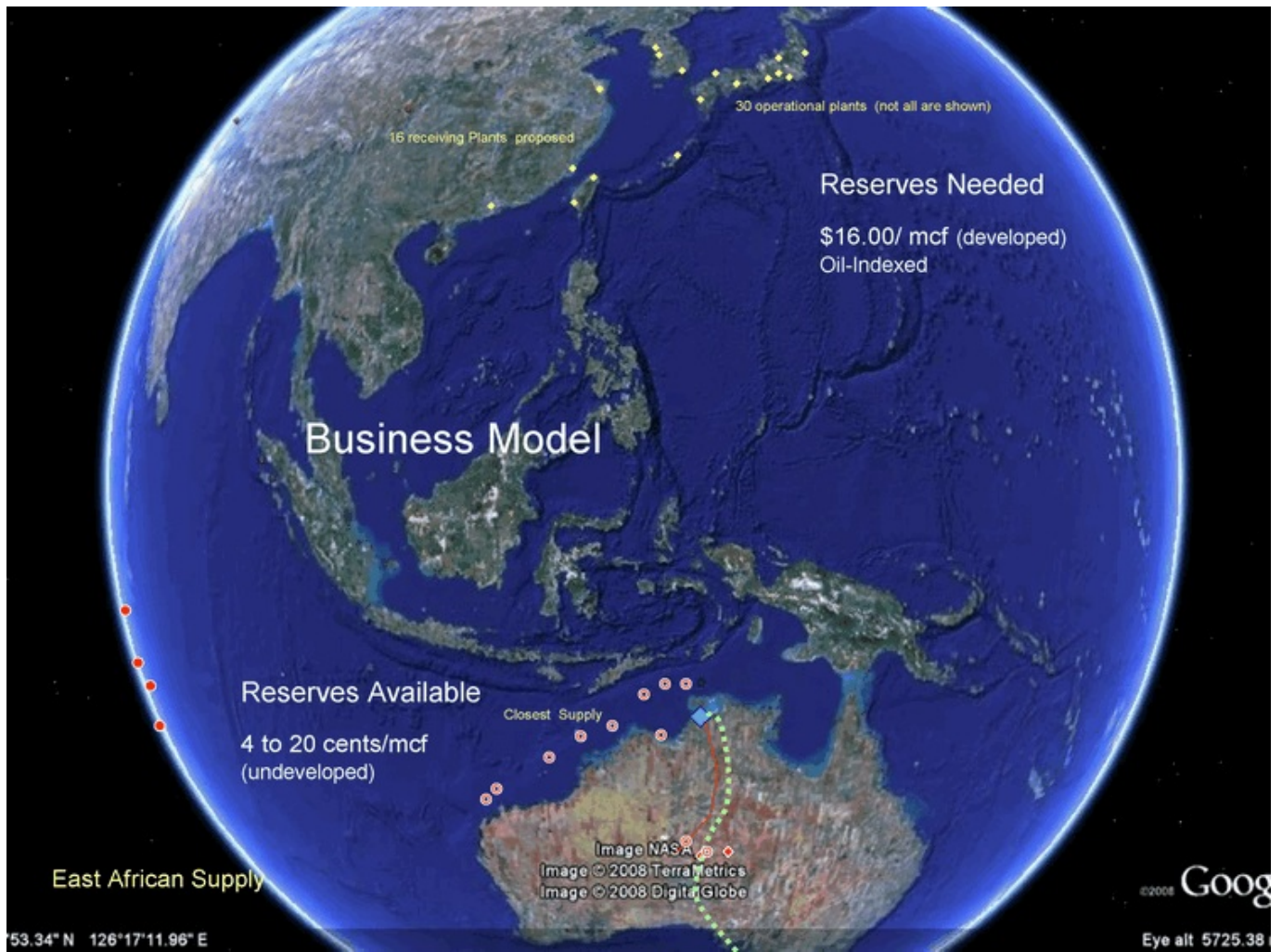
Magellan Petroleum in the future

Near Term

- **Focus on selling uncommitted natural gas volumes**
 - *New sales agreement any of PWC, ENI, or Conoco*
- **Focus and reorganize fields so that operating expenses drop significantly**
 - Single Operator, Remote Operations, move away from 14 on – 14 off
- **Consider new equity / growth capital raise**
- **Build small but effective team into new office**

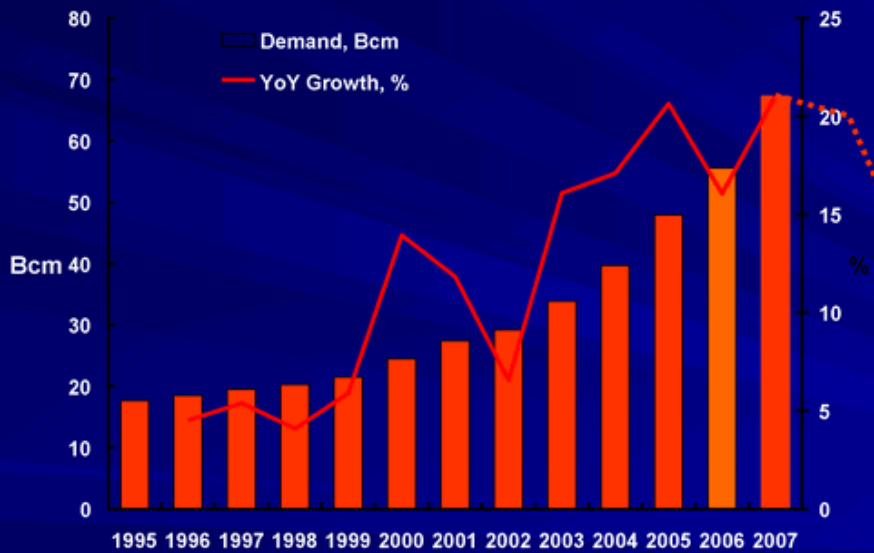
Near & Mid Term Plan

- **Acquire undervalued reserves (< 50 cents/mcf in open market)**
 - Take Board-approved ownership positions in undervalued reserves
 - **Gain voting control – incorporate personnel and assets into new Magellan**
 - **Spud “test” in UK oil play**
 - **Monetize Cooper Basin and reinvest as above**
-



Chinese gas demand

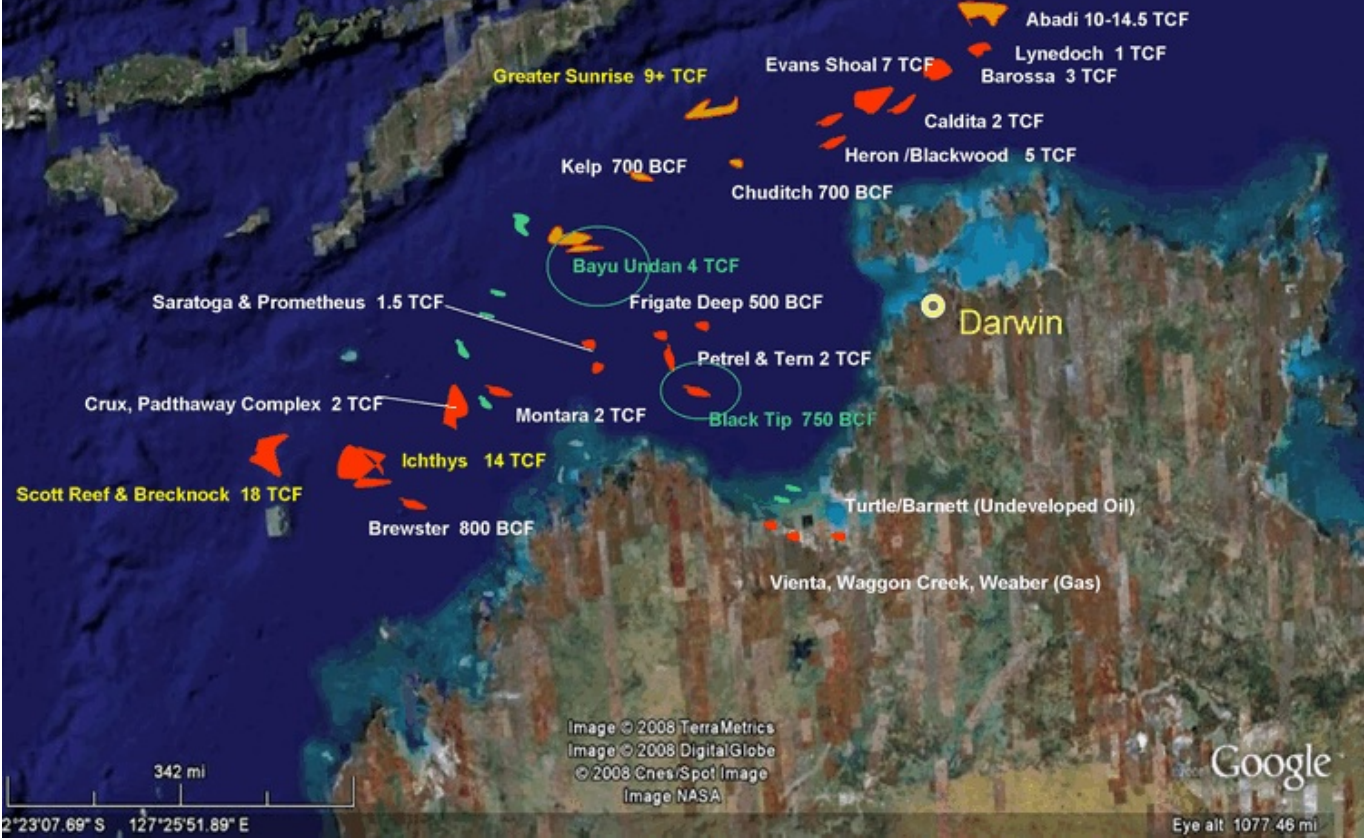
Remarkable growth and still only a “small” market
(CERA)



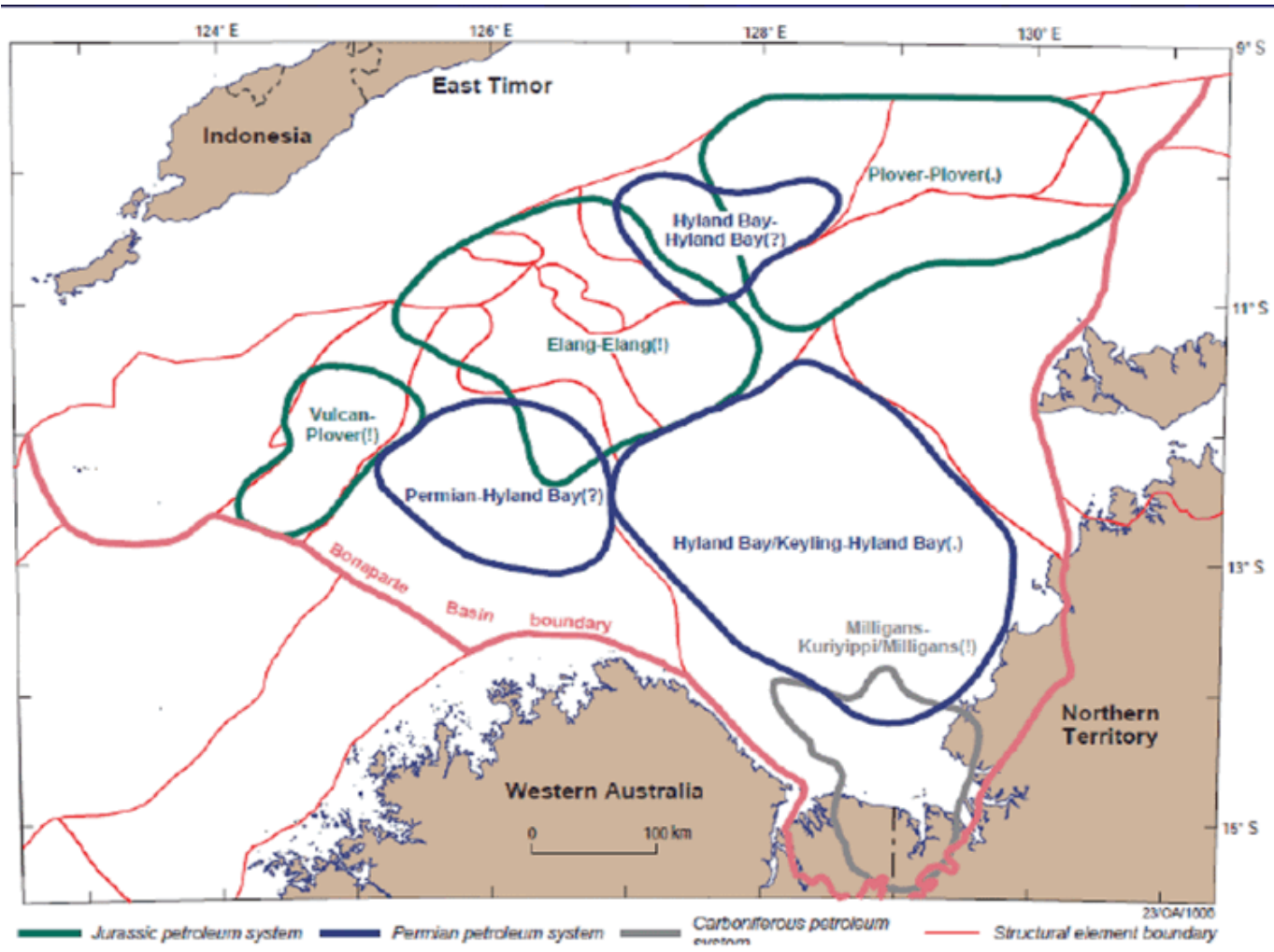
• China's natural gas consumption is a small percentage of total energy consumed and only about 10% of US or European consumption at the moment.

- China: **3.4%** (**67 Bcm**)
- US: 34% (~620 Bcm)
- EU: 24.5% (~550 Bcm)

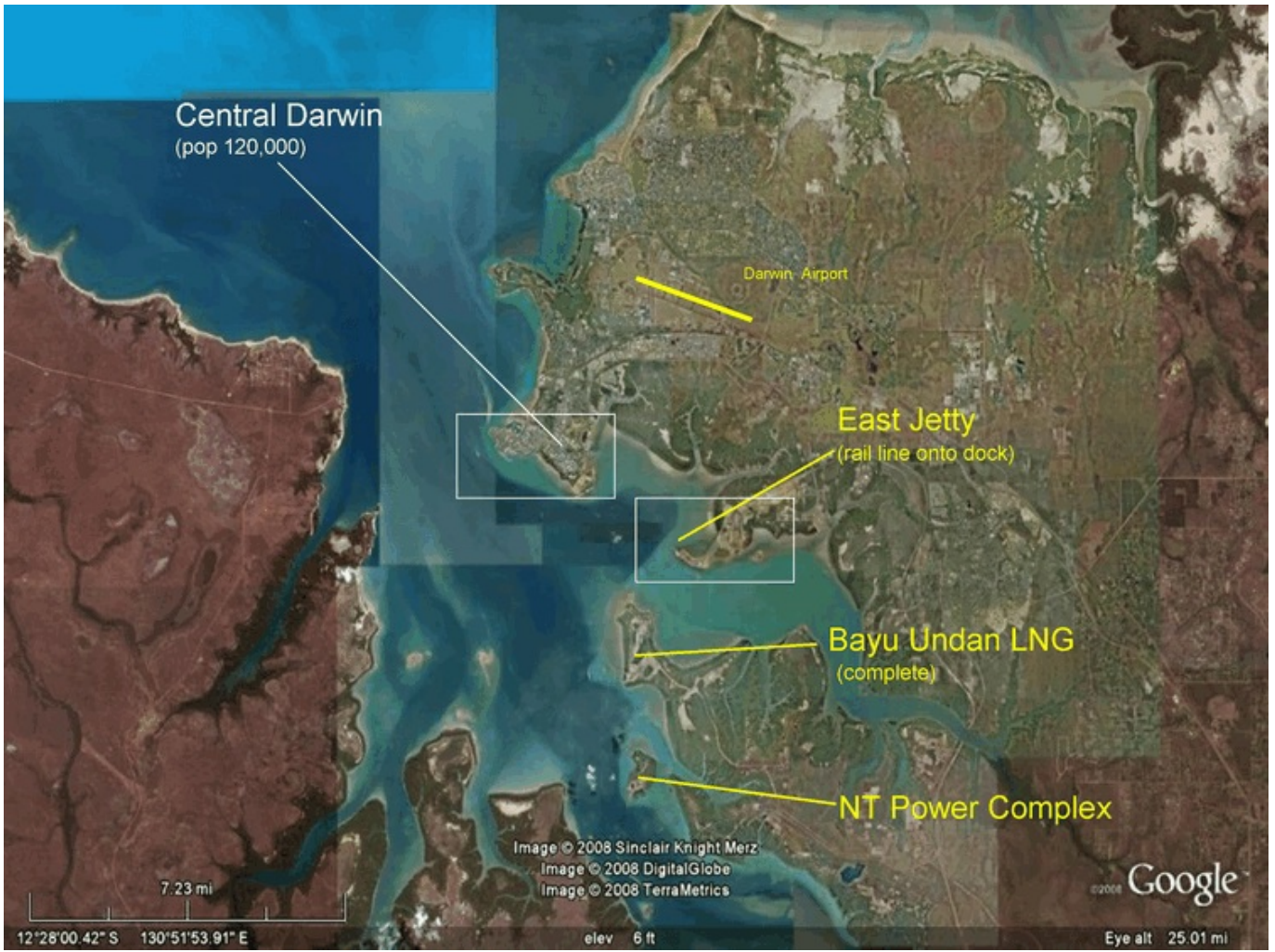
Mapped; 82TCF

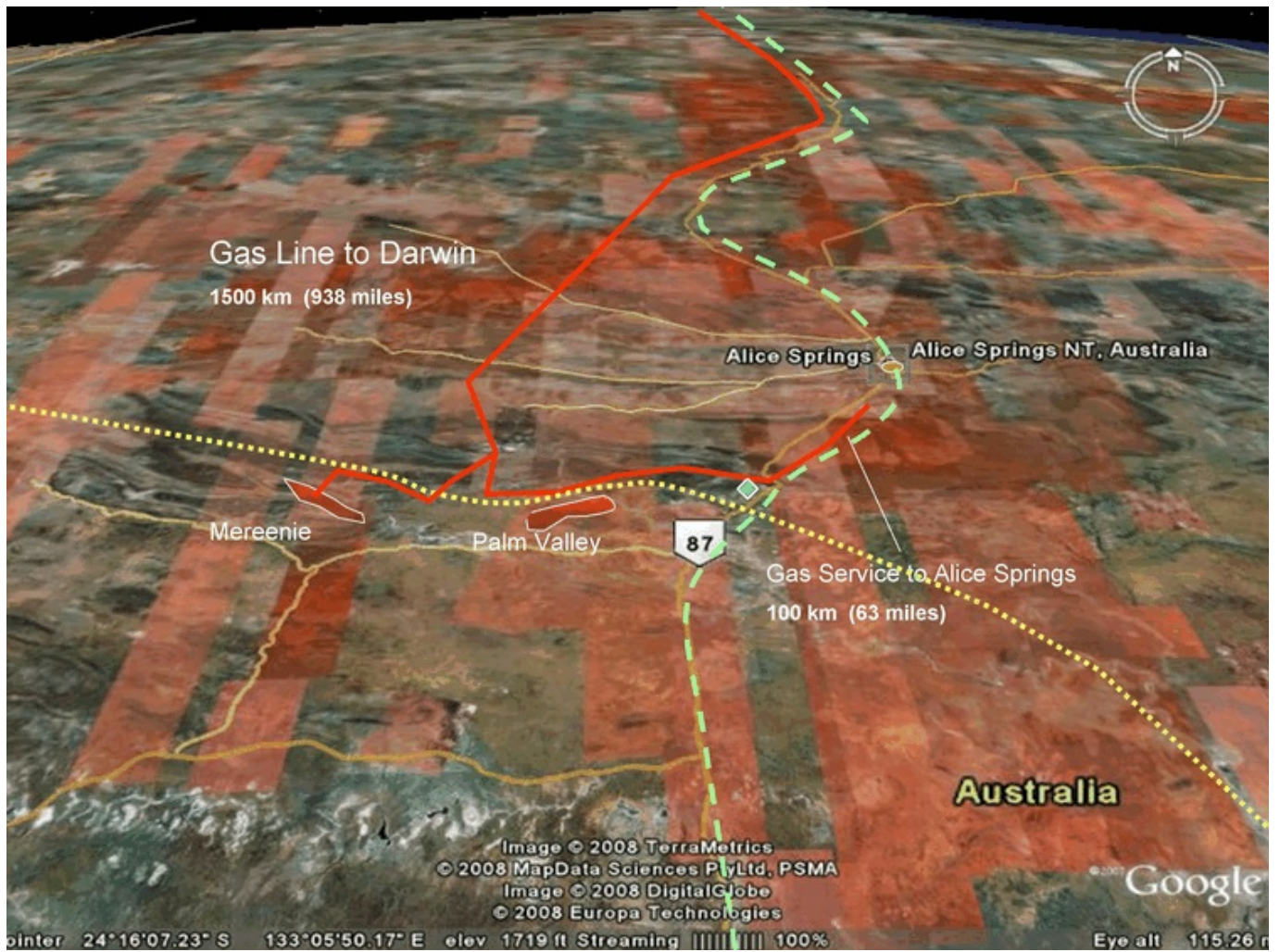








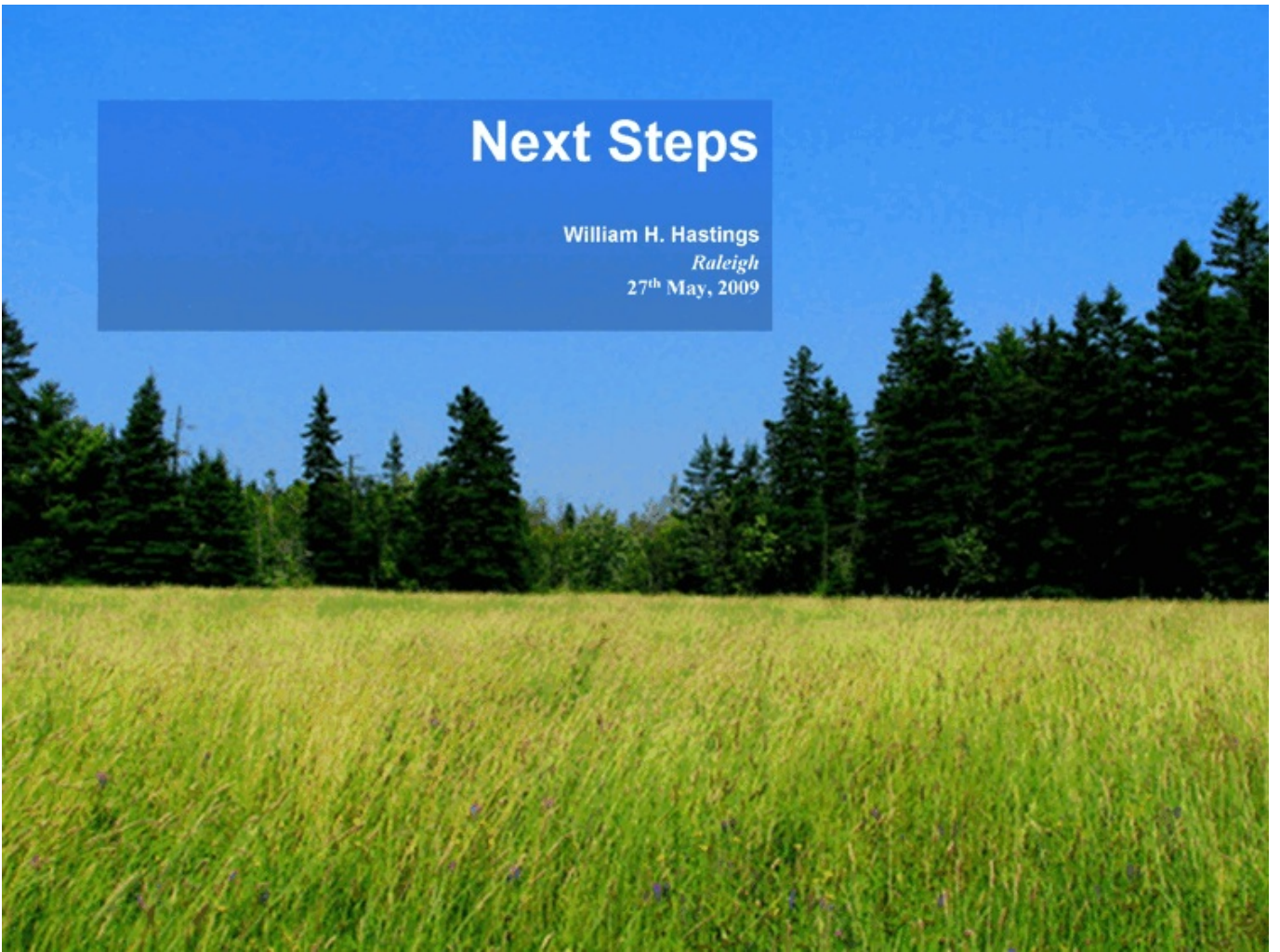






Next Steps

William H. Hastings
Raleigh
27th May, 2009



Strategic Overview

Magellan Petroleum in the future

Near Term

- **Focus on selling uncommitted natural gas volumes**
 - *New sales agreement any of PWC, ENI, or Conoco*
- **Focus and reorganize fields so that operating expenses drop significantly**
 - *Single Operator, Remote Operations, move away from 14 on – 14 off*
- **Consider new equity / growth capital raise**
- **Build small but effective team into new office**

Near & Mid Term Plan

- **Acquire undervalued reserves (< 30 cents/mcf in open market)**
 - *Take Board-approved ownership positions in undervalued reserves*
 - **Gain voting control – incorporate personnel and assets into new Magellan**
 - **Sign Methanol “Heads of Agreement” for exclusive supply to Darwin area**
 - **Spud “test” in UK oil play**
 - **Monetize Cooper Basin and reinvest as above**
-







Thank You

Questions ?





**MAGELLAN PETROLEUM CORPORATION
COMPENSATION COMMITTEE CHARTER**

This Compensation Committee Charter was adopted by the Board of Directors (the “Board”) of Magellan Petroleum Corporation (the “Company”) on May 27, 2009.

This Charter is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company’s Certificate of Incorporation and Bylaws, it is not intended to establish by its own force any legally binding obligations.

I. Purposes

The Compensation Committee (the “Committee”) shall: (A) assist the Board in overseeing the Company’s management compensation policies and practices, including (i) determining and recommending to the Board for its approval the compensation of the Company’s Chief Executive Officer (“CEO”) and the Company’s other executive officers, (ii) reviewing and recommending to the Board for its approval management incentive compensation policies and programs, and exercising discretion in the administration of such programs, and (iii) reviewing and recommending to the Board for its approval equity compensation programs for directors, officers, employees and consultants, and exercising discretion in the administration of such programs; and (B) annually prepare the report of the Committee required by the rules of the U.S. Securities and Exchange Commission (“SEC”).

In discharging its role, the Committee is empowered to: (i) inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company; and (ii) retain outside compensation consultants or other advisors to assist it in carrying out its activities. The Company shall provide adequate resources to support the Committee’s activities, including compensation of the Committee’s consultants and other advisors. The Committee shall have the authority to retain, compensate, direct, oversee and terminate compensation consultants and other advisors hired to assist the Committee, who shall be accountable ultimately to the Committee. The Committee shall have any additional powers and authorities vested in it by stock options, restricted stock, incentive and other compensation plans of the Company, including the Company’s 1998 Stock Incentive Plan.

II. Committee Membership

The Committee shall consist of three or more members of the Board, each of whom the Board shall determine to be “independent” in accordance with applicable rules of the Nasdaq Stock Market, Inc. (“Nasdaq”). In addition, no director may serve unless he or she (i) is a “Non-Employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and (ii) satisfies the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code.

Committee members shall continue to be members as long as they remain directors and until their successors as committee members are elected and qualified or until their earlier death, incapacity, resignation or removal. Any member of the Committee may be removed by the Board, with or without cause, at any time. The Chairman shall be appointed from among the Committee members by, and serve at the pleasure of, the Board. The Chairman shall preside at meetings of the Committee and shall have authority to convene

meetings, set meeting agendas and determine the Committee's information needs, except as otherwise provided by action of the Committee. In the absence of the Chairman at a duly convened meeting, the Committee shall select a temporary substitute from among its members to serve as chair of the meeting.

III. Committee Meetings and Organization

The Committee shall meet on a regularly-scheduled basis at least annually, or more frequently as circumstances dictate, establish its own schedule of meetings and rules of procedure and maintain minutes or other records of Committee meetings and activities. To the extent practicable, the meeting agenda, draft minutes from the prior meeting and supporting materials shall be provided to members of the Committee prior to each meeting to allow time for review. The Committee shall meet at least annually with the CEO and any other corporate officers the Board and Committee deem appropriate to discuss and review the performance criteria and compensation levels of key executives.

The operations of the Committee shall be subject to the provisions of the Company's Certificate of Incorporation and Bylaws, as each shall be in effect from time to time. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter; (b) any provision of the Certificate of Incorporation or Bylaws or (c) the laws of the state of Delaware or any other applicable law. The Committee shall keep minutes of each meeting, which shall be approved by the Committee members and shall be given to the corporate Secretary for filing with the corporate records. The Committee shall also submit the minutes of all meetings of the Committee to, or discuss the matters discussed at each Committee meeting with, the full Board. The Chairman shall report to the Board from time to time and as requested by the Board.

IV. Key Responsibilities

The following responsibilities are set forth as a guide for fulfilling the Committee's purposes, with the understanding that the Committee's activities may diverge as appropriate given the circumstances. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee's purposes or assigned by the Board from time to time. To fulfill its purposes, the Committee shall:

1. recommend to the Board for its approval the objectives of the Company's management compensation programs and its basic compensation policies;
2. review and recommend to the Board for its approval corporate goals and objectives relevant to the compensation of the Company's executive officers, including annual and long-term performance goals and objectives;
3. review and recommend to the Board for its approval any employment agreements, severance arrangements, retirement arrangements, change in control agreements and provisions, and any special or supplemental benefits with respect to any executive officer or other member of senior management;
4. evaluate at least annually the performance of the Company's executive officers against corporate goals and objectives identified by the Board and such other factors as the Committee deems relevant, and, based on this evaluation, determine and recommend to the Board for its approval the compensation (including any awards under any equity-based compensation or non-equity-based incentive compensation plan of the Company and any material perquisites) for the executive officers based on this evaluation;
5. determine and recommend to the Board for its approval the compensation level (including any incentive awards under any equity-based compensation or non-equity-based incentive compensation plan of the Company and any material perquisites) for members of senior

management of the Company (other than executive officers) as the Committee or the Board may from time to time determine to be appropriate;

6. review on a periodic basis the Company's management compensation programs, including any management incentive compensation plans as well as plans and policies pertaining to perquisites, to determine whether they are appropriate, properly coordinated and achieve their intended purposes, and recommend to the Board for its approval any appropriate modifications or new plans, programs or policies;
7. review, approve and recommend to the Board for its approval the adoption of any equity-based compensation plan for employees of or consultants to the Company and any modifications of any such plan; administer such plans (including the 1998 Stock Incentive Plan) as provided by the terms thereof, including authorizing all awards made pursuant to such plans, and monitor compliance by management with such rules, policies and guidelines for the issuance of awards pursuant to such plans as the Committee or the Board may establish;
8. review, approve and recommend to the Board for its approval the adoption of any non-equity-based incentive compensation plan for employees of or consultants to the Company and any modification of any such plan and review at least annually the awards made pursuant to such plans;
9. review, approve and recommend to the Board for its approval the adoption of any employee retirement plan, and any other material employee benefit plan, and any material modifications of any such plans;
10. review and discuss with management the Company's Compensation Discussion and Analysis disclosure required by SEC regulations and determine whether to recommend to the Board that it be included in the Company's Annual Report on Form 10-K and proxy statement on Schedule 14A or information statement on Schedule 14C, as applicable;
11. prepare the report of the Committee required to be included in the Company's Annual Report on Form 10-K and proxy statement on Schedule 14A or information statement on Schedule 14C, as applicable, in accordance with applicable SEC rules and regulations;
12. review the form and amount of director compensation at least annually, and make recommendations thereon to the Board for its approval;
13. monitor compliance of directors and executive officers with the Company's program of required stock ownership;
14. conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
15. review and reassess the adequacy of this Charter annually, and recommend to the Board amendments as the Committee deems appropriate; and
16. report regularly to the Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board requests.