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): August 11, 2010 (August 5, 2010)

Magellan Petroleum Corporation
(Exact Name of Registrant as Specified in Its Charter)

Delaware	
(State or Other Jurisdiction of Incorporation)	
1-5507	**06-0842255**
(Commission File Number)	**(IRS Employer Identification No.)**
7 Custom House Street, 3rd Floor, Portland, ME	**04101**
(Address of Principal Executive Offices)	**(Zip Code)**

207-619-8500
(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))

Item 1.01 Entry into a Material Definitive Agreement

Additional Strategic Investment

As previously disclosed on May 19, 2010, Magellan Petroleum Corporation (the "Company") and its strategic investor, Young Energy Prize S.A., a Luxembourg corporation ("YEP") executed a term sheet on May 10, 2010 embodying an agreement in principle for an additional $15.6 million investment by YEP in the Company.

On August 5, 2010, the Company entered into a definitive Securities Purchase Agreement (the "Purchase Agreement") with YEP, under which the Company has agreed to sell, and YEP has agreed that YEP and/or one or more of its affiliates (collectively, the "Investor") will purchase, 5,200,000 shares (the "Shares") of the Company's common stock, par value $0.01 per share (the "Common Stock") at a purchase price of $3.00 per share, for an aggregate purchase price of $15.6 million (such transaction referred to below as the "Investment Transaction").

Currently, the Investor owns approximately 27% of the outstanding shares of the Company's Common Stock, calculated as if the warrants to purchase shares of such stock currently held by YEP were fully exercised. The Investment Transaction, upon completion, would result in the Investor owning approximately 33% of the outstanding shares of the Company's Common Stock, calculated as if such warrants were fully exercised. Nikolay V. Bogachev, a director of the Company since July 2009, is also the President and CEO of YEP as well as an equity owner in each of YEP and the ECP Fund, SICAV-FIS, an affiliate of YEP.

As described in Item 3.02 below, the Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States in the absence of an effective registration statement or exemption from the registration requirements of the Securities Act.

The Investment Transaction was the result of a negotiation between a special committee of non-management independent members of the Board of Directors of the Company and YEP. Canaccord Genuity Inc., of Boston, MA, acted as financial advisor to the Company with respect to the Investment Transaction and provided a written opinion to the Company that the Investment Transaction is fair, from a financial point of view, to the Company.

A copy of the Company's August 9, 2010 press release announcing the execution of definitive agreements related to the Investment Transaction is filed herewith as Exhibit 99.1 to this Current Report on Form 8-K. Each of the material agreements relating to the Investment Transaction is summarized below. The summaries below are qualified in their entirety by the full text of the agreements, copies of which are filed as exhibits to this Current Report on Form 8-K.

Securities Purchase Agreement

As described above, on August 5, 2010, the Company and YEP entered into the Purchase Agreement under which the Company has agreed to sell, and YEP has agreed that the Investor will purchase, 5,200,000 Shares of the Company's Common Stock, at a purchase price of $3.00 per share. The Purchase Agreement contains customary representations and warranties, which are in certain cases modified by "materiality" and "knowledge" qualifiers.

Placement of the shares is expected to occur in one or more closings through December 25, 2010, with the proceeds from the sale of the Shares to be used to facilitate the closing by the Company's subsidiary, Magellan Petroleum Australia Limited ("MPAL"), of its planned acquisition of the 40% ownership interest in the Evans Shoal field, offshore Australia (the "Evans Shoal Transaction") and to fund a portion of the field's development costs. The Investor has also agreed to support the Company's efforts to identify and obtain sources of additional financing on or prior to October 31, 2010, for the advancement of the Evans Shoal Transaction.

The Purchase Agreement provides that the obligations of the Investor to complete the purchase of the Shares at the Closing is subject to certain conditions (which may be waived by the Investor), including: (i) that the Company has performed, satisfied and complied in all material respects with all covenants, agreements and conditions required under the Purchase Agreement; and (ii) as of the time of any Closing other than the final Closing at which the last of the Shares are sold to and purchased by the Investor to provide funds, together with other funds, to enable the closing of the Evans Shoal Transaction, the progress and status of the Evans Shoal transaction shall be satisfactory to the Investor, and, in the case of such final Closing, the conditions to the closing of the Evans Shoal Transaction shall have been satisfied or waived.

The Company has agreed, in addition to the indemnities provided under the Investor Rights Agreement, to indemnify the Investor (and each "Investor Party" as defined in the Purchase Agreement) for all Losses (as defined in the Purchase Agreement) as a result of or relating to any misrepresentation, breach, or inaccuracy of any representation, warranty, covenant or agreement made by the Company in any Transaction Document (as defined in the Purchase Agreement). The Company shall also reimburse each Investor Party for its reasonable legal and other expenses (including the cost of any investigation, preparation, and travel in connection) incurred in connection therewith, as such expenses are incurred. No Investor Party shall be entitled to indemnification or to be held harmless by the Company with respect to any action or failure to act by or on behalf of the Company if such action or inaction shall have been approved by, consented to or waived by Nikolay V. Bogachev, on behalf of the Investor. In connection with each Closing of the purchase of Shares under the Purchase Agreement, or if the Purchase Agreement is terminated under certain specified circumstances, the Company will reimburse the Investor for its out-of-pocket expenses incurred in connection with the Investment Transaction, in an amount not to exceed $200,000.

The Purchase Agreement may be terminated at any time prior to any Closing only as follows by: (i) the Investor or the Company, if no Closing has occurred on or before October 31, 2010, provided that this right to terminate shall not be available to either party whose failure to perform its obligations under the Purchase Agreement is the primary cause of the failure of the Closing to have occurred by such date; (ii) mutual agreement of the Company and the Investor; or (iii) either the Company or the Investor, if there has been a material breach of any representation, warranty, or covenant or obligation, of the other party contained in the Purchase Agreement, which has not been cured within 15 days after notice thereof.

A copy of the Purchase Agreement dated August 5, 2010 is attached as Exhibit 10.1 to this Current Report on Form 8-K and is hereby incorporated herein by reference.

Memorandum of Agreement

On August 5, 2010, the Company and YEP entered into a Memorandum of Agreement which specifies: (a) that the purpose of the Purchase Agreement is for YEP to provide funds for the Company in connection with the Evans Shoal Transaction; and (b) the conditions under which the Company's reasonable and necessary incurrence of expenses in furtherance of the Evans Shoal Transaction (recognized as such by YEP and majorities of the Special Committee and the Business Development Committee) will cause Closings to occur; and (c) that if one or more Closings of the purchase and sale of the Shares have not been completed prior to the end of the day on October 31, 2010, then the deadline for the completion of the Closings shall be automatically extended to the end of the day on December 25, 2010.

A copy of the Memorandum of Agreement is attached as Exhibit 10.2 to this Current Report on Form 8-K and is hereby incorporated herein by reference.

Investor's Agreement

As a mutual inducement to enter into the Purchase Agreement, the Company and YEP on August 5, 2010 entered into an Investor's Agreement which addresses: (i) certain registration rights granted by the Company to the Investor with respect to the Shares; (ii), the Investor's securities purchase rights with respect to the Shares; (iii) certain restrictions on transfers of the Shares; and (iv) certain standstill obligations, as more fully described below.

In the Investor's Agreement, the Company has agreed to grant the Investor certain registration rights with respect to the Shares. The Company also agreed to pay all expenses associated with the registration of the Shares, including the fees and expenses of counsel to the Investor. The Company has also agreed to indemnify the Investor, and its officers, directors, members, investor, employees and agents, successors and assigns, each other person, if any, who controls the Investor within the meaning of the Securities Act, against any losses, claims, damages, or liabilities, joint or several, to which they may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages, or liabilities arise out of or are based upon specified violations or failures to comply with applicable federal and state securities laws, rules and regulations.

For a period commencing on the Initial Closing Date and ending on December 31, 2012 (the "Interim Period"), the Company will grant to the Investor the right, under certain specified circumstances, for a period of 10 business days after receipt of a Company "Issuance Notice" to purchase up to its "Pro Rata Share" of any "Equity Securities" of the Company (as such terms are defined in the Investor's Agreement) which may be offered and sold by the Company in a subsequent offering, for the purpose of maintaining its percentage equity ownership in the Company. If the price of the Common Stock represented by the equity securities offered and sold by the Company is greater than $3.00 per share, then the Company shall issue to the Investor a three-year warrant to purchase up to its Pro Rata Share of such Equity Securities in lieu of the Investor's purchasing its Pro Rata Share, with the exercise price and other terms and conditions thereof being the price and the other terms and conditions specified in the Company's Issuance Notice.

The Investor's purchase rights do not apply to certain specified transactions, including: (i) Equity Securities offered and sold by the Company in connection with an underwritten public offering registered under the Securities Act; (ii) any Common Stock issued as consideration in connection with or relating to any acquisitions, mergers or strategic partnership transactions (other than transactions entered into primarily for equity financing purposes) that have been approved by the Board; (iii) shares of Common Stock (and/or options, warrants or other Common Stock purchase rights issued pursuant to such options, warrants or other rights), as appropriately adjusted for stock dividends, stock splits, combinations, recapitalizations or other similar events affecting the Common Stock, issued to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary, pursuant to stock purchase or stock incentive plans or other equity compensation arrangements that are approved by the Board; and (iv) any Common Stock issued upon exercise of any options, warrants or convertible securities that are outstanding as of the date of the Investor's Agreement.

The Investor's Agreement also restricts the Investor from transferring the Shares. Under the Investor's Agreement, the Investor may transfer Shares under the following circumstances, subject to specific conditions, including the prior consent of the Company: (i) to a "Permitted Transferee" (as defined in the Investor's Agreement); (ii) to the Company or any of its subsidiaries; (iii) pursuant to any tender offer, exchange offer, merger, consolidation, reclassification, reorganization, recapitalization or other similar transaction; provided that such transaction is an "Approved Transaction" (as defined in the Investor's Agreement); and (iv) to make a bona fide pledge of any or all of the Shares to secure bona fide indebtedness for borrowed money from one or more banks or other institutional lenders; provided that any pledge or grant of any other encumbrance to secure the indebtedness shall not be in an amount in excess of 30% of the then-fair market value of the Shares.

The Investor's Agreement also contains standstill provisions. Under these provisions, during the Interim Period, except for the purchase of the Shares pursuant to the Purchase Agreement and the purchase of any Equity Securities pursuant to the Investor's purchase rights described above, the Investor and each Permitted Transferee have agreed not to, and shall cause their respective affiliates not to, act in concert with any other person, to take certain specified actions, including the following: (i) to acquire beneficial ownership of any Equity Securities if as a result thereof the Investor and its affiliates would hold record or beneficial ownership of Equity Securities in excess of the "Standstill Limit" defined in the Agreement; (ii) to authorize or make tender offers, exchange offers or other offers or proposals to acquire Equity Securities if the effect of such transactions would result in the Investor and its affiliates or any Permitted Transferee and its affiliates exceeding the Standstill Limit; (iii) to solicit or participate in any solicitation of proxies with respect to any Equity Securities having voting rights, (iv) to seek to advise or influence any person with respect to the voting of any such Equity Securities other than an affiliate of the Investor or such Permitted Transferee, except as specified in the Investor's Agreement; (v) to deposit any Equity Securities into a voting trust or otherwise subject any Equity Securities to any agreement, arrangement or understanding with any other person with respect to the voting of such securities; (vi) to join a "13D Group" (as defined in the Investor's Agreement), other than a 13D Group comprised solely of the Investor and its affiliates, or such Permitted Transferee and its affiliates, as the case may be) or otherwise act in concert with any other person for the purpose of acquiring, holding, voting or disposing of any Equity Securities; (vii) to effect or seek to effect any "Change in Control" of the Company (as defined in the Investor's Agreement); (viii) to effect or seek, offer or propose (whether privately or publicly) any recapitalization, restructuring, reorganization, dissolution, liquidation or other similar transaction for or involving the Company or any of its subsidiaries; or (ix) otherwise to act, alone or in concert with any other person, to effect, seek, offer or propose (whether privately or publicly) to affect control of the management, Board action or restraint from action, policies or decisions of the Company.

The Investor's Agreement also provides that during the Interim Period, the Investor and any Permitted Transferee shall not, and they shall cause their respective affiliates not to, propose, effect or agree to any transaction which if consummated would result in a Change in Control (as defined in the Agreement) in which the counterparty, acquirer or surviving entity is: (i) the Investor or such Permitted Transferee, (ii) any affiliate of the Investor, or of such Permitted Transferee, or (iii) any 13D Group of which the Investor or such Permitted Transferee, or any of their respective affiliates, is a member, unless, in any such case, such transaction is an Approved Transaction which has been approved by a majority of the members of the Board who are neither affiliates of the Investor or such Permitted Transferee, as the case may be, nor members of management of the Company.

The standstill provisions will cease to be of any continuing force or effect if, (i) there occurs a Material Adverse Effect (as defined in the Purchase Agreement), (ii) the Board fails to approve a proposed Strategic Transaction recommended in writing by the Business Development Committee or fails to disapprove a proposed Strategic Transaction recommended against in writing by the Business Development Committee, or (iii) the Board proposes to adopt a business plan which materially changes the strategic direction of the Company (for example, so as to alter the current strategic direction of seeking to consummate the Evans Shoal Transaction in accordance with its terms) and the Business Development Committee by majority vote or consent of its members is not in basic agreement with such business plan after discussion with the Board for a period of thirty (30 days after such business plan has been proposed.

A copy of the Investor Rights Agreement dated August 5, 2010 is attached as Exhibit 10.3 to this Current Report on Form 8-K and is hereby incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities

As set forth in Item 1.01 above, pursuant to the Purchase Agreement, the Company has agreed to issue and sell to the Investor in a private placement at one or more Closings to be held through December 25, 2010, up to 5,200,000 Shares of Common Stock at a price of $3.00 per share, for an aggregate purchase price of $15.6 million. In the Purchase Agreement, the Investor has represented that it is an accredited investor, as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act.

The 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 in the absence of an effective registration statement or exemption from the applicable federal and state registration requirements. The Company has relied on the exemption from the registration requirements of the Securities Act set forth in Section 4(2) thereof for the purposes of the transaction.

Item 8.01 Other Events

Private Placement Press Release

On August 9, 2010, the Company issued a press release announcing the execution of the definitive agreements with the Investor related to the Investment Transaction. A copy of the Company's press release is filed herewith as Exhibit 99.1 and is hereby incorporated herein by reference.

Operations Update Press Release

On August 10, 2010, the Company issued a press release announcing an operations update. A copy of the Company's press release is filed herewith as Exhibit 99.2 and is hereby incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

10.1 Securities Purchase Agreement between the Company and Young Energy Prize S.A., dated August 5, 2010.

10.2 Memorandum of Agreement between the Company and Young Energy Prize S.A., dated August 5, 2010.

10.3 Investor Rights Agreement, between the Company and Young Energy Prize S.A., dated August 5, 2010.

99.1 Company press release dated August 9, 2010.

99.2 Company press release dated August 10, 2010.

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/ WILLIAM H. HASTINGS
Name: **William H. Hastings**
Title: **President and Chief Executive Officer**

Dated: August 11, 2010

EXHIBIT INDEX

Exhibit No.	Description
10.1	Securities Purchase Agreement between the Company and Young Energy Prize S.A., dated August 5, 2010.
10.2	Memorandum of Agreement between the Company and Young Energy Prize S.A., dated August 5, 2010.
10.3	Investor Rights Agreement, between the Company and Young Energy Prize S.A., dated August 5, 2010.
99.1	Company press release dated August 9, 2010.
99.2	Company press release dated August 10, 2010.

Exhibit 10.1

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is dated as of August 5, 2010, between Magellan Petroleum Corporation, a Delaware corporation (the "Company"), and Young Energy Prize S.A., a Luxembourg corporation (the "Investor", which term shall mean and include any Affiliate (as defined below) of such Luxembourg corporation designated by it to purchase any Shares (as defined below) at any Closing (as defined below)).

WHEREAS, subject to the terms and conditions set forth in this Agreement, the Company desires to issue and sell to the Investor, and the Investor desires to purchase from the Company, certain securities of the Company, as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and the Investor agree as follows:

ARTICLE 1.

DEFINITIONS

1.1. Definitions. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms shall have the meanings indicated in this Section 1.1:

"Action" means any action, suit, inquiry, notice of violation, proceeding (including any partial proceeding such as a deposition), or investigation pending or threatened in writing against or specifically affecting the Company, any Subsidiary, or any of their respective properties before or by any court, arbitrator, governmental or administrative agency, regulatory authority (federal, state, county, local, or foreign), stock market, stock exchange, or trading facility; provided that Action shall not mean or include any of the foregoing involving a minor traffic infraction, violation of a local ordinance or any other noncompliance with any requirement of law or regulation the potential sanctions for which are similarly immaterial.

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144.

"Board" means the Board of Directors of the Company.

"Business Day" means any day except Saturday, Sunday, and any day which is a federal legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Closing" means the closing of the purchase and sale of any of the Shares pursuant to Article 2.

"Closing Date" means a Business Day, not later than October 31, 2010, on which the parties agree to close the purchase and sale of any of the Shares.

"Commission" means the U.S. Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, par value $.01 per share, and any securities into which such common stock may hereafter be reclassified.

"Company Counsel" means Mintz Levin Cohn Ferris Glovsky and Popeo, P.C.

"Company Deliverables" has the meaning set forth in Section 2.3(a).

"Disclosure Materials" has the meaning set forth in Section 3.1(h).

"Evans Shoal Transaction" means the transactions contemplated by that certain Assets Sale Deed, dated March 25, 2010, by and between Magellan Petroleum Australia Limited, the wholly-owned Australian subsidiary of the Company, and Santos Offshore Pty Ltd.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"GAAP" means U.S. generally accepted accounting principles.

"Initial Closing Date" means the date on which the initial Closing hereunder occurs or, if there shall be only one Closing hereunder, the date on which that Closing occurs.

"Investment Amount" means the aggregate purchase price for the Shares purchased by the Investor.

"Investor Deliverables" has the meaning set forth in Section 2.3(b).

"Investor's Agreement" means the Investor's Agreement, dated as of the Initial Closing Date, between the Company and the Investor, in the form of Exhibit A hereto.

"Lien" means any lien, charge, encumbrance, security interest, right of first refusal, or other restriction of any kind.

"Material Adverse Effect" means any of (i) a material and adverse effect on the legality, validity, or enforceability of any Transaction Document, (ii) a material and adverse effect on the results of operations, assets, business, or condition (financial or otherwise including such an effect on the ability of the Board and management to carry out their customary functions in the ordinary course of the business) of the Company and the Subsidiaries, taken as a whole, other than any such effect resulting from or relating to a decline in the prices of oil and gas or any other facts or circumstances adversely affecting oil and gas exploration or drilling businesses globally or in the geographic area to which the Evans Shoal Transaction relates, or (iii) a material and adverse impairment to the Company's ability to perform on a timely basis its obligations under any Transaction Document.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof), or other entity of any kind.

"Proceeding" means an action, claim, suit, investigation, or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Registration Statement" means a registration statement meeting the requirements set forth in the Investor's Agreement and covering the resale by the Investor of the Shares.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"SEC Reports" has the meaning set forth in Section 3.1(h).

"Securities Act" means the Securities Act of 1933, as amended.

"Shares" means the shares of Common Stock purchased by the Investor pursuant to this Agreement.

"Special Transaction Committee" means the committee of the Board, the members of which are non-management directors independent of the Investor and its Affiliates, established to act for the Company in lieu of the full Board in connection with the transaction which is the subject of this Agreement, or any alternative transaction.

"Subsidiary" means any "significant subsidiary" as defined in Rule 1-02(w) of Regulation S-X promulgated by the Commission under the Exchange Act.

"Trading Day" means (i) a day on which the Common Stock is traded on a Trading Market (other than the OTC Bulletin Board), or (ii) if the Common Stock is not listed on a Trading Market (other than the OTC Bulletin Board), a day on which the Common Stock is traded in the over-the-counter market, as reported by the OTC Bulletin Board, or (iii) if the Common Stock is not quoted on any Trading Market, a day on which the Common Stock is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding to its functions of reporting prices); provided, that in the event that the Common Stock is not listed or quoted as set forth in (i), (ii), or (iii) hereof, then Trading Day shall mean a Business Day.

"Trading Market" means whichever of the New York Stock Exchange, the American Stock Exchange, the NASDAQ National Market, the NASDAQ Capital Market, or the OTC Bulletin Board on which the Common Stock is listed or quoted for trading on the date in question.

"Transaction Documents" means this Agreement, the Investor's Agreement, and any other documents or agreements executed in connection with the transactions contemplated hereunder.

ARTICLE 2.

PURCHASE AND SALE

2.1. Purchase and Sale of Shares. Subject to the terms and conditions set forth in this Agreement, at one or more Closings the Company shall issue and sell to the Investor, and the Investor shall purchase from the Company, an aggregate of 5,200,000 Shares for an Investment Amount of $15,600,000, being the aggregate purchase price for all 5,200,000 Shares, at a per-share purchase price of $3.00 per Share; provided that, for the avoidance of doubt, a Closing or Closings shall have occurred for the purchase and sale of all of the Shares on or before the closing of the Evans Shoal Transaction.

2.2. Closing. The purchase and sale of the Shares pursuant to this Agreement may occur in one or more Closings on such Closing Dates as requested by the Company and approved by the Investor. Each Closing shall take place at the offices of the Company Counsel, One Financial Center, Boston, Massachusetts 02111 on the Closing Date for the purchase and sale of Shares to which such Closing relates.

2.3. Closing Deliveries.

(a) At each Closing, the Company shall deliver or cause to be delivered to the Investor the following **(the "Company Deliverables"):**

(i) a certificate evidencing the number Shares purchased and sold at such Closing, registered in the name of the Investor;

(ii) the legal opinion of Company Counsel, in a mutually agreed form, addressed to the Investor, which may be a true copy of an opinion delivered at any prior Closing; and

(iii) the duly executed signature page of the Investor's Agreement for the Company, unless delivered at a prior Closing.

(b) At each Closing, the Investor shall deliver or cause to be delivered to the Company the following **(the "Investor Deliverables"):**

(i) the purchase price for the Shares being purchased at such Closing, in immediately available funds, by wire transfer to an account designated in writing by the Company for such purpose;

(ii) the legal opinion of counsel to the Investor, in a mutually agreed form, addressed to the Company, which may be a true copy of an opinion delivered at any prior Closing; and

(iii) the duly executed signature page of the Investor's Agreement for the Investor, unless delivered at a prior Closing.

ARTICLE 3.

REPRESENTATIONS AND WARRANTIES

3.1. Representations and Warranties of the Company. The Company hereby makes the following representations and warranties to the Investor:

(a) Subsidiaries. The Company has no direct or indirect Subsidiaries other than as specified in the SEC Reports. Except as disclosed in the SEC Reports (as defined below), the Company owns, directly or indirectly, all of the capital stock of each Subsidiary free and clear of any and all Liens, and all the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable, and free of preemptive and similar rights.

(b) Organization and Qualification. The Company and each Subsidiary are duly incorporated or otherwise organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation of any of the provisions of its respective certificate or articles of incorporation, bylaws, or other organizational or charter documents, except where the violation would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. The Company and each Subsidiary are duly qualified to conduct their respective businesses, and each is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated thereby shall have been duly authorized by all necessary action on the part of the Company and no further action shall be required by the Company in connection therewith. Each Transaction Document has been (or upon delivery will have been) duly executed by the Company and when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(d) No Conflicts. The execution, delivery, and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws, or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration, or cancellation (with or without notice, lapse of time, or both) of, any agreement or other instrument or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) result in a violation of any law, rule, regulation, order, judgment, injunction, decree, or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents, and Approvals. The Company is not required to obtain any consent, waiver, authorization, or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local, or other United States or foreign governmental authority in connection with the execution, delivery, and performance by the Company of the Transaction Documents, other than (i) the filing with the Commission of one or more Registration Statements in accordance with the requirements of the Investor's Agreement; (ii) the filings required, if any, in accordance with Section 4.5; (iii) filings required by federal or state securities laws; (iv) those that have been made or obtained prior to the date of this Agreement; or (v) those the failure to obtain which would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(f) Issuance of the Shares. The Shares have been duly authorized and, when issued and paid for in accordance with the Transaction Documents, will be duly and validly issued, fully paid, and nonassessable, free and clear of all Liens. The Company has reserved from its duly authorized capital stock the shares of Common Stock issuable pursuant to this Agreement in order to issue the Shares.

(g) Capitalization. The number of shares and type of all authorized, issued, and outstanding capital stock of the Company, and all shares of Common Stock reserved for issuance under the Company's various option and incentive plans, is specified in the SEC Reports, which information is accurate as of the dates indicated. Except as specified in the SEC Reports or as disclosed in Schedule 3.1(g), no securities of the Company are entitled to preemptive or similar rights, and no Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as specified in the SEC Reports or as disclosed in Schedule 3.1(g), there are no outstanding options, warrants, scrip rights to subscribe to, calls, or commitments of any character whatsoever relating to, or securities, rights, or obligations convertible into or exchangeable for, or giving any Person any right to subscribe for or acquire, any shares of Common Stock, or contracts, commitments, understandings, or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock, or securities or rights convertible or exchangeable into shares of Common Stock. Except as specifically disclosed on Schedule 3.1(g), the issue and sale of the Shares will not, immediately or with the passage of time, obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Investor) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange, or reset price under such securities.

(h) SEC Reports; Financial Statements. Except as set forth on Schedule 3.1(h), the Company has filed all reports required to be filed by it under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, since July 1, 2008 (the foregoing materials being collectively referred to herein as the "**SEC Reports**" and, together with the Schedules to this Agreement (if any), the "**Disclosure Materials**") on a timely basis or has timely filed a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. Except as specifically disclosed on Schedule 3.1(h), as of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the Commission promulgated thereunder, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except as specifically disclosed on Schedule 3.1(h), the financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Except as specifically disclosed on Schedule 3.1(h), such financial statements have been prepared in accordance with GAAP applied on a consistent basis during the periods involved, except as may be otherwise specified in such financial statements or the notes thereto, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments. Notwithstanding the foregoing or any other provision of this Agreement, if any SEC Report corrects or completes any matter contained in any earlier-filed SEC Report, or any financial statement included in any earlier-filed SEC Report such that, if the information in such SEC Report, or financial statement, had been included or reflected in such earlier-filed SEC Report, or included financial statement, there would not have been a breach of any of the representations and warranties in this Section, no breach of the representations and warranties in this Section shall be deemed to have occurred.

(i) Press Releases. Except as specifically disclosed on Schedule 3.1(i), to the Company's best knowledge, the press releases disseminated by the Company since July 1, 2008 taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made and when made, not misleading.

(j) Material Changes. Since the date of the Company's most recently filed Report on Form 10-Q, except as specifically disclosed in the SEC Reports or in Schedule 3.1(j), (i) there has been no event, occurrence, or development that has had or that could reasonably be expected to result in a Material Adverse Effect; (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables, accrued expenses, and other liabilities incurred in the ordinary course of business consistent with past practice, (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or required to be disclosed in filings made with the Commission, or (C) as were reasonably necessary to further the Evans Shoal Transaction; (iii) the Company has not altered its method of accounting or the identity of its auditors; (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed, or made any agreements to purchase or redeem any shares of its capital stock; and (v) except as disclosed in the SEC Reports, the Company has not issued any equity securities to any officer, director, or Affiliate, except pursuant to existing Company stock option plans. The Company does not have pending before the Commission any request for confidential treatment of information.

(k) Litigation. There is no Action which, to the knowledge of the Company, (i) adversely affects or challenges the legality, validity, or enforceability of any of the Transaction Documents or the Shares or, (ii) except as specifically disclosed in the SEC Reports or in Schedule 3.1(k), would, if there were an unfavorable decision, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. There has not been, and to the knowledge of the Company, there is not pending any investigation by the Commission involving the Company or any current or former director or officer of the Company (in his or her capacity as such). The Commission has not issued any stop-order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(l) Compliance. Neither the Company nor any Subsidiary (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received written notice of a claim that it is in default under or that it is in violation of, any material agreement or instrument to which it is a party or by which it or any of its properties is bound (except where such default or violation has been waived), (ii) is in violation of any order of any United States or foreign court, arbitrator, or governmental body, or (iii) except as specifically disclosed on Schedule 3.1(l), is or has been in violation of any statute, rule, or regulation of any United States or foreign governmental authority, including without limitation all foreign, federal, state, and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety, and employment and labor matters, except in each case as would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. The Company is in compliance with all effective requirements of the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations thereunder, that are applicable to it, except where such noncompliance would not have or reasonably be expected to result in a Material Adverse Effect.

(m) Regulatory Permits. Except as specifically disclosed on Schedule 3.1(m), the Company and the Subsidiaries possess all certificates, authorizations, and permits issued by the appropriate federal, state, local, or foreign regulatory authorities necessary to conduct their respective businesses as described in the SEC Reports, except where the failure to possess such permits would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, and neither the Company nor any Subsidiary has received any written notice of proceedings relating to the revocation or modification of any such permits.

(n) Title to Assets. The Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them that is material to their respective businesses and good and marketable title to all personal property owned by them that is material to their respective businesses, in each case free and clear of all Liens, except for Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting, and enforceable leases of which the Company and the Subsidiaries are in compliance, except as would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. Without limiting the generality of the foregoing, the Company and the Subsidiaries hold title to their respective oil and gas properties free from reasonable doubt to the end that a prudent Person engaged in the business of purchasing and owning, developing and operating producing oil and gas properties with knowledge of all of the facts and their legal bearing would be willing to accept the same.

(o) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are customary in the businesses in which the Company and the Subsidiaries are engaged for companies of substantially similar size and engaged in substantially similar activities. The Company has no reason to believe that it will not be able to renew its and the Subsidiaries' existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business, as disclosed in the SEC Reports, on terms consistent with market for the Company's and such Subsidiaries' respective lines of business.

(p) Environmental Matters. Except as specifically disclosed on Schedule 3.1(p), the Company and the Subsidiaries are in compliance with all applicable federal, state, local, and foreign laws, regulations, rules, ordinances, and orders which impose requirements relating to environmental protection, hazardous substances, or public or employee health and safety (collectively, "**Environmental Laws**"), except as would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor the Subsidiaries are subject to any pending or threatened claim alleging that the Company or the Subsidiaries, their respective businesses, or any of their respective assets is in violation of any Environmental Law, and neither the Company nor the Subsidiaries has received any notice or other communication, whether oral or written, from any United States or foreign governmental authority or other Person regarding any actual, alleged, possible, or potential violation of, or failure to comply with, any applicable Environmental Law, except, in each case, where such violation or failure to comply would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(q) Transactions With Affiliates. Except as set forth in the SEC Reports or as disclosed in Schedule 3.1(q), none of the officers or directors of the Company or any Subsidiary is currently a party to any transaction with the Company or any Subsidiary (other than for services as employees, consultants, officers and directors), including any contract, agreement, or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director, or employee or, to the knowledge of the Company, any entity in which any officer, director, or employee has a substantial interest or is an officer, director, trustee, or partner.

(r) Internal Accounting Controls. Except as disclosed in Schedule 3.1(r), the Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in Schedule 3.1(r), the Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company, including its Subsidiaries, is made known to the certifying officers by others within those entities, particularly during the period in which the Company's Form 10-K or 10-Q, as the case may be, is being prepared. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures in accordance with Item 307 of Regulation S-K under the Exchange Act for the Company's most recently ended fiscal quarter or fiscal year-end (such date, the "**Evaluation Date**"). The Company presented in its most recently filed Form 10-Q the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Except as described in Schedule 3.1(r), since the Evaluation Date, there have been no significant changes in the Company's internal controls (as such term is defined in Item 308(c) of Regulation S-K under the Exchange Act) or, to the Company's knowledge, in other factors that could significantly affect the Company's internal controls.

(s) Certain Fees. No brokerage or finder's fees or commissions are or will be payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank, or other Person with respect to the transactions contemplated by this Agreement, other than pursuant to the engagement letter whereby Canaccord Genuity Inc. is engaged to advise the Special Transaction Committee and the Board and, if requested, render a fairness opinion or fairness opinions, the financial terms of which engagement have been disclosed to the Investor. The Investor shall have no obligation with respect to any fees or with respect to any claims (other than such fees or commissions owed by the Investor pursuant to written agreements executed by the Investor which fees or commissions shall be the sole responsibility of the Investor) made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by this Agreement.

(t) Certain Registration Matters. Assuming the accuracy of the Investor's representations and warranties set forth in Section 3.2(b)-(e), no registration under the Securities Act is required for the offer and sale of the Shares by the Company to the Investor under the Transaction Documents. Except as disclosed in the SEC Reports, the Company has not granted or agreed to grant to any Person other than the Investor any rights (including "piggy-back" registration rights) to have any securities of the Company registered with the Commission or any other governmental authority that have not been satisfied.

(u) Listing and Maintenance Requirements. Except as specified in the SEC Reports or as disclosed in Schedule 3.1(u), the Company has not, in the two years preceding the date hereof, received notice from any Trading Market to the effect that the Company is not in compliance with the listing or maintenance requirements thereof. The issuance and sale of the Shares under the Transaction Documents does not contravene the rules and regulations of the Trading Market on which the Common Stock is currently listed or quoted.

(v) Investment Company. The Company is not, and is not an Affiliate of, and immediately following each Closing will not have become, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(w) Disclosure. The Company understands and confirms that the Investor will rely on the foregoing representations and covenants in effecting transactions in securities of the Company. The Investor acknowledges and agrees that neither the Company nor any Person acting on behalf of the Company has made and does make any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in this Section 3.1.

3.2. Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Company as follows:

(a) Organization; Authority. The Investor is a corporation duly organized, validly existing, and in good standing under the laws of Luxembourg with the requisite corporate power and authority to enter into and to consummate the transactions contemplated by the applicable Transaction Documents and otherwise to carry out its obligations thereunder. The execution, delivery, and performance by the Investor of the Transaction Documents and the consummation of the transactions contemplated thereby have been duly authorized by all necessary action on the part of the Investor. Each of this Agreement and the other Transaction Documents has been (or upon delivery will have been) duly executed by the Investor and when delivered by the Investor in accordance with the terms hereof and thereof, will constitute the valid and legally binding obligation of the Investor, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(b) Investment Intent. The Investor is acquiring the Shares for its own account for investment purposes only and not with a view to or for distributing or reselling such Shares, without prejudice, however, to the Investor's right at all times to sell or otherwise dispose of all or any part of such Shares in compliance with applicable federal and state securities laws and in accordance with the provisions of the Investor's Agreement. The Investor does not have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Shares.

(c) Investor Status. At the time the Investor was offered the Shares, it was, and at the date hereof it is, (i) knowledgeable, sophisticated, and experienced in making, and qualified to make, decisions with respect to investments in securities representing an investment decision similar to that involved in the purchase of the Shares, including investments in securities issued by the Company and comparable entities, and (ii) an "accredited investor" as defined in Rule 501(a) under the Securities Act. The Investor is not a registered broker-dealer under Section 15 of the Exchange Act.

(d) General Solicitation. The Investor is not purchasing the Shares as a result of any advertisement, article, notice, or other communication regarding the Shares published in any newspaper, magazine, or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(e) Access to Information. The Investor acknowledges that it has reviewed the Disclosure Materials and has been afforded adequate (i) opportunity to ask such questions as it has deemed necessary and to receive answers from representatives of the Company concerning the terms and conditions of the offering of the Shares and the merits and risks of investing in the Shares; (ii) access to information about the Company and the Subsidiaries and their respective financial condition, results of operations, business, properties, management, and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information that the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment. Neither such inquiries nor any other investigation conducted by or on behalf of the Investor or its representatives or counsel shall modify, amend, or affect the Investor's right to rely on the truth, accuracy and completeness of the Disclosure Materials and the Company's representations and warranties contained in the Transaction Documents, subject to the exceptions thereto and as set forth therein, as the case may be.

(f) Certain Trading Activities. The Investor has not directly or indirectly, nor has any Person acting on behalf of or pursuant to any understanding with the Investor, engaged in any transactions in the securities of the Company since the time that the Investor was first contacted regarding the investment in the Company which is the subject of this Agreement or any other investment as an alternative to such investment. The Investor covenants that neither it nor any Person acting on its behalf or pursuant to any understanding with it will engage in any transactions in the securities of the Company prior to the time that the transactions contemplated by the Transaction Documents are publicly disclosed.

(g) Reliance on Investor Representations. The Investor understands that the Shares are being offered and sold to it in reliance upon specific exemptions from the registration requirements of the Securities Act, and the rules and regulations promulgated thereunder, and state securities laws, and that the Company is relying upon the truth and accuracy of, and the Investor's compliance with, the representations, warranties, agreements, acknowledgements, and understandings of the Investor set forth herein in order to determine the availability of such exemptions and the eligibility of the Investor to acquire the Shares. The Investor understands that the Shares are "restricted securities" under the federal securities laws and that under such laws and rules and regulations the Shares may be resold without registration under the Securities Act only in certain limited circumstances. The Investor acknowledges that the Shares must be held indefinitely unless subsequently registered under the Securities Act and under applicable state securities laws or an exemption from such registration is available. The Investor is aware of the provisions of Rule 144 under the Securities Act which permit limited resale of securities purchased in a private placement.

(h) Risks of Investment. The Investor understands that its investment in the Shares involves a significant degree of risk, including a risk of total loss of the Investor's investment, and the Investor has full cognizance of and understands all of the risk factors related to the Investor's purchase of the Shares, including, but not limited to, those set forth in the SEC Reports. The Investor understands that no representation is being made as to the future value of the Common Stock. The Investor has the knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Shares and has the ability to bear the economic risks of an investment in the Shares.

(i) No Approvals. The Investor understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Shares.

(j) Location of Offices. The Investor's principal executive offices are in the jurisdiction set forth in Section 7.3 hereof.

(k) Independent Investment Decision. The Investor has independently evaluated the merits of its decision to purchase Shares pursuant to the Transaction Documents, and has relied on its own industry, business and/or legal advisors in making such decision.

(l) No Voting Agreements. Except for the Transaction Documents, the Investor has not entered into any agreement or arrangement regarding the voting or disposition of the Shares.

(m) No Brokers. No brokerage or finder's fees or commissions are or will be payable by the Investor to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank, or other Person with respect to the transactions contemplated by this Agreement. The Company shall have no obligation with respect to any fees or with respect to any claims (other than such fees or commissions owed by the Company pursuant to written agreements executed by the Company which fees or commissions shall be the sole responsibility of the Company) made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by this Agreement.

The Company acknowledges and agrees that the Investor has not made and does not make any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in this Section 3.2.

ARTICLE 4.

OTHER AGREEMENTS OF THE PARTIES

4.1. Restrictive Legends on Certificates.

(a) Shares may only be disposed of in compliance with state and federal securities laws and in accordance with the Investor's Agreement. In connection with any transfer of the Shares other than pursuant to an effective registration statement, to the Company, or to an Affiliate of the Investor, the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Shares under the Securities Act.

(b) Certificates evidencing the Shares will contain the following legend, until such time as it is not required under Section 4.1(c):

> THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THE TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE SUBJECT TO RESTRICTIONS ON TRANSFER AS SET FORTH IN AN INVESTOR'S AGREEMENT DATED AS OF AUGUST 5, 2010, A COPY OF WHICH WILL BE PROVIDED BY THE COMPANY TO THE REGISTERED HOLDER OF THIS CERTIFICATE UPON SUCH HOLDER'S REQUEST AND WITHOUT CHARGE.

(c) Certificates evidencing Shares shall not contain any legend (including the legend set forth in Section 4.1(b)): (i) with respect to a sale or transfer of such Shares pursuant to an effective registration statement (including the Registration Statement), or (ii) with respect to a sale or transfer of such Shares pursuant to Rule 144 (assuming the transferee is not an Affiliate of the Company). The Company agrees that following the effective date of the initial Registration Statement filed with the Commission in accordance with the Investor's Agreement or at such time as such legend is no longer required under this Section 4.1(c), it will, no later than seven Trading Days following the delivery by the Investor to the Company or the Company's transfer agent of a certificate representing Shares issued with a restrictive legend, together with the written request of the Investor accompanied by the written representation letter in customary form, deliver or cause to be delivered to the Investor a certificate representing such Shares that is free from all restrictive and other legends. Certificates for Shares subject to legend removal hereunder shall be transmitted by the transfer agent of the Company to the Investor by crediting the account of the Investor's prime broker with the Depository Trust Company System.

(d) The Investor agrees that the removal of the restrictive legend from certificates representing Shares as set forth in this Section 4.1 is predicated upon the Company's reliance that the Investor will sell any such Shares pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom.

4.2. Furnishing of Information. The Company covenants to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act. The Company further covenants that it will take such further action as any holder of Shares may reasonably request, all to the extent required from time to time to enable such Person to sell the Shares without registration under the Securities Act within the limitation of the exemptions provided by Rule 144.

4.3. Integration. The Company shall not, and shall use its reasonable best efforts to ensure that no Affiliate of the Company shall, sell, offer for sale or solicit offers to buy, or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Shares in a manner that would require the registration under the Securities Act of the sale of the Shares to the Investor.

4.4. Indemnification.

(a) In addition to the indemnity provided in the Investor's Agreement, the Company shall indemnify and hold harmless the Investor and its directors, officers, managers, shareholders, investors, members, partners, employees, and agents (each, an "Investor Party") from any and all losses, liabilities, obligations, claims, contingencies, damages, costs, and expenses, including all judgments, amounts paid in settlements, court costs, and reasonable attorneys' fees and costs of investigation (collectively, "Losses"), that any such Investor Party may suffer or incur as a result of or relating to any misrepresentation, breach, or inaccuracy of any representation, warranty, covenant, or agreement made by the Company in any Transaction Document. In addition to the indemnity contained herein, the Company shall reimburse each Investor Party for its reasonable legal and other expenses (including the cost of any investigation, preparation, and travel in connection therewith) incurred in connection therewith, as such expenses are incurred. Notwithstanding any other provision of this Agreement, no action or failure to act by or on behalf of the Company shall be deemed a breach by the Company of this Agreement, and no Investor Party shall be entitled to indemnification or to be held harmless by the Company with respect thereto, if such action or failure to act shall have been approved, voted favorably on or consented to or waived by Nikolay V. Bogachev, any such approval, vote, consent or waiver being deemed for purposes of this Agreement and the transactions contemplated hereby to having been made by the Investor.

(b) In addition to the indemnity provided in the Investor's Agreement, the Investor shall indemnify and hold harmless the Company and its directors, officers, managers, shareholders, investors, members, partners, employees, and agents (each, a "Company Party") from any and all Losses that the Company may suffer or incur as a result of or relating to any misrepresentation, breach, or inaccuracy of any representation, warranty, covenant, or agreement made by the Investor in any Transaction Document. In addition to the indemnity contained herein, the Investor shall reimburse the Company for its reasonable legal and other expenses (including the cost of any investigation, preparation, and travel in connection therewith) incurred in connection therewith, as such expenses are incurred. Notwithstanding any other provision of this Agreement, no action or failure to act by or on behalf of the Investor shall be deemed a breach by the Investor of this Agreement, and no Company Party shall be entitled to indemnification or to be held harmless by the Investor with respect thereto, if such action or failure to act shall have been approved, voted favorably on or consented to or waived by a majority of the Special Transaction Committee, any such approval, vote, consent or waiver being deemed for purposes of this Agreement and the transactions contemplated hereby to having been made by the Company.

4.5. Listing of Shares. The Company agrees, (i) it will take all action reasonably necessary to continue the listing and trading of its Common Stock on its current Trading Market on the date of this Agreement and will comply in all material respects with the Company's reporting, filing, and other obligations under the bylaws or rules of such Trading Market, and (ii) if the Company applies to have the Common Stock traded on any Trading Market other than that of the date of this Agreement, it will include in such application the Shares, and will take such other action as is necessary or desirable to cause the Shares to be listed on such other Trading Market as promptly as possible.

4.6. Use of Proceeds. The Company will use the net proceeds from the sale of the Shares hereunder to facilitate the closing of the Evans Shoal Transaction.

4.7. Other Related Transactions. The Investor hereby covenants and agrees that, from and after the date of this Agreement, the Investor and its Affiliates will cooperate with, and will provide material leadership and support to, the Company, its Board and the Business Development Committee (as defined in the Investor's Agreement) in order to identify and obtain sources of available financing on or prior to October 31, 2010 for the advancement of the Evans Shoal Transaction; provided that the Company reserves the rights, after consultation with the Business Development Committee, (i) as approved by the Board on behalf of the Company, to determine the process by which such fundraising will be conducted, (ii) as approved by the Special Transaction Committee in the case of any aspect thereof which involves any additional investment by the Investor or any of its Affiliates or any adversity of interest between the Company and the Investor or any of its Affiliates, but subject to the Investor's percentage-maintenance and other rights under the Investor's Agreement, to approve on behalf of the Company any aspect of such fundraising, and, (iii) otherwise, as approved by the Board on behalf of the Company, to approve or not approve the terms and conditions, including but not limited to the price, applicable to any investment by any investor other than the Investor or any of its Affiliates and whether to accept or not accept any such possible investment.

4.8. Luxembourg Securities Law Compliance. Between the date of this Agreement and each Closing Date, the Company shall use commercially reasonable efforts to take whatever actions, if any, as are necessary or appropriate to comply with all applicable legal requirements of the Grand Duchy of Luxembourg pertaining to the issuance and sale of the Shares, and the Investor shall take commercially reasonable actions to assist the Company in that regard. Notwithstanding the foregoing, the Company shall not be required to submit to the jurisdiction of, or to taxation by, the Grand Duchy of Luxembourg.

4.9. Best Efforts. Each party shall use its commercially reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate the transaction contemplated by this Agreement as soon as practicable after the date hereof.

ARTICLE 5.

CONDITIONS PRECEDENT TO CLOSING

5.1. Conditions Precedent to the Obligations of the Investor to Purchase Shares. The obligation of the Investor to acquire Shares at each Closing is subject to the satisfaction or waiver by the Investor, at or before such Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Company contained herein shall be true and correct in all material respects (or true and correct in all respects as to representations and warranties which are qualified by materiality) as of the date when made and as of such Closing as though made on and as of such date, except in any case in which a representation or warranty expressly speaks as of a particular date, in which case, such representation or warranty shall be true and correct as of such date;

(b) Performance. The Company shall have performed, satisfied, and complied in all material respects with all covenants, agreements, and conditions required by the Transaction Documents to be performed, satisfied, or complied with by it at or prior to such Closing;

(c) No Injunction. No statute, rule, regulation, executive order, decree, ruling, or injunction shall have been enacted, entered, promulgated, or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents; provided that, in the case of any thereof which is then reasonably, or would reasonably be believed to be, remedied with the commercially reasonable efforts of the Company and the Investor, the Company and the Investor shall use their respective reasonable efforts to effect such remedy;

(d) Adverse Changes. Since the execution and delivery of this Agreement, no event or series of events shall have occurred that constitutes or would reasonably be expected to result in a Material Adverse Effect;

(e) Evans Shoal Transaction Status. As of the time of any Closing other than the final Closing at which the last of the Shares are sold to and purchased by the Investor to provide funds, together with other funds, to enable the closing of the Evans Shoal Transaction, the progress and status of the Evans Shoal Transaction shall be satisfactory to the Investor, and, in the case of such final Closing, the conditions to the closing of the Evans Shoal Transaction shall have been satisfied or waived;

(f) No Suspensions of Trading in Common Stock; Listing. Trading in the Common Stock shall not have been suspended by the Commission or any Trading Market (except for any suspensions of trading of not more than one Trading Day solely to permit dissemination of material information regarding the Company) at any time since the date of execution of this Agreement, and the Common Stock shall have been at all times since such date listed for trading on a Trading Market; and

(g) Company Deliverables. The Company shall have delivered the Company Deliverables in accordance with Section 2.3(a).

5.2. Conditions Precedent to the Obligations of the Company to Sell Shares. The obligation of the Company to sell Shares at each Closing is subject to the satisfaction or waiver by the Company, at or before such Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Investor contained herein shall be true and correct in all material respects as of the date when made and as of such Closing Date as though made on and as of such date, except in any case in which a representation or warranty expressly speaks as of a particular date, in which case, such representation or warranty shall be true and correct as of such date;

(b) Performance. The Investor shall have performed, satisfied, and complied in all material respects with all covenants, agreements, and conditions required by the Transaction Documents to be performed, satisfied, or complied with by the Investor at or prior to such Closing;

(c) No Injunction. No statute, rule, regulation, executive order, decree, ruling, or injunction shall have been enacted, entered, promulgated, or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents; provided that, in the case of any thereof which is then reasonably, or would reasonably be believed to be, remedied with the commercially reasonable efforts of the Company and the Investor, the Company and the Investor shall use their respective reasonable efforts to effect such remedy;

(d) Fairness Opinion. The Company shall have received an opinion from its financial advisor, Canaccord Genuity Inc., that as of the date of this Agreement, the consideration to be received by the Company as a result of the consummation of the transactions contemplated by the Transaction Documents is fair to the Company from a financial point of view;

(e) Investor Deliverables. The Investor shall have delivered its Investor Deliverables in accordance with Section 2.3(b); and

(f) Luxembourg Securities Law Compliance. The Company and the Investor shall have taken whatever actions, if any, as are necessary or appropriate to comply fully with all applicable legal requirements of the Grand Duchy of Luxembourg.

ARTICLE 6.

TERMINATION PRIOR TO CLOSING

6.1. Termination. This Agreement may be terminated and the transactions contemplated hereunder abandoned at any time prior to any Closing only as follows:

(a) by the Investor or the Company, upon written notice to the other, if no Closing shall have taken place by 6:30 p.m., Eastern Time, on October 31, 2010; provided, that the right to terminate this Agreement pursuant to this Section 6.1(a) shall not be available to any party whose failure to perform any of its obligations under this Agreement is the primary cause of the failure of a Closing to have occurred by such date and time; or

(b) at any time by mutual agreement of the Company and the Investor; or

(c) by the Investor, if there has been a material breach of any representation or warranty, or covenant or obligation, of the Company contained herein and the same has not been cured within 15 days after notice thereof by the Investor to the Company; or

(d) by the Company, if there has been a material breach of any representation, warranty, or covenant of the Investor contained herein and the same has not been cured within 15 days after notice thereof by the Company to the Investor.

6.2. Effect of Termination. Any termination pursuant to this Article 6 shall be without liability on the part of any party, unless such termination is the result of a material breach of this Agreement by a party to this Agreement in which case such breaching party shall remain liable for such breach notwithstanding any termination of this Agreement.

ARTICLE 7.

MISCELLANEOUS

7.1. Fees and Expenses.

(a) At the time of each Closing hereunder, the Company shall reimburse the Investor for its out-of-pocket expenses incurred in connection with the transactions contemplated by the Transaction Documents (including, without limitation, the fees and expenses of the Investor's legal counsel but not other advisors, accountants or experts) through the time of such Closing (collectively, "**Reimbursable Expenses**"), provided that the aggregate amount of Reimbursable Expenses with respect to the transactions contemplated by the Transaction Documents through the final Closing and completion of all reasonable post-Closing matters shall not exceed $200,000 (collectively, "**Reimbursable Expenses**").

(b) Upon any termination of this Agreement resulting from the failure of the Company to satisfy a condition set forth in Section 5.1(b), (g) or (h) where such failure results principally from the Company's refusal to use its commercially reasonable best efforts to fulfill such a condition, the Company shall reimburse the Investor's Reimbursable Expenses in an aggregate amount with respect to the transactions contemplated by the Transaction Documents through the effective time of such termination not to exceed $200,000.

(c) Except as specified in Section 7.1(a) or (b) above, each party shall pay the expenses incurred by such party incident to the negotiation, preparation, execution, delivery, and performance of the Transaction Documents. The Company shall pay all stamp and other taxes and duties levied in connection with the sale of the Shares.

7.2. Entire Agreement. The Transaction Documents, together with the Exhibits and Schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings, discussions, and representations, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits, and schedules.

7.3. Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile on a Trading Day, (b) the Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (c) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as follows:

If to the Company:	Magellan Petroleum Corporation 10 Columbus Boulevard Hartford, CT 06106 Facsimile: (860) 293-2349 Attention: Walter McCann, Chairman of the Board
with a copy to:	Mintz Levin Cohn Ferris Glovsky and Popeo, P.C. One Financial Center Boston, MA 02111 Facsimile: (617) 542-2241 Attention: Richard E. Mikels, Esq.
If to the Investor:	Young Energy Prize S.A. 7 rue Thomas Edison L-1445 Strassen Grand Duchy of Luxembourg Facsimile: (+352) 2702 1-401 Attention: Nikolay V. Bogachev
with a copy to:	Snell & Wilmer L.L.P. 1200 17th Street, Suite 1900 Denver, CO 80202 Facsimile: (303) 634-2020 Attention: Roger C. Cohen, Esq.

or such other address as may be designated in writing hereafter, in the same manner, by such Person.

7.4. Amendments; Waivers; No Additional Consideration. No provision of this Agreement may be waived or amended except in a written instrument signed by the Company and the Investor. No waiver of any default with respect to any provision, condition, or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition, or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

7.5. Construction. The headings herein are for convenience only, do not constitute a part of this Agreement, and shall not be deemed to limit or affect any of the provisions hereof. The language used in this Agreement will be deemed to be the language chosen by the parties and their counsel to express their mutual intent, and no rules of strict construction will be applied against any party. This Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement or any of the Transaction Documents.

7.6. Successors and Assigns. The rights and obligations of the parties hereto shall inure to the benefit of and shall be binding upon the authorized successors and permitted assigns of each party. No party may assign its rights or obligations under this Agreement or designate another Person (i) to perform all or part of its obligations under this Agreement or (ii) to have all or part of its rights and benefits under this Agreement, in each case without the prior written consent of the other party, provided, however, that the Investor may assign its rights and delegate its duties hereunder in whole or in part to an Affiliate or third party acquiring some or all of the Shares in a transaction complying with applicable securities laws without the prior written consent of the Company; provided, that no such assignment shall affect the obligations of the Investor hereunder. In the event of any assignment in accordance with the terms of this Agreement, the assignee shall specifically assume and be bound by the provisions of this Agreement by executing and agreeing to an assumption agreement reasonably acceptable to the other party.

7.7. No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.4.

7.8. Governing Law. All questions concerning the construction, validity, enforcement, and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Each party agrees that all Proceedings concerning the interpretation, enforcement, and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective Affiliates, employees, or agents) shall be commenced exclusively in the Delaware courts. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the Delaware courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of the any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any such Delaware court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If any party shall commence a Proceeding to enforce any provision of a Transaction Document, then the prevailing party in such Proceeding shall be reimbursed by the other party to the Proceeding for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation, and prosecution of such Proceeding.

7.9. Survival. The representations, warranties, agreements, and covenants contained herein shall survive the last Closing and the delivery of the Shares thereat for a period of 18 months thereafter, after which time they shall expire and be of no further force or effect.

7.10. Execution. This Agreement may be executed in counterparts, all of which when taken together shall be considered one and the same agreement, and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile or electronic transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or electronic signature page were an original thereof. If the Investor designates an Affiliate of the Investor to purchase any of the Shares hereunder, the effectiveness of such designation shall be subject to such Affiliate's executing and delivering a joinder agreement with the Company in form and substance satisfactory to the Company whereby such Affiliate shall become a party to this Agreement as fully and effectively as if such Affiliate had been an original signatory hereto.

7.11. Severability. If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

7.12. Replacement of Shares. If any certificate or instrument evidencing any Shares is mutilated, lost, stolen, or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft, or destruction and customary and reasonable indemnity, if requested. The applicants for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs associated with the issuance of such replacement Shares. If a replacement certificate or instrument evidencing any Shares is requested due to a mutilation thereof, the Company may require delivery of such mutilated certificate or instrument as a condition precedent to any issuance of a replacement.

7.13. Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Investor and the Company will be entitled to specific performance under the Transaction Documents upon a proper showing. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agree to waive in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

COMPANY:

MAGELLAN PETROLEUM CORPORATION

By: /s/ William H. Hastings
Name: William H. Hastings
Title: President and Chief Executive Officer

INVESTOR:

YOUNG ENERGY PRIZE S.A.

By: /s/ Nikolay Bogachev
Name: Nikolay Bogachev
Title: Chairman & CEO

Exhibit 10.2

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is made this 5th day of August, 2010 by Magellan Petroleum Corporation ("Magellan") and Young Energy Prize S.A. ("YEP") with respect to the Securities Purchase Agreement between Magellan and YEP dated August 5, 2010 (the "Agreement"). All capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Agreement. Notwithstanding any provision of the Agreement to the contrary, in consideration of the mutual promises set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Magellan and YEP acknowledge and agree as follows.

1. Magellan and YEP acknowledge that the purpose of the Agreement is for YEP to provide funds for Magellan in connection with the Evans Shoal Transaction as defined in the Agreement. The March 25, 2010 Asset Sale Deed for the Evans Shoal Transaction provides that the Evans Shoal Transaction may be completed as late as December 25, 2010. Notwithstanding the foregoing, Section 6.1(a) of the Agreement provides that either Magellan or YEP has the right to terminate the Agreement if no closing under the Agreement shall have taken place by the end of the day October 31, 2010.

2. In the event that prior to the end of the day on October 31, 2010 Magellan presents to YEP documentation in reasonable detail of expenses reasonably and necessarily incurred by Magellan in furtherance of the Evans Shoal Transaction, recognized as such by YEP and majorities of the Special Transaction Committee and the of the Business Development Committee in their respective reasonable judgments, and the conditions for a Closing under the Agreement are met or waived, there shall be scheduled and held as promptly as practicable thereafter in each such instance a Closing at which Shares shall be issued and sold by Magellan, and purchased, by YEP under the Agreement in consideration of the payment of the purchase price of $3.00 per Share at such Closing. Further, in the event that the entire issuance, purchase and sale of 5,200,000 Shares in consideration of the payment of $15,600,000 provided for by the Agreement has not been completed at a single Closing or multiple Closings prior to the end of the day on October 31, 2010, the time during which Closings and issuances, purchases and sales of Shares thereat may occur shall be automatically extended to the end of the day on December 25, 2010.

3. The Reimbursable Expenses shall be subject to review and reasonable verification based on documentation thereof in reasonable detail provided by the YEP to Magellan.

4. Except as set forth in this Memorandum of Agreement, all provisions of the Agreement shall remain in full force and effect.

5. This Memorandum of Agreement may be executed in counterparts by facsimile.

COMPANY:

MAGELLAN PETROLEUM CORPORATION

By: /s/ William H. Hastings
Name: William H. Hastings
Title: President and Chief Executive Officer

INVESTOR:

YOUNG ENERGY PRIZE S.A.

By: /s/ Nikolay Bogachev
Name: Nikolay Bogachev
Title: Chairman & CEO

Exhibit 10.3

INVESTOR'S AGREEMENT

As a mutual inducement to enter into the Purchase Agreement (as defined below), this Investor's Agreement (this "**Agreement**") is made and entered into as of this 5th day of August, 2010, by and between Magellan Petroleum Corporation, a Delaware corporation (the "**Company**"), and Young Energy Prize S.A., a Luxembourg corporation (the "**Investor**", which term shall mean and include any Affiliate of such corporation designated to purchase Shares (as defined below) as contemplated by the Purchase Agreement).

The parties hereby agree as follows:

A. Certain Definitions.

As used in this Agreement, in addition to the other terms defined herein, the following terms shall have the following meanings:

"**Affiliate**" means, with respect to any Person, any other Person which directly or indirectly controls, is controlled by, or is under common control with, such Person.

"Approved Transaction" shall mean any tender offer, exchange offer, merger, consolidation, reclassification, reorganization, recapitalization or other similar transaction (i) which has been approved by the Board and (ii) with respect to which the Investor is not in violation of any of its standstill obligations under Section E hereof.

"Beneficially Owned" or **"Beneficial Ownership"** shall have the meaning given such term in Rule 13d-3 promulgated under the 1934 Act and each Person's ownership of Equity Securities shall be calculated hereunder in accordance with such rule; provided, however, that a Person shall be deemed to Beneficially Own Equity Securities (i) which such Person may acquire through the exercise, conversion or exchange of any options, warrants, rights or convertible or exchangeable securities, whether or not within sixty (60) days of the time of calculation, and (ii) which are Beneficially Owned by any other Person with whom such Person has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of such securities.

"**Board**" means the Board of Directors of the Company.

"**Business Day**" means a day, other than a Saturday or Sunday, on which banks in New York City are open for the general transaction of business.

"Change in Control", with respect to the Company, shall mean any of: (i) a merger, consolidation or other business combination to which the Company is a party if the combined voting power appurtenant to all Equity Securities of the Company outstanding immediately prior to the consummation of such transaction does not represent or is not exchanged for Equity Securities with appurtenant voting power representing at least 50% of the combined voting power of all Equity Securities of the entity which is surviving entity in such transaction outstanding immediately after such consummation, (ii) an acquisition of a Person or 13D Group of direct or indirect Beneficial Ownership of Equity Securities having at least 50% of the combined voting power of all Equity Securities outstanding immediately after the consummation of such acquisition, (iii) a sale, exchange or other disposition of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any Person or Persons in a single transaction or series of related transactions, or (iv) a liquidation or dissolution of the Company.

"**Common Stock**" shall mean the Company's common stock, par value $0.01 per share, and any securities into which such shares may hereafter be reclassified.

"**Equity Securities**" shall mean any (i) Common Stock, (ii) any debt or equity security of the Company convertible into or exchangeable for shares of Common Stock, with or without consideration being paid, (iii) any option, warrant or other right to purchase shares of Common Stock or securities convertible into or exchangeable for shares of Common Stock or any other security so convertible, or (iv) any debt securities having voting rights, which shall be included in any calculation of Beneficial Ownership as the equivalent of shares of Common Stock having the same voting power.

"**Fully Diluted Basis**" shall mean, for purpose of determining the number of shares of Common Stock outstanding when such term applies to such determination, a basis of calculation which takes into account (i) the number of shares of Common Stock actually issued and outstanding at the time of such determination and (ii) the number of shares of Common Stock that are then issuable upon the conversion or exchange of or exercise of purchase rights with respect to then-outstanding Equity Securities, without regard to any condition to such conversion, exchange or purchase.

"Interim Period" shall mean the period of time from the date and time of execution and delivery of this Agreement and 12:00 midnight, Eastern Time, on December 31, 2012.

"**Permitted Transferee**" shall mean (i) any Affiliate of the Investor or any other Person, including but not limited to any partnership, limited liability company or trust in which the Investor or any of its Affiliates holds a majority economic interest or which is managed by the Investor or any of its Affiliates or (ii) any bank or other institutional lender foreclosing on any of the Shares or any Person purchasing any of the Shares in a foreclosure sale in accordance with Section D.1(c).

"**Person**" shall mean an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof), or other entity of any kind.

"**Pro Rata Share**" of any Person as of the time immediately prior to the issuance of any Equity Securities by the Company shall mean the ratio of (i) the number of shares of Common Stock Beneficially Owned by such Person at such time to (ii) the total number of shares of Common Stock outstanding on a Fully Diluted Basis at such time, plus in the case of both clauses (i) and (ii) immediately above the number of shares of Common Stock then purchasable by the Investor under the Purchase Agreement.

"**Prospectus**" shall mean (i) the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus, and (ii) any "free writing prospectus" as defined in Rule 163 under the 1933 Act.

"**Purchase Agreement**" shall mean the Securities Purchase Agreement dated as of August 5, 2010 by and between the Company and the Investor.

"**Register**," "**registered**," and "**registration**" refer to a registration made by preparing and filing a Registration Statement or similar document in compliance with the 1933 Act (as defined below), and the declaration or ordering of effectiveness of such Registration Statement or document.

"**Registrable Securities**" shall mean (i) the Shares and (ii) any other securities issued or issuable with respect to or in exchange for Registrable Securities; provided that a security shall cease to be a Registrable Security upon (A) sale pursuant to a Registration Statement or Rule 144 under the 1933 Act, or (B) such security becoming eligible for sale by the Investor without restriction pursuant to Rule 144.

"**Registration Statement**" shall mean any registration statement of the Company filed under the 1933 Act that covers the resale of any of the Registrable Securities pursuant to the provisions of this Agreement, amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all material incorporated by reference in such Registration Statement.

"**SEC**" means the United States Securities and Exchange Commission.

"**Shares**" means the shares of Common Stock issued to the Investor at any Closing pursuant to the Purchase Agreement.

"**Strategic Transaction**" means any proposed acquisition, disposition, joint venture, equity or debt financing, structuring or restructuring, investment, expenditure or other transaction outside the ordinary course of the Company's business to which the Company is a party which, if consummated, would or would reasonably be anticipated to materially affect the Company's business, operations, assets, liabilities, condition (financial or other), capital structure, prospects or strategic direction or would result in a Change in Control.

"**Subsidiary**" means, with respect to the Company, any other entity of which the Company has Beneficial Ownership of securities representing a majority of such entity's economic value or having 50% or more of the combined voting power of all of such entity's outstanding voting securities.

"**Trading Day**" means (i) if the relevant stock or security is listed or admitted for trading on The New York Stock Exchange, Inc., the Nasdaq Global Market, the Nasdaq Capital Market, or any other national securities exchange, a day on which such exchange is open for business; (ii) if the relevant stock or security is quoted on a system of automated dissemination of quotations of securities prices, a day on which trades may be effected through such system; or (iii) if the relevant stock or security is not listed or admitted for trading on any national securities exchange or quoted on any system of automated dissemination of quotation of securities prices, a day on which the relevant stock or security is traded in a regular way in the over-the-counter market and for which a closing bid and a closing asked price for such stock or security are available, shall mean a day, other than a Saturday or Sunday, on which The New York Stock Exchange, Inc. is open for trading.

"13D Group" shall mean any group of Persons formed for the purpose of acquiring, holding, voting or disposing of Equity Securities who or which would be required by Section 13(d) of the 1934 Act and the rules and regulations promulgated thereunder to file a Schedule 13D or a Schedule 13G with the SEC as a "person" within the meaning of Section 13(d)(3) of the 1934 Act if such group Beneficially Owned more than 5% of any class of Equity Securities then outstanding.

"**1933 Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**1934 Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

B. Registration Rights. The Company hereby grants to the Investor registration rights with respect to the Registrable Securities, subject to the following provisions and the other provisions of this Agreement. The registration rights granted hereby shall rank *pari passu* with the registration rights granted by the Company to the Investor under a Registration Rights Agreement between the Company and the Investor dated as of July 8, 2009, as amended by a First Amendment to Registration Rights Agreement dated as of October 14, 2009 pursuant to which, in addition to amendments made thereby, ECP Fund, SICAV-FIS, a Luxembourg entity formerly known as YEP I, SICAV-FIS, was made a party thereto, and by a Second Amendment to Registration Rights Agreement date June 23, 2010 (such Registration Rights Agreement as amended by such First Amendment to Registration Rights Agreement and Second Amendment to Registration Rights Agreement and as further amended in accordance with its terms, other than hereby, being the **"Amended Registration Rights Agreement"**).

1. Registration Statement. Following any closing of the purchase and sale of the securities contemplated by the Purchase Agreement (a "**Closing**"), subject to the limit provided for in the immediately following sentence, the Investor shall have the right to require the Company, within forty-five days (45) after the Investor's written request therefor, to prepare and file with the SEC a Registration Statement on Form S-3 (or, if Form S-3 is not then available to the Company, on such form of registration statement as is then available to effect a registration for resale of the Registrable Securities), covering the resale of the Registrable Securities. Subject to any SEC comments, each Registration Statement filed pursuant to this Section B.1 shall include the plan of distribution attached hereto as Exhibit A; provided, however, that the Investor shall not be named as an "underwriter" without the Investor's prior written consent. The Registration Statement also shall cover, to the extent allowable under the 1933 Act and the rules promulgated thereunder (including Rule 416), such indeterminate number of additional shares of Common Stock resulting from stock splits, stock dividends, or similar transactions with respect to the Registrable Securities to which such Registration Statement relates. Such Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided in accordance with Section B.4(c) to the Investor and/or its counsel prior to its filing or other submission. Notwithstanding anything else to the contrary contained herein, the holders of a majority of the Registrable Securities shall only have the right to require the Company to file, and the Company shall only be obligated to file, four (4) Registration Statements pursuant to this Section B.1; provided that, in computing whether the maximum number of required Registration Statements under this Section B.1 and under Section 2 of the Amended Registration Rights Agreement has been requested and therefore required, any Registration Statement requested, and therefore required, under this Section B.1 or Section 2(a) of the Amended Registration Rights Agreement shall be counted under each of this Agreement and the Amended Registration Rights Agreement, whether or not such request, and therefore requirement, relates to Registrable Securities hereunder or thereunder or both. The Company and the Investor acknowledge and agree that the proviso set forth in the immediately preceding sentence constitutes an effective amendment to the Amended Registration Rights Agreement in accordance with the terms thereof.

2. Expenses. The Company shall pay all expenses associated with each registration, including filing and printing fees, the Company's counsel and accounting fees and expenses, costs associated with clearing the Registrable Securities for sale under applicable state securities laws, listing fees, fees and expenses of counsel to the Investor, and the Investor's reasonable expenses in connection with the registration, but excluding discounts, commissions, fees of underwriters, selling brokers, dealer managers, or similar securities industry professionals with respect to the Registrable Securities being sold.

3. Effectiveness.

(a) The Company shall use commercially reasonable best efforts to have the Registration Statement covering the resale of the Registrable Securities declared effective by the SEC as soon as practicable and prior to the earlier of (x) ten (10) Business Days after the SEC shall have informed the Company that no review of the Registration Statement will be made or that the SEC has no further comments on the Registration Statement or (y) the 90th day after the Registration Statement is filed. The Company shall notify the Investor by facsimile or e-mail as promptly as practicable, and in any event, within forty-eight (48) hours, after (A) the Registration Statement is declared effective and (B) the filing of any related Prospectus under Rule 424(b), at which time the Company shall also provide the Investor with a copy of such related Prospectus. After the Registration Statement has been declared effective by the SEC, the Company shall take all actions, including without limitation updating the Registration Statement as necessary, so that the Registrable Securities may be sold pursuant to the Registration Statement without restriction, except as provided pursuant to Section B.3(b).

(b) For not more than forty-five (45) consecutive days or for a total of not more than ninety (90) days in any twelve (12) month period without the approval of the Investor, which approval shall not be unreasonably withheld, the Company may delay the disclosure of material non-public information concerning the Company and thereby suspend its obligations under paragraphs (a) and (c) of this Section B.3 (as well as the right of the Investor to use any Prospectus included in any Registration Statement contemplated by this Section) if the disclosure of such material non-public information is not, in the good faith opinion of the Company, in the best interests of the Company (an "**Allowed Delay**"); provided that the Company shall promptly (a) notify the Investor in writing of the existence of (but in no event, without the prior written consent of the Investor, shall the Company disclose to the Investor any of the facts or circumstances regarding) material non-public information giving rise to an Allowed Delay, (b) advise the Investor in writing to cease all sales under the Registration Statement until the end of the Allowed Delay, and (c) use commercially reasonable efforts to terminate an Allowed Delay as promptly as practicable.

(c) Notwithstanding any other provision of this Agreement to the contrary, the Company shall not be in breach of this Section B if a Registration Statement has not been filed, the effectiveness of a Registration Statement has been delayed, or a Prospectus has been unavailable as a result of (i) a failure by the Investor to promptly provide on request by the Company any information required by this Agreement or requested by the SEC, (ii) the provision of inaccurate or incomplete information by the Investor, or (iii) a statement or determination of the SEC that any provision of the rights of the Investor under this Agreement are contrary to the provisions of the 1933 Act.

4. Company Obligations. The Company shall use commercially reasonable efforts to effect the registration of the Registrable Securities in accordance with the terms hereof, and pursuant thereto the Company will, as expeditiously as practicable:

(a) use commercially reasonable efforts to cause the Registration Statement to become effective after 4:00 p.m., Eastern Time (the date the Registration Statement is declared effective shall be referred to as the "**Effective Date**") and to remain continuously effective for a period that will terminate upon the earlier of (i) the date on which all Registrable Securities covered by such Registration Statement, as amended from time to time, have been sold, (ii) the date on which all Registrable Securities covered by such Registration Statement may be sold without restriction pursuant to Rule 144 (the "**Effectiveness Period**"), or (iii) six (6) months following the Effective Date (the **"Effective Period"**), and advise the Investor in writing when the Effectiveness Period has expired;

(b) prepare and file with the SEC such amendments and post-effective amendments to the Registration Statement and the Prospectus as may be necessary to keep the Registration Statement effective for the Effectiveness Period and to comply with the provisions of the 1933 Act and the 1934 Act with respect to the distribution of all of the Registrable Securities covered thereby;

(c) provide copies to and permit counsel designated by the Investor, if any, in the selling securityholder questionnaire attached hereto as Exhibit B (the "**Selling Securityholder Questionnaire**") to review the Registration Statement and all amendments and supplements thereto no fewer than seven (7) days prior to their filing with the SEC and not file any document to which such counsel reasonably objects;

(d) furnish to the Investor and its legal counsel, if any, designated in the Selling Securityholder Questionnaire (i) promptly after the same is prepared and publicly distributed, filed with the SEC, or received by the Company (but not later than two (2) Business Days after the filing date, receipt date, or sending date, as the case may be) one (1) copy of the Registration Statement and any amendment thereto, each preliminary prospectus and Prospectus and each amendment or supplement thereto, and each letter written by or on behalf of the Company to the SEC or the staff of the SEC, and each item of correspondence from the SEC or the staff of the SEC, in each case relating to such Registration Statement (other than any portion of any thereof which contains information for which the Company has sought confidential treatment), and (ii) such number of copies of a Prospectus, including a preliminary prospectus, and all amendments and supplements thereto and such other documents as each Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by the Investor that are covered by the related Registration Statement;

(e) use commercially reasonable efforts to (i) prevent the issuance of any stop order or other suspension of effectiveness and, (ii) if such order is issued, obtain the withdrawal of any such order at the earliest possible moment;

(f) prior to any public offering of Registrable Securities, use commercially reasonable efforts to register or qualify or cooperate with the Investor and its legal counsel, if any, designated in the Selling Securityholder Questionnaire in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or blue sky laws of such jurisdictions requested by the Investor and do any and all other commercially reasonable acts or things necessary or advisable to enable the distribution in such jurisdictions of the Registrable Securities; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (i) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section B.4(f), (ii) subject itself to general taxation in any jurisdiction where it would not otherwise be so subject but for this Section B.4(f), or (iii) file a general consent to service of process in any such jurisdiction;

(g) use commercially reasonable efforts to cause all Registrable Securities to be listed on each securities exchange, interdealer quotation system, or other market on which similar securities issued by the Company are then listed;

(h) immediately notify the Investor, at any time prior to the end of the Effectiveness Period, upon discovery that, or upon the happening of any event as a result of which, the Prospectus includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and promptly prepare, file with the SEC, and furnish to such holder a supplement to or an amendment of such Prospectus as may be necessary so that such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing; and

(i) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC under the 1933 Act and the 1934 Act, including, without limitation, Rule 172 under the 1933 Act, file any final Prospectus, including any supplement or amendment thereof, with the SEC pursuant to Rule 424 under the 1933 Act prior to 9:30 a.m., Eastern Time, on the Trading Day immediately following the Effective Date, promptly inform the Investors in writing if, at any time during the Effectiveness Period, the Company does not satisfy the conditions specified in Rule 172 and, as a result thereof, the Investor is required to deliver a Prospectus in connection with any disposition of Registrable Securities and take such other actions as may be reasonably necessary to facilitate the registration of the Registrable Securities hereunder; and make available to its security holders, as soon as reasonably practicable, but not later than the Availability Date (as defined below), an earnings statement covering a period of at least twelve (12) months, beginning after the effective date of each Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the 1933 Act, including Rule 158 promulgated thereunder. For the purpose of this Section B.4(i), "**Availability Date**" means the 45th day following the end of the fourth fiscal quarter that includes the effective date of such Registration Statement, except that, if such fourth fiscal quarter is the last quarter of the Company's fiscal year, "**Availability Date**" means the 90th day after the end of such fourth fiscal quarter.

5. With a view to making available to the Investor the benefits of Rule 144 (or its successor rule) and any other rule or regulation of the SEC that may at any time permit the Investor to sell shares of Common Stock to the public without registration, the Company covenants and agrees to: (i) make and keep public information available, as those terms are understood and defined in Rule 144, until the earlier of (A) six (6) months after such date as all of the Registrable Securities may be sold without restriction by the holders thereof pursuant to Rule 144 or any other rule of similar effect or (B) such date as all of the Registrable Securities shall have been resold; (ii) file with the SEC in a timely manner all reports and other documents required of the Company under the 1934 Act; and (iii) furnish to the Investor upon request, as long as the Investor owns any Registrable Securities, (A) a written statement by the Company that it has complied with the reporting requirements of the 1934 Act, (B) a copy of the Company's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q, and (C) such other information as may be reasonably requested in order to avail the Investor of any rule or regulation of the SEC that permits the selling of any such Registrable Securities without registration.

6. Due Diligence Review; Information. The Company shall make available, during normal business hours, for inspection and review by the Investor, advisors to and representatives of the Investor (who may or may not be affiliated with the Investor and who are reasonably acceptable to the Company), all financial and other records, all SEC Filings (as defined in the Purchase Agreement) and other filings with the SEC, and all other corporate documents and properties of the Company as may be reasonably necessary for the purpose of such review, and cause the Company's officers, directors and employees, within a reasonable time period, to supply all such information reasonably requested by the Investor or any such representative, advisor or underwriter in connection with such Registration Statement (including, without limitation, in response to all questions and other inquiries reasonably made or submitted by any of them), prior to and from time to time after the filing and effectiveness of the Registration Statement for the sole purpose of enabling the Investor and its representatives, advisors, and underwriters and their respective accountants and attorneys to conduct initial and ongoing due diligence with respect to the Company and the accuracy of such Registration Statement. The Company shall not disclose material nonpublic information to the Investor, or to advisors to or representatives of the Investor, unless prior to disclosure of such information the Company identifies such information as being material nonpublic information and provides the Investor, such advisors and representatives with the opportunity to accept or refuse to accept such material nonpublic information for review and the Investor enters into an appropriate confidentiality agreement with the Company with respect thereto.

7. Obligations of the Investor.

(a) The Investor has furnished to the Company a Selling Securityholder Questionnaire and shall furnish in writing to the Company such additional information regarding itself, the Registrable Securities held by it, and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect the registration of such Registrable Securities, and shall execute such documents in connection with such registration as the Company may reasonably request. At least five (5) Business Days prior to the first anticipated filing date of a Registration Statement, the Company shall notify the Investor of the information the Company requires from the Investor, to the extent not included in the Selling Securityholder Questionnaire, if the Investor elects to have any of the Registrable Securities included in the Registration Statement. The Investor shall provide such information to the Company at least two (2) Business Days prior to the first anticipated filing date of such Registration Statement if the Investor elects to have any of the Registrable Securities included in the Registration Statement.

(b) The Investor, by its acceptance of the Registrable Securities agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of a Registration Statement hereunder, unless the Investor has notified the Company in writing of its election to exclude all of its Registrable Securities from such Registration Statement.

(c) The Investor agrees that, upon receipt of any notice from the Company of either (i) the commencement of an Allowed Delay pursuant to Section B.4(b), or (ii) the happening of an event pursuant to Section B.4(h), the Investor will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities, until the Investor is advised by the Company that such dispositions may again be made.

8. Indemnification.

(a) Indemnification by the Company. The Company will indemnify and hold harmless the Investor and its officers, directors, members, investors, employees and agents, successors and assigns, and each other Person, if any, who controls the Investor within the meaning of the 1933 Act, against any losses, claims, damages, or liabilities, joint or several, to which they may become subject under the 1933 Act or otherwise, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon: (i) any untrue statement or omission or alleged untrue statement or omission of any material fact in any Registration Statement, any preliminary Prospectus or final Prospectus, or any amendment or supplement thereof required to be stated therein or necessary to make the statements therein not misleading; (ii) any blue sky application or other document executed by the Company specifically for that purpose or based upon written information furnished by the Company filed in any state or other jurisdiction in order to qualify any or all of the Registrable Securities under the securities laws thereof (any such application, document or information herein called a "**Blue Sky Application**"); (iii) any violation by the Company or its agents of any rule or regulation promulgated under the 1933 Act applicable to the Company or its agents and relating to action or inaction required of the Company in connection with such registration; or (iv) any failure to register or qualify the Registrable Securities included in any such Registration in any state where the Company or its agents has affirmatively undertaken or agreed in writing that the Company will undertake such registration or qualification on an Investor's behalf and will reimburse such Investor and each such indemnified party for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided that the Company will not be liable in any such case if and to the extent that any such loss, claim, damage or liability arises out of or is based upon (i) the Investor's failure to comply with the prospectus delivery requirements of the Securities Act at any time when the Company does not meet the conditions for use of Rule 172, has advised the Investor in writing that the Company does not meet such conditions and that therefore the Investor is required to deliver a Prospectus in connection with any sale or other disposition of Registrable Securities and has provided the Investor with a current Prospectus for such use, (ii) an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by the Investor or any such controlling Person in writing specifically for use in such Registration Statement or Prospectus, or (iii) the use by the Investor of an outdated or defective Prospectus after the Company has notified the Investor that such Prospectus is outdated or defective and the use of a corrected or updated Prospectus would have avoided such losses, claims, damages, liabilities, or expenses.

(b) Indemnification by the Investor. The Investor agrees to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors, officers, employees, stockholders and each Person who controls the Company (within the meaning of the 1933 Act) against any losses, claims, damages, liabilities and expense (including reasonable attorney fees) resulting from (i) the Investor's failure to comply with the prospectus delivery requirements of the Securities Act at any time when the Company does not meet the conditions for use of Rule 172, has advised the Investor in writing that the Company does not meet such conditions and that therefore the Investor is required to deliver a Prospectus in connection with any sale or other disposition of Registrable Securities and has provided the Investor with a current Prospectus for such use, (ii) the use by the Investor of an outdated or defective Prospectus after the Company has notified the Investor that such Prospectus is outdated or defective and the use of a corrected or updated Prospectus would have avoided such losses, claims, damages, liabilities or expenses, (iii) any untrue statement of a material fact or any omission of a material fact required to be stated in the Registration Statement or Prospectus or preliminary Prospectus or amendment or supplement thereto or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or omission is contained in any information furnished in writing by the Investor to the Company specifically for inclusion in such Registration Statement or Prospectus or amendment or supplement thereto, or (iv) the failure by the Investor to independently comply with any law or regulation or to take any action required of a seller of securities by a party in the position of the Investor (including any obligations of an underwriter if the Investor is deemed to be acting as an underwriter). In no event shall the liability of the Investor be greater in amount than the dollar amount of the proceeds (net of all expense paid by the Investor in connection with any claim relating to this Section B.8.(b) and the amount of any damages the Investor has otherwise been required to pay by reason of such untrue statement or omission) received by the Investor upon the sale of the Registrable Securities included in the Registration Statement giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder shall (i) give prompt notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided that any Person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (a) the indemnifying party has agreed to pay such fees or expenses, or (b) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such Person, or (c) in the reasonable judgment of any such Person, based upon written advice of its counsel, a conflict of interest exists between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person); and provided, further, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations hereunder, except to the extent that such failure to give notice shall materially adversely affect the indemnifying party in the defense of any such claim or litigation. It is understood that the indemnifying party shall not, in connection with any proceeding in the same jurisdiction, be liable for fees or expenses of more than one separate firm of attorneys at any time for all such indemnified parties. No indemnifying party will, except with the consent of the indemnified party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation.

(d) Contribution. If for any reason the indemnification provided for in the preceding paragraphs (a) and (b) is unavailable to an indemnified party or insufficient to hold it harmless, other than as expressly specified therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such loss, claim, damage, or liability in such proportion as is appropriate to reflect the relative fault of the indemnified party and the indemnifying party, as well as any other relevant equitable considerations. No Person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the 1933 Act shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In no event shall the contribution obligation of a holder of Registrable Securities be greater in amount than the dollar amount of the proceeds (net of all expenses paid by such holder in connection with any claim relating to this Section B.8 and the amount of any damages such holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission) received by it upon the sale of the Registrable Securities giving rise to such contribution obligation.

C. Purchase Rights. The Company hereby grants to the Investor rights, exercisable only during the Interim Period, to purchase securities of the Company for the purpose of maintaining up to its percentage ownership interest in the Company, as set forth in the provisions below.

1. Subsequent Offerings. The Investor shall have a right of first refusal (the "**Purchase Right**") to purchase up to its Pro Rata Share of all Equity Securities which may be issued and sold by the Company other than the Excluded Securities (as defined in Section C.5).

2. Exercise of Rights.

(a) If the Company proposes to issue any Equity Securities, it shall first give the Investor written notice (the "**Company's Issuance Notice**") of its intention, describing the Equity Securities, the price and the other terms and conditions upon which the Company proposes to issue such Equity Securities. Subject to the provisions of Section C.2.(b) if applicable, the Investor shall have twenty (20) Business Days after the giving of the Company's Issuance Notice to agree to purchase up to its Pro Rata Share of the Equity Securities, for the price and upon the other terms and conditions specified in the notice, by giving written notice to the Company (the "**Investor's Purchase Notice**") and stating therein the quantity of such Equity Securities to be purchased.

(b) If the Investor consists of more than one Person and if not all of such Persons elect to purchase their full Pro Rata Shares of the Equity Securities, then the Company shall promptly notify in writing (the "**Company's Re-offer Notice**") the Persons constituting the Investor who have elected to purchase their full Pro Rata Shares of such Equity Securities and shall offer such Persons (the "**Purchasing Investors**") the right to acquire the unsubscribed Equity Securities. The Purchasing Investors shall have fifteen (15) days after receipt of the Company's Re-offer Notice to notify the Company (the **"Purchasing Investors' Notice"**) of their election to purchase all or a portion of the unsubscribed Equity Securities. If the Purchasing Investors have, in the aggregate, elected to purchase more than the number of unsubscribed Equity Securities being offered in such notice, then the unsubscribed Equity Securities shall be allocated according to each Purchasing Investor's Pro Rata Share up to the number of unsubscribed Equity Securities set forth in the Company's Re-offer Notice; provided that, for purposes of this Section C.2(b), the numerator in clause (i) of the defined term "Pro Rata Share" shall be the number of shares of Common Stock Beneficially Owned by such Purchasing Investor immediately prior to the proposed issuance and the denominator in clause (ii) of the defined term "Pro Rata Share" shall be the total number of shares of Common Stock then outstanding on a Fully Diluted Basis immediately prior to the proposed issuance plus in the case of both such clauses (i) and (ii) the number of shares of Common Stock then purchasable by the Investor under the Purchase Agreement. The Company and the Purchasing Investors shall then effect the sale and purchase of the Equity Securities at the closing of the issuance of Equity Securities described in the Company's Issuance Notice. On the date of such closing, the Company shall deliver to the Purchasing Investors the certificates representing the Equity Securities to be purchased by the Purchasing Investors, each certificate to be properly endorsed for transfer, and at such time, the Purchasing Investors shall pay the purchase price for the Equity Securities.

(c) Notwithstanding anything to the contrary contained in the foregoing provisions of this Section C.2, if the price of the Common Stock represented by the Equity Securities is greater than $3.00 per share (as adjusted for any change in the capitalization of the Company as a result of stock splits, consolidations or dividends or similar transactions), the Company shall issue to the Investor a three-year warrant to purchase up to its Pro Rata Share of such Equity Securities in lieu of the Investor's purchasing its Pro Rata Share, with the exercise price and other terms and conditions thereof being the price and the other terms and conditions specified in the Company's Issuance Notice. The terms of such warrant shall otherwise be the same as the terms of the Amended and Restated Warrant issued by the Company to the Investor on March 11, 2010.

3. Issuance of Equity Securities to Other Persons. If the Investor fails to exercise in full its Purchase Rights, the Company shall have sixty (60) days thereafter to sell the Equity Securities in respect of which the Investor's Purchase Rights were not exercised, at a price and upon general terms and conditions no more favorable to the purchasers thereof than specified in the Company's Issuance Notice. If the Company has not sold such Equity Securities within such sixty (60) days, the Company shall not thereafter issue or sell any Equity Securities, without first again complying with this Section C.

4. Transfer of Purchase Rights. The Purchase Rights of the Investor under this Section C may only be transferred to any Permitted Transferee; provided, that any such Permitted Transferee complies with the requirements of Section D.1(b).

5. Excluded Securities. The Purchase Rights established by this Section C shall have no application to any of the following Equity Securities (collectively, the "**Excluded Securities**"):

(a) Equity Securities issued and sold by the Company in an underwritten public offering thereof under a then-effective registration statement under the 1933 Act;

(b) shares of Common Stock (and/or options, warrants or other Common Stock purchase rights issued pursuant to such options, warrants or other rights), as appropriately adjusted for stock dividends, stock splits, combinations, recapitalizations or other similar events affecting the Common Stock, issued to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary, pursuant to stock purchase or stock incentive plans or other equity compensation arrangements that are approved by the Board;

(c) any Common Stock issued upon exercise of options, warrants or convertible securities outstanding as of the date of this Agreement;

(d) any Common Stock issued as consideration in connection with or relating to any acquisitions, mergers or strategic partnership transactions (other than transactions entered into primarily for equity financing purposes) that have been approved by the Board; or

(e) any Equity Securities designated as Excluded Securities by holders of a majority of the shares of Common Stock then held by the Investor if more than one Person then constitute the Investor; provided, however, that no such holder may purchase any such Equity Securities designated as Excluded Securities unless all such holders are able to participate based on their respective Pro Rata Shares as determined in accordance with Section C.2(b).

D. Transfer Restrictions

1. During the Interim Period, the Investor shall not transfer any of the Shares other than as permitted by, and in compliance with, the provisions of this Section D, without the prior written consent of the Company, which consent shall have been approved by the Board, including by a majority of its members who are neither affiliated with the Investor nor members of management of the Company, which consent shall not be unreasonably withheld. For the avoidance of doubt, for purposes of this Section D.1, the following persons shall be deemed to be affiliated with the Investor or members of management of the Company: Nikolay V. Bogachev, J. Thomas Wilson, J. Robinson West and William H. Hastings. Any purported transfer not in accordance with the provisions of this Section D shall be null and void and of no force or effect, regardless of whether or not the purported transferee had actual or constructive notice of the transfer restrictions set forth therein, and the Company shall not be required to recognize or record any such purported transfer not in accordance with the provisions of this Section D.

(a) The Investor may transfer any or all of the Shares (i) to the Company or any of its Subsidiaries or (ii) pursuant to any tender offer, exchange offer, merger, consolidation, reclassification, reorganization, recapitalization or other similar transaction; provided that such transaction is an Approved Transaction.

(b) The Investor may transfer any or all of the Shares to a Permitted Transferee; provided that such Permitted Transferee, as a condition of the effectiveness of such transfer, (i) agrees to be bound by the provisions of this Agreement to the same extent as the Investor hereunder (whether or not any provision explicitly refers to the Permitted Transferee), (ii) agrees that the representations, warranties, covenants and agreements of the transferring Investor shall be deemed also to have been made by such Permitted Transferee, and (iii) shall execute and deliver to the Company a joinder agreement in form and substance acceptable to the Company.

(c) The Investor may, for the purpose of securing bona fide indebtedness for borrowed money from one or more banks or other institutional lenders (a **"Secured Loan"**), make a bona fide pledge of any or all of the Shares; provided that any pledge or grant of any other encumbrance to secure a Secured Loan and any foreclosure thereupon shall not constitute a breach of this Section D; provided, further, that any such lender foreclosing upon any of the Shares and any Person purchasing any of such Shares in a foreclosure sale shall be deemed to be a Permitted Transferee under Section D.1(b); and provided, still further, that the aggregate amount of indebtedness of the Investor for borrowed money so secured by any Shares shall not exceed, at the time of incurrence of such indebtedness, 30% of the fair market value of such Shares.

2. The Investor hereby acknowledges its obligation, under law, Company policies and hereunder, not to transfer any of the Shares in contravention of applicable law, including but not limited to Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder, any actual or attempted transfer in contravention of law also being a breach of this Section D.

3. The Investor and each Permitted Transferee shall not offer, sell or otherwise transfer any of the Shares except pursuant to (i) an effective registration statement under the 1933 Act, (ii) an opinion of counsel reasonably acceptable to the Company that such offer, sale or other transfer is exempt from the registration requirements of Section 5 of the 1933 Act, (iii) Rule 144 promulgated under the 1933 Act, in compliance therewith, or (iv) a "no-action" letter from the staff of the SEC addressed to the Investor or such Permitted Transferee to the effect that such offer, sale or other transfer without registration under the 1933 Act would not result in a recommendation by the staff of the SEC that action be taken with respect thereto.

4. Each certificate representing one or more Shares shall, upon issuance, bear a legend substantially as set forth in Section 4.1(b) of the Purchase Agreement. In the case of any offer, sale or other transfer of any of the Shares effected in a public offering registered under a then-effective registration statement under the 1933 Act or pursuant to Rule 144 promulgated under the 1933 Act, the Company shall, upon request, remove the legend from the certificate representing such Shares by issuing a new certificate without such legend in exchange for the old certificate bearing such legend and, further, following the expiration of the Interim Period, the Company shall upon request, remove the second sentence of such legend from the certificate or certificates representing the Shares by issuing a new certificate without such second sentence in its legend in exchange for the old certificate with such second sentence in its legend.

E. Standstill

1. During the Interim Period, except for the purchase of the Shares pursuant to the Purchase Agreement and the purchase of any Equity Securities pursuant to Section C of this Agreement, the Investor and each Permitted Transferee shall not, shall cause their respective Affiliates not to, and shall not act in concert with any other Person or Persons to:

(a) acquire Beneficial Ownership of any Equity Securities if as a result thereof the Investor and its Affiliates would hold record or Beneficial Ownership of Equity Securities, including but not limited to any of the Shares, having more combined voting power than such voting power as is appurtenant to the Equity Securities held by the Investor and its Affiliates, or such Permitted Transferee and its Affiliates, as the case may be (including but not limited to any Equity Securities Beneficially Owned by any 13D Group of which the Investor or any of its Affiliates, or such Permitted Transferee or any of its Affiliates, as the case may be, is a member) immediately following the consummation of the purchase of the Shares pursuant to the Purchase Agreement (the **"Standstill Limit"**);

(b) authorize or make any tender offer, exchange offer or other offer or proposal, whether oral or written, to acquire Equity Securities, in each case, if the effect of the acquisition pursuant thereto would result in the Investor and its Affiliates, or any Permitted Transferee and its Affiliates, holding Equity Securities, including but not limited to any of the Shares, having more combined voting power than the Standstill Limit;

(c) (i) solicit or participate in any solicitation of proxies with respect to any Equity Securities having voting rights, (ii) seek to advise or influence any Person with respect to the voting of any such Equity Securities other than an Affiliate of the Investor or such Permitted Transferee, as the case may be; provided that the limitation in this Section E.1(c) shall not apply in any case which relates to an Approved Transaction which is not instituted by the Investor or any of its Affiliates, or such Permitted Transferee or any of its Affiliates, as the case may be, and which is approved by a majority of the members of the Board who are neither affiliated with the Investor or the Permitted Transferee, as the case may be, nor members of management of the Company;

(d) deposit any Equity Securities into a voting trust or otherwise subject any Equity Securities to any agreement, arrangement or understanding with any other Person with respect to the voting of such securities;

(e) join a 13D Group (other than a 13D Group comprised solely of the Investor and its Affiliates, or such Permitted Transferee and its Affiliates, as the case may be) or otherwise act in concert with any other Person for the purpose of acquiring, holding, voting or disposing of any Equity Securities;

(f) effect or seek to effect any Change in Control of the Company;

(g) effect or seek, offer or propose (whether privately or publicly) any recapitalization, restructuring, reorganization, dissolution, liquidation or other similar transaction for or involving the Company or any of its Subsidiaries;

(h) otherwise act, alone or in concert with any other Person or Persons, to effect, seek, offer or propose (whether privately or publicly) to affect control of the management, Board action or restraint from action, policies or decisions of the Company; provided that no action by a member of the Board who is affiliated with the Investor or such Permitted Transferee, as the case may be, taken solely in the capacity of a member of the Board in compliance with and subject to such Board member's fiduciary duties in such capacity, shall be a breach of this Section E.1(h);

(i) take any action which would cause the Investor or such Permitted Transferee, as the case may be, to be required to file a Schedule 13D indicating an intention, plan or proposal to do any of the foregoing;

(j) seek a waiver from the Company of any of the limitations otherwise applicable under this Section E, except in the case of a proposal initiated by the Company to the Investor or such Permitted Transferee, or any one or more of their Affiliates, as the case may be, that it or any of them make an additional equity investment in the Company which if consummated would or would reasonably be expected to result in a Change in Control, which waiver shall not be requested publicly or in a manner which would cause the Company to be required to make a public announcement of such proposal or requested waiver; or

(k) otherwise take any action which would or would reasonably be expected to cause the Company to make a public announcement regarding any of the matters set forth in this Section E.

2. Without limiting the foregoing, during the Interim Period, the Investor and any Permitted Transferee shall not, and they shall cause their respective Affiliates not to, propose, effect or agree to any transaction which if consummated would result in a Change in Control in which the counterparty, acquirer or surviving entity is: (i) the Investor or such Permitted Transferee, as the case may be, (ii) any Affiliate of the Investor, or of such Permitted Transferee, as the case may be, or (iii) any 13D Group of which the Investor or such Permitted Transferee, or any of their respective Affiliates, is a member, unless, in any such case, such transaction is an Approved Transaction which has been approved by a majority of the members of the Board who are neither Affiliates of the Investor or such Permitted Transferee, as the case may be, nor members of management of the Company. For the avoidance of doubt, for purposes of this Section E.2, the following Persons shall be deemed to be affiliated with the Investor or members of management of the Company: Nikolay V. Bogachev, J. Thomas Wilson, J. Robinson West and William H. Hastings.

3. Notwithstanding anything to the contrary in this Section E, in the event that (i) there occurs a Material Adverse Effect (as defined in the Purchase Agreement), (ii) the Board fails to approve a proposed Strategic Transaction recommended in writing by the Business Development Committee, or fails to disapprove a proposed Strategic Transaction recommended against in writing by the Business Development Committee, or (iii) the Board proposes to adopt a business plan which materially changes the strategic direction of the Company (for example, so as to alter the current strategic direction of seeking to consummate the Evans Shoal Transaction in accordance with its terms) and the Business Development Committee by majority vote or consent of its members is not in basic agreement with such business plan after discussion with the Board for a period of twenty (20) days after such business plan has been proposed, the provisions of Section D and this Section E shall thereafter cease to be of any continuing force or effect, provided that the Business Development Committee shall have made such written recommendation of approval or disapproval to the Board at least twenty (20) days prior to the anticipated date set forth in such recommendation for the execution and delivery of a term sheet, letter of intent or definitive agreement for such Strategic Transaction as set forth in such recommendation, the provisions of Section D and this Section E other than this Section E.3 shall cease to be of any continuing force or effect. The foregoing provisions of this Section E.3 shall not affect or be construed as a limitation on or as an agreement by the Company to limit the actions of the Company, the Board (including but not limited to the Special Transaction Committee (as defined in the Purchase Agreement) or any other committee of independent non-management directors) or Company management in connection with any possible Change in Control.

4. Notwithstanding the foregoing, if the transfer restrictions set forth in Section D should cease to be of any continuing force or effect, before the Investor may transfer any Shares for consideration, the Investor shall provide the Company or its assignee with written notice of its intention to make a transfer, specifying the identity of the proposed transferee, the number of Shares which are proposed to be transferred, and the price and other terms and conditions of the proposed transfer. The Company or its assignee may elect within twenty (20) days after receiving the Investor's notice to purchase all of the Shares proposed to be transferred at the price and upon the other financial terms and conditions set forth in the notice. If the Company or its assignee does not elect to purchase all of the Shares proposed to be transferred by the Investor, the Investor may transfer such Shares to the transferee at the price and upon general terms and conditions no more favorable to the transferee than specified in the Investor's notice; provided, that such transfer is made in compliance with applicable securities laws or pursuant to an exemption therefrom.

F. Miscellaneous.

1. Amendments and Waivers. This Agreement may be amended only by a writing signed by the Company and the Investor. The Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company shall have obtained the written consent of the Investor to such amendment, action, or omission to act.

2. Notices. All notices and other communications provided for or permitted hereunder shall be made as set forth in the Purchase Agreement.

3. Assignments and Transfers by the Investor. The provisions of this Agreement shall be binding upon and inure to the benefit of the Investor and its respective permitted successors and assigns. The Investor may transfer or assign, in whole or from time to time in part, to one or more Persons its rights hereunder in connection with the transfer of Registrable Securities by the Investor to such Person; provided that the Investor complies with all laws applicable thereto and any restrictions on transfer under this Agreement applicable thereto and provides written notice of assignment to the Company promptly after such assignment is effected.

4. Assignments and Transfers by the Company. This Agreement may not be assigned by the Company (whether by operation of law or otherwise) without the prior written consent of the Investor, provided, however, that the Company may assign its rights and delegate its duties hereunder to any surviving or successor corporation in connection with a merger or consolidation of the Company with another corporation, or a sale, transfer, or other disposition of all or substantially all of the Company's assets to another corporation, without the prior written consent of the Investor, after notice duly given by the Company to the Investor.

5. Benefits of the Agreement. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

6. Counterparts; Faxes. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed via facsimile, which shall be deemed an original.

7. Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

8. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provisions hereof prohibited or unenforceable in any respect.

9. Further Assurances. The parties shall execute and deliver all such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

10. Entire Agreement. This Agreement, together with the Amended Registration Rights Agreement as amended by the proviso in the penultimate sentence of Section B.1, is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter, other than the Amended Registration Rights Agreement as amended by the proviso in Section B.1.

11. Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware without regard to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of Delaware for the purpose of any suit, action, proceeding, or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action, or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action, or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action, or proceeding brought in such courts and irrevocably waives any claim that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum. **EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO THIS AGREEMENT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.**

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IN WITNESS WHEREOF, the parties have executed this Agreement or caused their duly authorized officers to execute this Agreement as of the date first above written.

MAGELLAN PETROLEUM CORPORATION

By: /s/ William H. Hastings

Name: William H. Hastings

Title: President and Chief Executive Officer

YOUNG ENERGY PRIZE S.A.

By: /s/ Nikolay Bogachev

Name: Nikolay Bogachev

Title: Chairman & CEO

ACKNOWLEDGED AND ACCEPTED:

ECP FUND, SICAV-FIS

BY: ECP MANAGEMENT, S.A.R.L., on behalf of, and in its capacity as General Partner of ECP FUND, SICAV-FIS

By: /s/ Patrick Hansen

Name: Patrick Hansen

Title: Manager

By: /s/ Knut Reinertz

Name: Knut Reinertz

Title: Manager

Plan of Distribution

The selling stockholders, which as used herein includes donees, pledgees, transferees, or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling stockholder as a gift, pledge, partnership distribution, or other transfer, may, from time to time, sell, transfer, or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market, or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

The selling stockholders may use any one or more of the following methods when disposing of shares or interests therein:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted by applicable law.

The selling stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledges, or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of our common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling stockholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. Each of the selling stockholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering.

The selling stockholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act of 1933, as amended, provided that they meet the criteria and conform to the requirements of that rule.

Any underwriters, broker-dealers, or agents that participate in the sale of the common stock or interests therein may be “underwriters” within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions, or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act.

To the extent required, the shares of our common stock to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agent, dealer, or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, to the extent applicable we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the selling stockholders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the shares offered by this prospectus.

We have agreed with the selling stockholders to keep the registration statement of which this prospectus constitutes a part effective until the earliest of (1) such time as all of the shares covered by this prospectus have been disposed of pursuant to and in accordance with the registration statement, (2) the date on which the shares may be sold without restriction pursuant to Rule 144 of the Securities Act or (3) six (6) months following the effective date of the registration statement.

Exhibit B

Magellan Petroleum Corporation
Selling Securityholder Questionnaire

The undersigned beneficial owner (the "**Selling Securityholder**") of common stock (the "**Common Stock**"), of Magellan Petroleum Corporation (the "**Company**") understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "**Commission**") one or more Registration Statements for the registration and resale of the Registrable Securities, in accordance with the terms of the Investor's Agreement, dated as of August 5, 2010 (the "**Agreement**"), among the Company and the Investor or Investors named therein. A copy of the Agreement is available from the Company upon request at the address set forth below. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full legal name of Selling Securityholder:

_____

(b) Full legal name of registered Holder (if not the same as (a) above) through which Registrable Securities listed in Item 3 below are held:

_____

(c) Full legal name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by the questionnaire):

_____

(d) State of organization or domicile of Selling Securityholder:

_____

2. Address for Notices to Selling Securityholder:

_____

_____

_____

Telephone:

Fax:

Contact Person:

Email:

Note: By providing an email address, the undersigned hereby consents to receipt of notices by email.

Any such notice shall also be sent to the following address (which shall not constitute notice):

Telephone:

Fax:

Contact Person:

Email:

3. Beneficial Ownership of Registrable Securities:

Type and principal amount of Registrable Securities beneficially owned:

If applicable, provide the information required by Items 1 and 2 for each beneficial owner.

4. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

Note: If yes, the Commission's staff has indicated that you should be identified as an underwriter in any Registration Statement filed pursuant to the Agreement.

(b) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(c) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in any Registration Statement filed pursuant to the Agreement.

If you checked "Yes" to either of the questions in Item 4(a) or Item 4(b) above, please state (a) the name of any such broker-dealer, (b) the nature of your affiliation or association with such broker-dealer, (c) information as to such broker-dealer's participation in any capacity in the offering or the original placement of the Securities, (d) the number of shares of equity securities or face value of debt securities of the Company owned by you, (e) the date such securities were acquired and (f) the price paid for such securities.

5. Beneficial Ownership of Other Securities of the Company Owned by the Selling Securityholder.

Except as set forth below in this Item 5, the undersigned is not the beneficial or registered owner of any securities of the Company other than the Registrable Securities listed above in Item 3.

Type and amount of other securities beneficially owned by the Selling Securityholder:

_____

_____

_____

6. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

_____

_____

_____

7. Plan of Distribution:

Except as set forth below, the undersigned intends to distribute the Registrable Securities listed above in Item 3 only as set forth in Exhibit B to the Agreement (if at all):

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof and prior to the effective date of any applicable Registration Statement filed pursuant to the Agreement.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 7 and the inclusion of such information in each Registration Statement filed pursuant to the Agreement and each related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of any such Registration Statement and the related prospectus.

By signing below, the undersigned acknowledges that it understands its obligation to comply, and agrees that it will comply, with the provisions of the Exchange Act and the rules and regulations thereunder, particularly Regulation M. The undersigned also acknowledges that it understands that the answers to this Questionnaire are furnished for use in connection with Registration Statements filed pursuant to the Agreement and any amendments or supplements thereto filed with the Commission pursuant to the Securities Act.

I confirm that, to the best of my knowledge and belief, the foregoing statements (including without limitation the answers to this Questionnaire) are correct.

[Signature Page Follows]

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: _____

Beneficial Owner: _____

By: _____

Name:

Title:

PLEASE FAX A COPY OF THE COMPLETED AND EXECUTED QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO:

Magellan Petroleum Corporation
7 Custom House Street
Portland, ME 04101
Fax No.: (207) 553-2250
Attn: William H. Hastings, President and CEO

with a copy to:

Murtha Cullina LLP
CityPlace I
185 Asylum Street, 29th Floor
Hartford, CT 06103
Fax No.: (860) 240-6150
Attn: Edward B. Whittemore, Esq.

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Exhibit 99.1

MAGELLAN PETROLEUM CORPORATION
ENTERS INTO SECOND PRIVATE PLACEMENT AGREEMENTS WITH ITS STRATEGIC INVESTOR

PORTLAND, Maine, August 9, 2010 — Magellan Petroleum Corporation (NASDAQ: MPET) (ASX: MGN) ("Magellan" or the "Company") has executed a Securities Purchase Agreement and an Investor's Agreement to finalize the terms of its previously announced second Private Investment in a Public Equity ("PIPE") with its largest stockholder, Young Energy Prize S.A. ("YEP"), a Luxembourg corporation.

The placement involves the issuance and sale of up to 5.2 million new shares of the Company's common stock, $0.01 par value per share ("Common Stock"), to YEP and/or one or more of its affiliates in return for $3.00 per new share issued and sold. Placement of the shares is expected to occur in one or more closings through December 25, 2010, with the proceeds to be used to cover operating and financing expenditures associated with the purchase by Magellan Petroleum Australia Limited (a wholly-owned subsidiary of Magellan, "MPAL") of a 40% interest in the Evans Shoal field, offshore Australia, from Santos Offshore Pty Ltd. ("Santos"), as well as a portion of the field's development costs.

The share purchase price is approximately 63% above the Common Stock closing price on August 6, 2010. If all shares are placed, the ownership position of YEP and its affiliates in the Company will consist of approximately 15.5 million shares of Common Stock and 4.4 million shares of Common Stock issuable under YEP's existing arrant, or approximately 33% of the outstanding shares of Common Stock, assuming the full exercise of such warrant. The Investor's Agreement contains provisions relating to registration, percentage-maintenance, transfer restriction, first refusal and standstill rights and obligations. The Company's disclosures with respect to the placement are qualified by reference to the full text of the Securities Purchase Agreement, a Memorandum of Agreement modifying and clarifying certain of its provisions, and the Investor's Agreement.

Magellan's President and Chief Executive Officer, William H. Hastings said, "We've taken another step forward in the Evans Shoal acquisition process. While there is ongoing work on further financing and partners' initiatives to be done, we have this important step behind us. YEP's share price for this transaction is indicative of our largest stockholder's confidence in the Evans Shoal acquisition and our other projects, as we continue with our efforts to build substantial stockholder value".

Nikolay V. Bogachev, a Director of the Company since 2009 and Chairman and Chief Executive Officer of YEP, commented: "YEP has been investing in Magellan at premiums to the market price of its stock since July 2009 and we will continue to do so with the goal of creating the world's first integrated methanol company with its reserve base in Australia. We strongly believe that methanol prices for the foreseeable future will be an arbitrage between inevitably rising oil and relatively flat gas prices. Australia is the only free-market country with available and substantial reserves of natural gas suitable for economic methanol production. Reserves there are large, in relatively shallow water depths and proximate to high-growth Asian markets

About Magellan

Magellan's common stock is quoted on the NASDAQ Capital Market (symbol: MPET) and on the Australian Stock Exchange in the form of CDI's (symbol: MGN). The Company is engaged in the sale of oil and gas resulting from the exploration for and development of oil and gas reserves. Magellan's most significant assets are its 100% equity ownership interest in Magellan Petroleum Australia Limited ("MPAL") and its 83.7% interest in all zones surface to deep at the Poplar Dome fields, Roosevelt Co., Montana. MPAL also has signed an agreement to acquire a 40% equity interest in the Evans Shoal gas field, offshore Northern Territory, Australia. Magellan and MPAL also hold various override and working interest holdings elsewhere in the United Kingdom and in Canada.

About YEP

YEP was founded in 2007 by recognized entrepreneur Nikolay V. Bogachev, who has had partnerships with Enterprise Oil (now Shell), Marathon Oil, and other major oil companies in developing earlier investments. YEP is building a portfolio of energy investments worldwide with a current focus on Australia and in Africa.

For further information, please contact:

William H. Hastings, President and CEO of Magellan, (207) 619-8501

Antoine Lafargue, CFO and Treasurer of Magellan, (207) 619-8505

Forward- Looking Statements

Statements in this release which are not historical in nature are intended to be, and are hereby identified as, forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. These statements about Magellan and MPAL may relate to their businesses and prospects, revenues, expenses, operating cash flows, and other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Among these risks and uncertainties are the ability of MPAL, with the assistance of the Company, to successfully and timely close the Evans Shoal acquisition, the likelihood and timing of the receipt of proceeds from the YEP private placement transaction due to conditions stipulated in the Securities Purchase Agreement, the ability of the Company to successfully develop a strategy for methanol development, pricing and production levels from the properties in which Magellan and MPAL have interests, the extent of the recoverable reserves at those properties, the profitable integration of acquired businesses, including Nautilus Poplar LLC, the future outcome of the negotiations for gas sales contracts for the remaining uncontracted reserves at both the Mereenie and Palm Valley gas fields in the Amadeus Basin, including the likelihood of success of other potential suppliers of gas to the current customers of Mereenie and Palm Valley production. In addition, MPAL has a large number of exploration permits and faces the risk that any wells drilled may fail to encounter hydrocarbons in commercially recoverable quantities. Any forward-looking information provided in this release should be considered with these factors in mind. Magellan assumes no obligation to update any forward-looking statements contained in this release, whether as a result of new information, future events or otherwise.

Exhibit 99.2

MAGELLAN PETROLEUM CORPORATION
PROVIDES OPERATIONS UPDATE

PORTLAND, Maine, August 10th 2010 — Magellan Petroleum Corporation (NASDAQ: MPET) (ASX: MGN) provided updates to its current operations and certain commercial transactions.

In the United Kingdom ("UK"), ongoing discussions with the Operator of the Markwells Wood and Havant wells, onshore Weald Basin, UK, have yielded a decision to proceed in the near-term to spud Markwells Wood 1. While site preparation had been completed, projected drilling costs were higher than anticipated. Active discussions and focused work by the Operator, Northern Petroleum, has yielded a cost that all parties find acceptable and the wells will proceed. The Operator continues to work on the sale of all of its UK properties, but has represented that there will be no further delay in the Markwells Wood spud. Magellan will have its representative in London this week to further work through drilling strategy. Markwells Wood is a promising offset location to the adjacent producing Horndean oil field. While there remains reservoir risk with the project, we are optimistic that surface proceedings have been concluded to all interested Parties satisfaction with the well spud to occur as soon as is practical. Although this drilling program is not core to the Company's long-term strategy, it is important that these wells are finally drilled to the satisfaction of all Parties involved.

In Montana, at East Poplar Unit and in the Northwest Poplar oil fields, the Company will conduct residual oil saturation testing later in the summer to gain further data usable for CO2 miscible flood planning. A successful CO2 flood could produce up to 80mmbls at Poplar, based on a 10% industry average recovery rate of the field's 800mmbls original oil in place. Drilling two further infill oil wells is being considered as part of the Company's program to redevelop the field. The wells would test the Tyler and Nisku formations and could also provide data on Bakken shale quality. All formations have yielded hydrocarbons in the past. Magellan holds a direct and indirect 83.7% interest in the fields.

In Australia, Santos has placed its 65% operating interest in Mereenie oil and gas field and other interests in Palm Valley and Dingo gas fields up for sale. The sale process is nearing completion and Magellan will participate in discussions as to how to best operate the respective fields going forward – including, but not limited to, the appointment of new Basin-wide Operator, optimizing ownership interests with new partners, significantly lowering unit operating expense, and developing the remaining two-thirds of west Mereenie for incremental oil production. Significant remaining gas reserves, not yet committed to market, are seen as a viable fuel gas option in the construction of a large, new Methanol complex in Darwin using Evans Shoal feed gas.

* * * * *

For further information, please contact:

William H. Hastings, President and CEO of Magellan, (207) 619-8501

Jeffrey Tounge, Manager Commercial Operations (207) 619-8504

Forward- Looking Statements

Statements in this release which are not historical in nature are intended to be, and are hereby identified as, forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. These statements about Magellan and MPAL may relate to their businesses and prospects, revenues, expenses, operating cash flows, and other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Among these risks and uncertainties are the ability of MPAL, with the assistance of the Company, to successfully and timely close the Evans Shoal acquisition, the ability of the Company to successfully develop a strategy for methanol development, pricing and production levels from the properties in which Magellan and MPAL have interests, the extent of the recoverable reserves at those properties, the profitable integration of acquired businesses, including Nautilus Poplar LLC, the future outcome of the negotiations for gas sales contracts for the remaining uncontracted reserves at both the Mereenie and Palm Valley gas fields in the Amadeus Basin, including the likelihood of success of other potential suppliers of gas to the current customers of Mereenie and Palm Valley production. In addition, Nautilus Poplar LLC, Magellan, and MPAL have exploration permits and face the risk that any wells drilled may fail to encounter hydrocarbons in commercially recoverable quantities. Any forward-looking information provided in this release should be considered with these factors in mind. Magellan assumes no obligation to update any forward-looking statements contained in this release, whether as a result of new information, future events or otherwise.