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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 15, 2017 (February 10, 2017)

Tellurian Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-5507	06-0842255
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1201 Louisiana Street, Suite 3100, Houston, TX	77002
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (832) 962-4000

(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:

☐ 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))

EXPLANATORY NOTE

Tellurian Inc. (“we”, “us”, “Tellurian” or the “Company”), a Delaware corporation formerly known as Magellan Petroleum Corporation (“Magellan”), is filing this Amendment No. 1 on Form 8-K/A (this “Amended Filing”) to amend its Current Report on Form 8-K filed with the Securities and Exchange Commission (“SEC”) on February 10, 2017 (the “Original Filing”), to file the audited financial statements for the fiscal year ended December 31, 2016 (the “Audited Financial Statements”) of Tellurian Investments Inc. (“Tellurian Investments”) which was acquired by Magellan on February 10, 2017, and to file the business and properties and pro forma information of Tellurian described below.

As discussed more fully in our Original Filing, on February 10, 2017, Tellurian completed the merger (the “Merger”) contemplated by the Agreement and Plan of Merger, dated as of August 2, 2016, as amended (the “Merger Agreement”), by and among Magellan, Tellurian Investments, and River Merger Sub, Inc., a direct, wholly owned subsidiary of Magellan (“Merger Sub”).

Pursuant to the Merger Agreement, each outstanding share of common stock, par value $0.001 per share, of Tellurian Investments was canceled and converted into the right to receive 1.300 shares of common stock, par value $0.01 per share, of the Company, and Merger Sub merged with and into Tellurian Investments, with Tellurian Investments continuing as the surviving corporation and a subsidiary of the Company. The Merger will be accounted for as a “reverse acquisition” in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Under U.S. GAAP, Tellurian Investments will be treated as the accounting acquirer in the Merger.

The Audited Financial Statements as of and for the year ended December 31, 2016, and pro forma financial information relating to the Merger as of that date, is included in this report. Except for the Audited Financial Statements and pro forma financial information, this Amended Filing does not amend or restate the Original Filing, nor does it modify or update those disclosures affected by subsequent events or discoveries, except that, as set forth in Item 8.01 below, certain supplemental information regarding the Company is included in Exhibit 99.1 hereto and is incorporated by reference herein.

Item 2.01. Completion of Acquisition or Disposition of Assets.

As previously reported by the Company in its Current Report on Form 8-K filed on February 10, 2017, the Company completed the Merger. The Company hereby amends the initial report to provide the financial statements and pro forma financial information required by Item 9.01(a) and (b) of Form 8-K in connection with the Merger.

Item 8.01. Other Events.

Exhibit 99.1 hereto contains certain supplemental disclosures regarding Tellurian following the completion of the Merger and is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

The audited balance sheet of Tellurian Investments as of December 31, 2016, and audited statements of operations, changes in stockholders’ equity, and cash flows for the year ended December 31, 2016, and related notes, are filed as Exhibit 99.2 to this Amended Filing and incorporated herein by reference.

The audited balance sheets of Tellurian Services LLC as of April 9, 2016, December 31, 2015 and 2014 and audited statements of operations, changes in members’ capital equity, and cash flows for the period from January 1, 2016 through April 9, 2016 and the years ended December 31, 2015 and 2014, and related notes, are filed as Exhibit 99.3 to this Amended Filing and incorporated herein by reference.

(b) Pro forma financial information.

The Company’s unaudited pro forma consolidated combined balance sheet as of December 31, 2016, and unaudited pro forma consolidated combined statements of operations for the year ended December 31, 2016, and related notes, showing the pro forma effects of the Company’s acquisition of Magellan, are filed as Exhibit 99.4 to this Amended Filing and incorporated herein by reference.

(d) Exhibits.

See Exhibit Index.

SIGNATURES

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

TELLURIAN INC.

By: /s/ Antoine J. Lafargue
Antoine J. Lafargue
Senior Vice President and Chief Financial Officer
(as Principal Financial Officer)

Date: March 15, 2017

EXHIBIT INDEX

Exhibit No.	Description
23.1	Consent of Deloitte & Touche LLP
23.2	Consent of Deloitte & Touche LLP
23.3	Consent of Allen & Crouch Petroleum Engineers Inc., independent petroleum engineer
99.1	Supplemental Disclosures Relating to Tellurian Inc.
99.2	Audited Consolidated Financial Statements of Tellurian Investments Inc.
99.3	Audited Financial Statements of Tellurian Services LLC
99.4	Unaudited Pro Forma Consolidated Combined Financial Statements of Tellurian Inc.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-216010 on Form S-8 and Registration Statement Nos. 333-216011 and 333-216013 on Form S-3 of Tellurian Inc. of our report dated March 15, 2017 related to the consolidated financial statements of Tellurian Investments Inc. and its subsidiaries as of and for the year ending December 31, 2016 appearing in this Current Report on Form 8-K/A of Tellurian Inc.

/s/ DELOITTE & TOUCHE LLP
Houston, Texas
March 15, 2017

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-216010 on Form S-8 and Registration Statement Nos. 333-216011 and 333-216013 on Form S-3 of Tellurian Inc. of our report dated March 15, 2017 related to the financial statements of Tellurian Services LLC as of April 9, 2016, December 31, 2015, and 2014 and for the period from January 1, 2016 through April 9, 2016 and for the years ended December 31, 2015 and 2014 appearing in this Current Report on Form 8-K/A of Tellurian Inc.

/s/ DELOITTE & TOUCHE LLP
Houston, Texas
March 15, 2017

Exhibit 23.3

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS

The undersigned firm of Independent Petroleum Engineers, of Casper, Wyoming, United States, knows that it is named as having prepared an audit of a constant dollar reserves evaluation prepared by Nautilus Poplar LLC dated September 10, 2015, of the Montana interests of Tellurian Inc. (f/k/a Magellan Petroleum Corporation), and hereby consents to the use of its name and to the use of such estimates in the form and context in which they appear in the Annual Report on Form 10-K of Tellurian Inc. for the fiscal year ended June 30, 2016, filed with the Securities and Exchange Commission (the "SEC") on September 14, 2016, as amended by the Annual Report on Form 10-K/A for the fiscal year ended June 30, 2016 filed with the SEC on October 27, 2016. We hereby further consent to the use of the information contained in our audit letter dated September 10, 2015 relating to such estimates. We further consent to the incorporation by reference thereof in Tellurian Inc.'s Registration Statements Nos. 333-216011 and 333-216013 on Form S-3ASR, and Registration Statement No. 333-216010 on Form S-8, all of which were filed with the SEC on February 10, 2017.

ALLEN & CROUCH PETROLEUM ENGINEERS, INC.

By: /s/ Richard L. Vine

March 15, 2017

Exhibit 99.1

SUPPLEMENTAL DISCLOSURES RELATING TO TELLURIAN INC.

ABOUT TELLURIAN INC.

Tellurian Inc., a Delaware corporation ("we," "us," "our," "Tellurian" or the "Company"), intends to create value for shareholders by developing low-cost natural gas-related infrastructure, profitably delivering natural gas to customers worldwide and pursuing value enhancing, complementary business lines in the energy industry. Tellurian owns all of the common stock of Tellurian Investments Inc., a Delaware corporation ("Tellurian Investments"), which indirectly owns a 100% ownership interest in each of Driftwood LNG LLC, a Delaware limited liability company ("Driftwood LNG"), and Driftwood Pipeline LLC, a Delaware limited liability company ("Driftwood Pipeline"), and directly owns a 100% membership interest in Tellurian Services LLC (f/k/a Parallax Services LLC), a Delaware limited liability company ("Tellurian Services").

Tellurian plans to own, develop and operate natural gas liquefaction facilities, storage facilities and loading terminals (collectively, the "LNG Facilities") and is developing a liquefied natural gas ("LNG") terminal facility (the "Driftwood terminal") and an associated pipeline (the "Driftwood pipeline") in Southwest Louisiana (the Driftwood terminal and the Driftwood pipeline collectively, the "Driftwood Project"). The proposed Driftwood terminal will have a liquefaction capacity of approximately 26 million tonnes per annum, situated on approximately 1,000 acres in Calcasieu Parish, Louisiana. The proposed terminal facility will include up to twenty liquefaction trains, three full containment LNG storage tanks and three marine berths. In February 2016, Tellurian engaged Bechtel Oil, Gas and Chemicals, Inc. ("Bechtel") to complete a Front-End Engineering and Design ("FEED") study for the Driftwood terminal. Based on the progress of such FEED study to date, Tellurian estimates construction costs for the Driftwood terminal of approximately $500 to $600 per tonne ($13 to $16 billion) before owners' costs, financing costs and contingencies.

Tellurian is developing the proposed Driftwood pipeline, a new 96-mile large diameter pipeline which will interconnect with 14 existing interstate pipelines throughout Southwest Louisiana to secure adequate natural gas feedstock for the Driftwood terminal. The Driftwood pipeline will be comprised of 48-inch, 42-inch and 36-inch diameter pipeline segments, and three compressor stations totaling approximately 270,000 horsepower, all as necessary to provide approximately 4.0 Bcf/d of average daily gas transportation service. In June 2016, Tellurian engaged Bechtel to complete a FEED study for the Driftwood pipeline. Based on the progress of such FEED study to date, Tellurian estimates construction costs for the Driftwood pipeline of approximately $1.6 to $2.0 billion before owners' costs, financing costs and contingencies.

Also in June 2016, Driftwood LNG and Driftwood Pipeline commenced the pre-filing process with the U.S. Federal Energy Regulatory Commission ("FERC"). Driftwood LNG intends to file, by the end of the first quarter of 2017, an application with FERC for authorization pursuant to Section 3 of the Natural Gas Act ("NGA") to site, construct and operate the LNG Facilities and Driftwood Pipeline simultaneously will seek authorization pursuant to Section 7 of the NGA for authorization to construct and operate interstate natural gas pipeline facilities. Each will request that FERC issue an order approving the facilities by the first quarter of 2018. Construction of the LNG and pipeline facilities would begin after FERC issues an order granting the necessary authorizations under the NGA and once all required federal, state and local permits have been obtained. The Company expects to receive all regulatory approvals and commence construction in 2018, produce first LNG in 2022 and achieve full operations in 2025.

In September 2016, Driftwood LNG filed an application with the U.S. Department of Energy, Office of Fossil Energy (the "DOE/FE") seeking long-term, multi-contract authorization under Section 3 of the NGA to export, on its own behalf and as agent for others, up to 26 million tonnes per year of LNG. The application requested export authorization to countries with which the United States has a free trade agreement providing for national treatment for trade in natural gas ("FTA countries") for a 30-year term and to countries with which the United States does not have a free trade agreement providing for national treatment for trade in natural gas and with which trade is permitted ("non-FTA countries") for a 20-year term. In February 2017, Driftwood LNG filed a Statement and Notice of Change in Control with the DOE/FE informing it of the merger transaction between the Company, then known as Magellan Petroleum Corporation, and Tellurian Investments. The merger closed on February 10, 2017. On February 28, 2017, the DOE/FE issued an order authorizing Driftwood LNG to export up to 26 million tonnes per year of LNG to FTA countries, on its own behalf and as agent for others, for a term of 30 years. The authorization to export LNG to non-FTA countries is currently pending before the DOE/FE and is expected to be issued in the first quarter of 2018.

The Company was founded in 1957 and incorporated in Delaware in 1967 as Magellan Petroleum Corporation. We changed our corporate name to Tellurian Inc. shortly after completing the merger transaction with Tellurian Investments. Our common stock has been trading on the NASDAQ Stock Market since 1972. It currently trades under the ticker symbol "TELL" and as of March 13, 2017, the Company had 199,706,159 shares of common stock issued and outstanding.

Our principal executive offices are located at 1201 Louisiana Street, Suite 3100, Houston, Texas 77002, and our telephone number is (832) 962-4000. We maintain a website at http://www.tellurianinc.com. The information contained in, or that can be accessed through, our website is not part of this report.

CAUTIONARY INFORMATION ABOUT FORWARD-LOOKING STATEMENTS

The information in this report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, that address activities, events, or developments with respect to our financial condition, results of operations, or economic performance that we expect, believe, or anticipate will or may occur in the future, or that address plans and objectives of management for future operations, are forward-looking statements. The words "anticipate," "assume," "believe," "budget," "estimate," "expect," "forecast," "initial," "intend," "may," "plan," "potential," "project," "should," "will," "would," and similar expressions are intended to identify forward-looking statements. These forward-looking statements relate to, among other things:

- our businesses and prospects;
- our ability to continue as a going concern;
- planned or estimated capital expenditures;
- availability of liquidity and capital resources;
- our ability to obtain additional financing as needed;
- revenues, expenses and projected cash burn rates;
- progress in developing Tellurian's principal project and the timing of that progress;
- future values of that project or other interests or rights that Tellurian holds; and
- government regulations, including our ability to obtain necessary governmental permits and approvals.

Our forward-looking statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments, and other factors that we believe are appropriate under the circumstances. These statements are subject to a number of known and unknown risks and uncertainties, which may cause our actual results and performance to be materially different from any future results or performance expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the following:

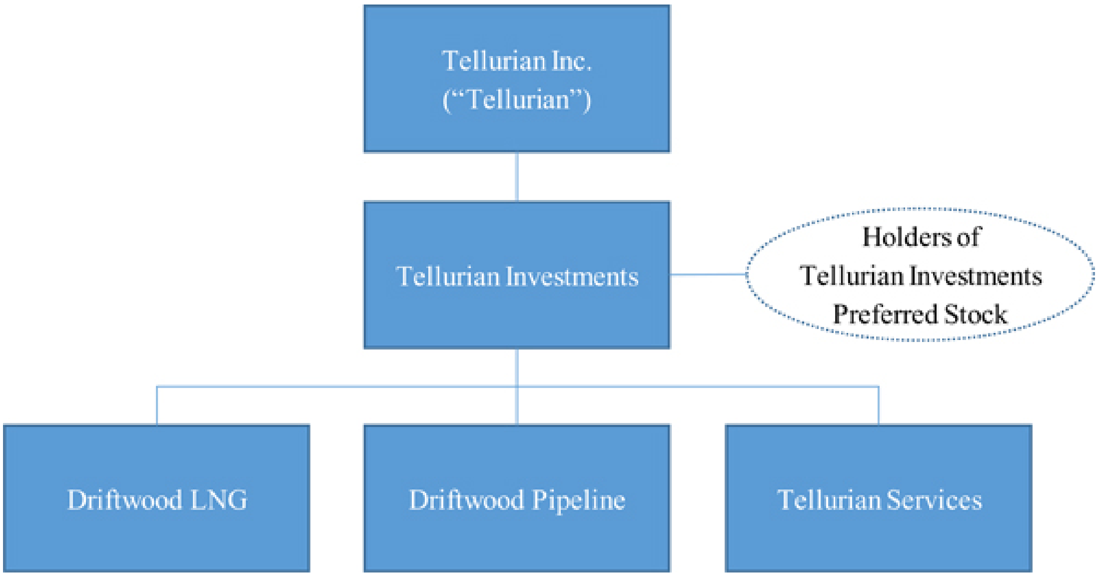
- the uncertain nature of the demand for and price of natural gas;
- risks related to shortages of LNG vessels worldwide;
- technological innovation which may render our anticipated competitive advantage obsolete;
- risks related to a terrorist or military incident involving an LNG carrier;
- changes in legislation and regulations relating to the LNG industry, including environmental laws and regulations that impose significant compliance costs and liabilities;

- uncertainties regarding our ability to maintain sufficient liquidity and capital resources to implement our projects or otherwise continue as a going concern;
- our limited operating history;
- our ability to attract and retain key personnel;
- risks related to doing business in, and having counterparties in, foreign countries;
- our reliance on the skill and expertise of third-party service providers;
- the ability of our vendors to meet their contractual obligations;
- risks and uncertainties inherent in management estimates of future operating results and cash flows;
- development risks, operational hazards, and regulatory approvals; and
- risks and uncertainties associated with litigation matters.

The forward-looking statements in this report speak as of the date hereof. Although we may from time to time voluntarily update our prior forward-looking statements, we disclaim any commitment to do so except as required by securities laws.

ORGANIZATIONAL STRUCTURE

Tellurian's current, abbreviated corporate structure is as follows:



CAPITAL RESOURCES AND STRUCTURE

Our current capital resources consist of proceeds from issuances of common and preferred stock, including, as described below, an issuance of preferred stock to GE Oil & Gas, Inc. ("GE"), a Delaware corporation and subsidiary of General Electric Company, and an issuance of common stock to TOTAL Delaware, Inc. ("TOTAL"), a Delaware corporation and subsidiary of TOTAL S.A. On a consolidated basis, Tellurian had approximately $189,545,121 of cash and cash equivalents as of March 10, 2017. Tellurian considers cash equivalents to be short term, highly liquid investments that are both readily convertible to known amounts of cash and so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates. We believe that we will have sufficient capital resources to fund our business for at least the next 12 months.

Tellurian Investments issued approximately 5.5 million shares of Tellurian Investments preferred stock to GE in November 2016 for an aggregate purchase price of $25 million. Those shares, which currently represent 4.76% of the outstanding equity securities of Tellurian Investments, are convertible at any time into either shares of a substantially similar class of Tellurian Inc. preferred stock or shares of Tellurian Inc. common stock, in each case on a one-for-one basis, subject to adjustments in certain circumstances. In connection with the preferred stock issuance to GE, we agreed to enter into a registration rights agreement with respect to the Tellurian Inc. common stock to be issued upon the conversion or exchange of the preferred stock.

Tellurian Investments issued approximately 35.4 million shares of its common stock to TOTAL in January 2017 for an aggregate purchase price of $207 million. In connection with that investment, we agreed that we would enter into (i) a pre-emptive rights agreement pursuant to which TOTAL will be granted a right to purchase its pro rata portion of any new equity securities that Tellurian may issue to a third party on the same terms and conditions as such equity securities are offered and sold to such party, subject to certain excepted offerings and (ii) a registration rights agreement with respect to the common stock purchased by TOTAL.

As of the date of this report, neither Tellurian nor any of its subsidiaries have entered into definitive registration rights agreements with either GE or TOTAL and Tellurian has not entered into a definitive pre-emptive rights agreement with TOTAL.

RISK FACTORS

In addition to the other information included in this report, the following risk factors should be carefully considered when evaluating an investment in us. These risk factors and other uncertainties may cause our actual future results or performance to differ materially from any future results or performance expressed or implied in the forward-looking statements contained in this report and in other public statements we make. In addition, because of these risks and uncertainties, as well as other variables affecting our operating results, our past financial performance is not necessarily indicative of future performance.

The risk factors in this report are grouped into the following categories:

- Risks Relating to our Financial Matters;
- Risks Relating to our Common Stock;
- Risks Relating to our LNG Business; and
- Risks Relating to our Business in General.

Risks Relating to our Financial Matters

Tellurian does not expect to generate sufficient cash to pay dividends until the completion of construction of the Driftwood Project.

Tellurian's directly and indirectly held assets consist primarily of cash held for certain start-up and operating expenses, applications for permits from regulatory agencies relating to the Driftwood Project and certain real property interests related to that project. Tellurian's cash flow and consequently its ability to distribute earnings is solely dependent upon the cash flow its subsidiaries receive from the Driftwood Project and the transfer of funds in the form of distributions or otherwise. Tellurian's ability to complete the Driftwood Project, as discussed further below, is dependent upon its subsidiaries' ability to obtain necessary regulatory approvals and raise the capital necessary to fund the development of the project.

Tellurian's ability to pay dividends in the future is uncertain and will depend on a variety of factors, including limitations on the ability of it or its subsidiaries to pay dividends under applicable law and/or the terms of debt or other agreements, and the judgment of the board of directors or other governing body of the relevant entity. Tellurian is currently prohibited from paying dividends under the terms of the Tellurian Investments preferred stock.

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

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

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

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

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

Driftwood LNG, Driftwood Pipeline and Tellurian Investments have a limited operating history.

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

Tellurian has not yet commenced the construction of the Driftwood Project. Accordingly, Tellurian expects to incur significant additional costs and expenses through completion of development and construction of the Driftwood Project. Tellurian expects operating losses will increase substantially in the remainder of 2017 and thereafter, and expects to continue to incur operating losses and experience negative operating cash flow through at least 2022.

Tellurian's exposure to the performance and credit risks of counterparties under agreements may adversely affect our operating results, liquidity and access to financing.

Our LNG and natural gas marketing business will involve our entering into various purchase and sale, hedging and other transactions with numerous third parties. In such arrangements, we will be exposed to the performance and credit risks of our counterparties, including the risk that one or more counterparties fails to perform its obligation to make deliveries of commodities and/or to make payments. These risks may increase during periods of commodity price volatility. Defaults by suppliers and other counterparties may adversely affect our operating results, liquidity and access to financing.

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

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

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

Changes in tax laws or exposure to additional income tax liabilities could have a material impact on our financial condition, results of operations and liquidity.

We are subject to income taxes as well as non-income based taxes in the various jurisdictions in which we operate. Tax authorities may disagree with certain positions we have taken and assess additional taxes. We regularly assess the likely outcomes of these audits to determine the appropriateness of our tax provision. However, there can be no assurance that we will accurately predict the outcomes of these audits, and the actual outcomes could have a material impact on our net income or financial condition.

Changes in tax laws or tax rulings could materially impact our effective tax rate. For example, the Trump Administration has called for substantial change to fiscal and tax policies, inclusive of proposed changes to the U.S. federal tax treatment of foreign operations, the current tax depreciation system and the deductibility of interest expense in connection with comprehensive U.S. federal tax reform. If enacted, any change in law may affect our tax position, including the amount of taxes we are required to pay, and could have a significant impact on our future results of operations, profitability and financial condition, including the size of our expected net operating losses. However, until we know what changes are enacted, we will not know fully whether in total we benefit from, or are negatively affected by, the proposed changes.

Risks Relating to Our Common Stock

The price of our common stock has been and may continue to be highly volatile, which may make it difficult for shareholders to sell our common stock when desired or at attractive prices.

The market price of our common stock is highly volatile, and we expect it to continue to be volatile for the foreseeable future. Adverse events could trigger a significant decline in the trading price of our common stock, including, among others, failure to obtain necessary permits, unfavorable changes in commodity prices or commodity price expectations, adverse regulatory developments, loss of a relationship with a partner, litigation and departures of key personnel. Furthermore, general market conditions, including the level of, and fluctuations in, the trading prices of equity securities generally could affect the price of our stock. Recently, the stock markets have experienced price and volume volatility that has affected many companies' stock prices. Stock prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. These fluctuations may affect the market price of our common stock.

The market price of our common stock could be adversely affected by sales of substantial amounts of our common stock by us or our major shareholders.

Sales of a substantial number of shares of our common stock in the market by us or any of our major shareholders, or the perception that these sales may occur, could cause the market price of our common stock to decline. In addition, the sale of these shares in the public market, or the possibility of such sales, could impair our ability to raise capital through the sale of additional equity securities. Our insider trading policy does not prohibit our officers and directors, some of whom own substantial percentages of our outstanding common stock, from pledging shares of stock that they own as collateral for loans. In some circumstances, such pledges could result in large amounts of shares of our stock being sold in the market in a short period of time, which would be expected to have a significant adverse effect on the trading price of the common stock. In addition, in the future, we may issue shares of our common stock in connection with acquisitions of assets or businesses. If we use our shares for this purpose, the issuances could have a dilutive effect on the market value of shares of our common stock, depending on market conditions at the time of an acquisition, the price we pay, the value of the business or assets acquired, our success in exploiting the properties or integrating the businesses we acquire and other factors.

Risks Relating to our LNG Business

Various economic and political factors could negatively affect the development, construction and operation of LNG Facilities, including the Driftwood Project, which could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Commercial development of an LNG facility takes a number of years, requires substantial capital investment and may be delayed by factors such as:

- increased construction costs;
- economic downturns, increases in interest rates or other events that may affect the availability of sufficient financing for LNG projects on commercially reasonable terms;
- decreases in the price of LNG, which might decrease the expected returns relating to investments in LNG projects;
- the inability of project owners or operators to obtain governmental approvals to construct or operate LNG Facilities; and
- political unrest or local community resistance to the siting of LNG Facilities due to safety, environmental or security concerns.

Our failure to execute our business plan in a timely manner could materially adversely effect our business, financial condition, operating results, liquidity and prospects.

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

Tellurian currently estimates that the construction costs for the Driftwood Project will be between approximately $13 and $16 billion. However, cost estimates are only an approximation of the actual costs of construction and are before owners' costs, financing costs and contingencies. Moreover, cost estimates may change due to various factors, such as the final terms of any definitive request for services with its engineering, procurement and construction ("EPC") service provider, as well as cost overruns, change orders, delays in construction, legal and regulatory requirements, site issues, increased component and material costs, escalation of labor costs, labor disputes, changes in commodity prices, increased spending to maintain Tellurian's construction schedule and other factors.

Our failure to achieve our cost estimates could materially adversely effect our business, financial condition, operating results, liquidity and prospects.

If third-party pipelines and other facilities interconnected to our LNG Facilities become unavailable to transport natural gas, this could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We will depend upon third-party pipelines and other facilities that will provide gas delivery options to our LNG Facilities. If the construction of new or modified pipeline connections is not completed on schedule or any pipeline connection were to become unavailable for current or future volumes of natural gas due to repairs, damage to the facility, lack of capacity or any other reason, our ability to meet our LNG sale and purchase agreement obligations and continue shipping natural gas from producing regions or to end markets could be restricted, thereby reducing our revenues. This could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We may not be able to purchase or receive physical delivery of sufficient natural gas to satisfy our delivery obligations under our LNG sale and purchase agreements, which could have an adverse effect on us.

Under LNG sale and purchase agreements with our customers, we will be required to make available to them a specified amount of LNG at specified times. However, we may not be able to purchase or receive physical delivery of sufficient quantities of natural gas to satisfy those obligations, which may provide affected customers with the right to terminate their LNG sale and purchase agreements. Our failure to purchase or receive physical delivery of sufficient quantities of natural gas could have an adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

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

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

Tellurian will be required to obtain governmental approvals and authorizations to implement its proposed business strategy, which includes the construction and operation of the Driftwood Project. In particular, authorization from FERC and the DOE/FE is required to construct and operate our proposed LNG Facilities. In addition to seeking approval for export to FTA countries, Tellurian will seek to obtain approval for export to non-FTA countries. There is no assurance that Tellurian will obtain and maintain these governmental permits, approvals and authorizations, and failure to obtain and maintain any of these permits, approvals or authorizations could have a material adverse effect on its business, results of operations, financial condition and prospects.

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

There is limited recent industry experience in the United States regarding the construction or operation of large-scale liquefaction facilities. The construction of the Driftwood Project is expected to take several years, will be confined to a limited geographic area and could be subject to delays, cost overruns, labor disputes and other factors that could adversely affect financial performance or impair Tellurian's ability to execute its scheduled business plan.

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

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

- design, engineer and receive critical components and equipment necessary for the Driftwood Project to operate in accordance with specifications and address any start-up and operational issues that may arise in connection with the commencement of commercial operations;
- attract, develop and retain skilled personnel and engage and retain third-party subcontractors, and address any labor issues that may arise;
- post required construction bonds and comply with the terms thereof, and maintain their own financial condition, including adequate working capital;
- adhere to any warranties the contractors provide in their EPC contracts; and
- respond to difficulties such as equipment failure, delivery delays, schedule changes and failure to perform by subcontractors, some of which are beyond their control, and manage the construction process generally, including engaging and retaining third-party contractors, coordinating with other contractors and regulatory agencies and dealing with inclement weather conditions.

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

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

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

- difficulties or delays in obtaining, or failure to obtain, sufficient debt or equity financing on reasonable terms;
- failure to obtain all necessary government and third-party permits, approvals and licenses for the construction and operation of any of our proposed LNG Facilities;
- failure to obtain sale and purchase agreements that generate sufficient revenue to support the financing and construction of the Driftwood Project;
- difficulties in engaging qualified contractors necessary to the construction of the contemplated Driftwood Project or other LNG Facilities;

- shortages of equipment, material or skilled labor;
- natural disasters and catastrophes, such as hurricanes, explosions, fires, floods, industrial accidents and terrorism;
- unscheduled delays in the delivery of ordered materials;
- work stoppages and labor disputes;
- competition with other domestic and international LNG export terminals;
- unanticipated changes in domestic and international market demand for and supply of natural gas and LNG, which will depend in part on supplies of and prices for alternative energy sources and the discovery of new sources of natural resources;
- unexpected or unanticipated need for additional improvements; and
- adverse general economic conditions.

Delays beyond the estimated development periods, as well as cost overruns, could increase the cost of completion beyond the amounts that are currently estimated, which could require Tellurian to obtain additional sources of financing to fund the activities until the proposed Driftwood Project is constructed and operational (which could cause further delays). Any delay in completion of the Driftwood Project may also cause a delay in the receipt of revenues projected from the Driftwood Project or cause a loss of one or more customers. As a result, any significant construction delay, whatever the cause, could have a material adverse effect on Tellurian's business, results of operations, financial condition, liquidity and prospects.

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

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

Cyclical or other changes in the demand for and price of LNG and natural gas may adversely affect Tellurian's LNG business and the performance of our customers and could lead to reduced development of LNG projects worldwide.

Tellurian's plans and expectations regarding its business and the development of domestic LNG Facilities and projects are generally based on assumptions about the future price of natural gas and LNG and the conditions of the global natural gas and LNG markets. Natural gas and LNG prices have been, and are likely to remain in the future, volatile and subject to wide fluctuations that are difficult to predict. Such fluctuations may be caused by factors including, but not limited to, one or more of the following:

- competitive liquefaction capacity in North America;

- insufficient or oversupply of natural gas liquefaction or receiving capacity worldwide;
- insufficient or oversupply of LNG tanker capacity;
- weather conditions;
- reduced demand and lower prices for natural gas;
- increased natural gas production deliverable by pipelines, which could suppress demand for LNG;
- decreased oil and natural gas exploration activities, which may decrease the production of natural gas;
- cost improvements that allow competitors to offer LNG regasification services or provide natural gas liquefaction capabilities at reduced prices;
- changes in supplies of, and prices for, alternative energy sources such as coal, oil, nuclear, hydroelectric, wind and solar energy, which may reduce the demand for natural gas;
- changes in regulatory, tax or other governmental policies regarding imported or exported LNG, natural gas or alternative energy sources, which may reduce the demand for imported or exported LNG and/or natural gas;
- political conditions in natural gas producing regions; and
- cyclical trends in general business and economic conditions that cause changes in the demand for natural gas.

Adverse trends or developments affecting any of these factors could result in decreases in the price of LNG and/or natural gas, which could materially and adversely affect the performance of our customers, and could have a material adverse effect on our business, contracts, financial condition, operating results, cash flows, liquidity and prospects.

Failure of exported LNG to be a competitive source of energy for international markets could adversely affect our customers and could materially and adversely affect our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Operations of the Driftwood Project will be dependent upon the ability of our LNG sale and purchase agreement customers to deliver LNG supplies from the United States, which is primarily dependent upon LNG being a competitive source of energy internationally. The success of our business plan is dependent, in part, on the extent to which LNG can, for significant periods and in significant volumes, be supplied from North America and delivered to international markets at a lower cost than the cost of alternative energy sources. Through the use of improved exploration technologies, additional sources of natural gas may be discovered outside the United States, which could increase the available supply of natural gas outside the United States and could result in natural gas in those markets being available at a lower cost than that of LNG exported to those markets.

Additionally, our liquefaction projects will be subject to the risk of LNG price competition at times when we need to replace any existing LNG sale and purchase contract, whether due to natural expiration, default or otherwise, or enter into new LNG sale and purchase contracts. Factors relating to competition may prevent us from entering into a new or replacement LNG sale and purchase contract on economically comparable terms as prior LNG sale and purchase contracts, or at all. Factors which may negatively affect potential demand for LNG from our liquefaction projects are diverse and include, among others:

- increases in worldwide LNG production capacity and availability of LNG for market supply;
- increases in demand for LNG but at levels below those required to maintain current price equilibrium with respect to supply;
- increases in the cost to supply natural gas feedstock to our liquefaction projects;
- decreases in the cost of competing sources of natural gas or alternate sources of energy such as coal, heavy fuel oil, diesel, nuclear, hydroelectric, wind and solar energy;
- decreases in the price of non-U.S. LNG, including decreases in price as a result of contracts indexed to lower oil prices;
- increases in capacity and utilization of nuclear power and related facilities;
- increases in the cost of LNG shipping; and
- displacement of LNG by pipeline natural gas or alternate fuels in locations where access to these energy sources is not currently available.

Political instability in foreign countries that import natural gas, or strained relations between such countries and the United States, may also impede the willingness or ability of LNG suppliers, purchasers and merchants in such countries to import LNG from the United States. Furthermore, some foreign purchasers of LNG may have economic or other reasons to obtain their LNG from non-U.S. markets or from our competitors' liquefaction facilities in the United States.

As a result of these and other factors, LNG may not be a competitive source of energy in the United States or internationally. The failure of LNG to be a competitive supply alternative to local natural gas, oil and other alternative energy sources in markets accessible to our customers could adversely affect the ability of our customers to deliver LNG from the United States on a commercial basis. Any significant impediment to the ability to deliver LNG from the United States generally, or from the Driftwood Project specifically, could have a material adverse effect on our customers and on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

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

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

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

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

The construction and delivery of LNG vessels requires significant capital and long construction lead times, and the availability of the vessels could be delayed to the detriment of Tellurian’s business and customers due to a variety of factors, including, but not limited to, the following:

- an inadequate number of shipyards constructing LNG vessels and a backlog of orders at these shipyards;
- political or economic disturbances in the countries where the vessels are being constructed;
- changes in governmental regulations or maritime self-regulatory organizations;
- work stoppages or other labor disturbances at the shipyards;
- bankruptcies or other financial crises of shipbuilders;
- quality or engineering problems;
- weather interference or catastrophic events, such as a major earthquake, tsunami, or fire; or
- shortages of or delays in the receipt of necessary construction materials.

Any of these factors could have a material adverse effect on Tellurian’s business, results of operations, financial condition, liquidity and prospects.

A terrorist attack, including cyberterrorism, or military incident involving an LNG carrier could result in delays in, or cancellation of, construction or closure of our proposed LNG Facilities.

A terrorist, including a cyberterrorist, incident or military incident involving an LNG carrier or LNG facility may result in delays in, or cancellation of, construction of new LNG Facilities, including our proposed LNG Facilities, which would increase Tellurian’s costs and decrease cash flows. A terrorist incident may also result in temporary or permanent closure of Tellurian’s proposed LNG Facilities, including the Driftwood Project, which could increase costs and decrease cash flows, depending on the duration of the closure. Operations at the proposed LNG Facilities, including the Driftwood Project, could also become subject to increased governmental scrutiny that may result in additional security measures at a significant incremental cost. In addition, the threat of terrorism and the impact of military campaigns may lead to continued volatility in prices for natural gas that could adversely affect Tellurian’s business and customers, including the ability of Tellurian’s suppliers or customers to satisfy their respective obligations under Tellurian’s commercial agreements.

Changes in legislation and regulations relating to the LNG industry could have a material adverse impact on Tellurian's business, results of operations, financial condition, liquidity and prospects.

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

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

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

In 2005 and 2008, hurricanes damaged coastal and inland areas located in Texas, Louisiana, Mississippi and Alabama, resulting in disruption and damage to certain LNG terminals located in those regions. Future storms and related storm activity and collateral effects, or other disasters such as explosions, fires, floods or accidents, could result in damage to, or interruption of operations at, the Driftwood Project or related infrastructure, as well as delays or cost increases in the construction and the development of the Driftwood Project or other facilities. Changes in the global climate may have significant physical effects, such as increased frequency and severity of storms, floods and rising sea levels; if any such effects were to occur, they could have an adverse effect on our coastal operations.

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

We will rely on third-party engineers to estimate the future capacity ratings and performance capabilities of the Driftwood Project, and these estimates may prove to be inaccurate.

We will rely on third parties for the design and engineering services underlying our estimates of the future capacity ratings and performance capabilities of the Driftwood Project. Any of our LNG Facilities, when actually constructed, may not have the capacity ratings and performance capabilities that we intend or estimate. Failure of any of our LNG Facilities to achieve our intended capacity ratings and performance capabilities could prevent us from achieving the commercial start dates under our future LNG sale and purchase agreements and could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Risks Relating to Our Business in General

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

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

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

- currency fluctuations;
- war or terrorist attack;
- expropriation or nationalization of assets;
- renegotiation or nullification of existing contracts;
- changing political conditions;
- changing laws and policies affecting trade, taxation, and investment;
- multiple taxation due to different tax structures;
- general hazards associated with the assertion of sovereignty over areas in which operations are conducted; and
- the unexpected credit rating downgrade of countries in which Tellurian's LNG customers are based.

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

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

Tellurian Investments and Tellurian Services, along with Tellurian director Martin Houston and an officer of Tellurian and certain entities in which each of them owned membership interests, as applicable, have been named as defendants in a recently initiated lawsuit. Although Tellurian Investments believes the plaintiffs' claims are without merit, Tellurian Investments may not ultimately be successful and any potential liability Tellurian Investments may incur is not reasonably estimable. Moreover, even if Tellurian Investments is successful in the defense of this litigation, Tellurian Investments could incur costs and suffer both an economic loss and an adverse impact on its reputation, which could have a material adverse effect on its business. In addition, any adverse judgment or settlement of the litigation could have an adverse effect on our operating results and financial condition.

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

Tellurian will be subject to extensive federal, state and local environmental regulations and laws, including regulations and restrictions related to discharges and releases to the air, land and water and the handling, storage, generation and disposal of hazardous materials and solid and hazardous wastes in connection with the development, construction and operation of its LNG Facilities. These regulations and laws, which include the Clean Air Act ("CAA"), the Oil Pollution Act, the Clean Water Act ("CWA") and the Resource Conservation and Recovery Act ("RCRA"), and analogous state and local laws and regulations will restrict, prohibit or otherwise regulate the types, quantities and concentration of substances that can be released into the environment in connection with the construction and operation of our facilities. These laws and regulations, including the National Environmental Protection Act ("NEPA"), will require Tellurian to obtain and maintain permits, prepare environmental impact assessments, provide governmental authorities with access to its facilities for inspection and provide reports related to compliance. Federal and state laws impose liability, without regard to fault or the lawfulness of the original conduct, for the release of certain types or quantities of hazardous substances into the environment. As the owner and operator of the Driftwood Project, Tellurian could be liable for the costs of investigating and cleaning up hazardous substances released into the environment and for damage to natural resources. Violation of these laws and regulations could lead to substantial liabilities, fines and penalties, the denial or revocation of permits necessary for our operations, governmental orders to shut down our facilities or capital expenditures related to pollution control equipment or remediation measures that could have a material adverse effect on Tellurian's business, results of operations, financial condition, liquidity and prospects.

In October 2015, the U.S. Environmental Protection Agency (the "EPA") published a final rule to implement the Obama Administration's Clean Power Plan, which is designed to reduce greenhouse gas ("GHG") emissions from power plants in the United States. In February 2016, the U.S. Supreme Court stayed the final rule, effectively suspending the duty to comply with the rule until certain legal challenges are resolved. Other federal and state initiatives exist, are being considered or may be considered in the future to address GHG emissions through, for example, U.S. treaty commitments, direct regulation, a carbon emissions tax, or cap-and-trade programs. Such initiatives could affect the demand for or cost of natural gas or could increase compliance costs for our operations. The future of the Clean Power Plan and other GHG-related initiatives of the federal government may change under the Trump Administration.

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

A major health and safety incident relating to our business could be costly in terms of potential liabilities and reputational damage.

Tellurian will be subject to extensive federal, state and local health and safety regulations and laws. Health and safety performance is critical to the success of all areas of our business. Any failure in health and safety performance may result in personal harm or injury, penalties for non-compliance with relevant laws and regulations or litigation, and a failure that results in a significant health and safety incident is likely to be costly in terms of potential liabilities. Such a failure could generate public concern and have a corresponding impact on our reputation and our relationships with relevant regulatory agencies and local communities, which in turn could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Failure to retain and attract key executive officers, key advisors such as Tellurian's Chairman or other skilled professional and technical employees could have an adverse effect on Tellurian's business, results of operations, financial condition, liquidity and prospects.

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

Additionally, we are dependent upon an available labor pool of skilled employees. We will compete with other energy companies and other employers to attract and retain qualified personnel with the technical skills and experience required to construct and operate our facilities and to provide our customers with the highest quality service. A shortage in the labor pool of skilled workers or other general inflationary pressures or changes in applicable laws and regulations could make it more difficult for us to attract and retain qualified personnel and could require an increase in the wage and benefits packages that we offer, thereby increasing our operating costs. Any increase in our operating costs could materially and adversely affect our business, financial condition, operating results, liquidity and prospects.

Our lack of diversification could have an adverse effect on our business, financial condition, operating results, cash flow, liquidity and prospects.

Due to our lack of asset and geographic diversification, an adverse development at the Driftwood Project, or in the LNG industry generally, would have a significantly greater impact on our financial condition and operating results than if we maintained a more diverse asset and geographic profile.

MARKET FACTORS

Tellurian expects global gas demand to increase faster than any other fossil fuel, as consumers look for more reliable sources of energy with fewer particulate and carbon emissions. The BP Energy Outlook, released in January 2017, predicts natural gas to grow at a rate of 1.7%, compounded annually, between 2015 and 2035, such that the global gas market during this time will add approximately 127 billion cubic feet per day ("bcf/d") of demand, growing the market to approximately 464 bcf/d in total. Wood Mackenzie expects that the market could require approximately 32% of the growth in global natural gas demand to be supplied by LNG and forecasts LNG imports to grow to 551 million tonnes per annum ("mtpa") (72 bcf/d) by 2035, from a base of 244 mtpa (32 bcf/d) in 2015, with existing and under construction facilities producing 300 mtpa (39 bcf/d) by 2035. As a result, the market could require new liquefaction facilities to supply an additional 251 mtpa of LNG to meet incremental demand. Assuming LNG delivered to the market is 85% of installed liquefaction capacity after taking into account planned and unplanned maintenance, operational outages, and fuel used during transport, we believe approximately 296 mtpa of additional liquefaction capacity will need to be constructed to meet this call on LNG, or approximately 21 mtpa per year from 2022 to 2035. The schedule of operations for Driftwood LNG, from 2022 to 2025, will only enable Driftwood LNG to provide a portion of the expected need for liquefaction facilities worldwide, and we expect Driftwood LNG will be a competitive supplier to the growing global natural gas market.

REGULATION

LNG terminal and pipeline facilities are subject to extensive federal, state and local statutes, rules, regulations, and laws in the United States that include, but are not limited to, the NGA, the Energy Policy Act of 2005, the Oil Pollution Act, NEPA, the CAA, the CWA, the RCRA, the Pipeline Safety Improvement Act of 2002 ("PSIA"), and the Coastal Zone Management Act ("CZMA"). These statutes cover areas related to the authorization, construction and operation of the facilities including the facilities' discharges and releases to the air, land and water, and the handling, generation, storage and disposal of hazardous materials and solid and hazardous wastes due to the development, construction and operation of the facilities. These laws are administered and enforced by governmental agencies including FERC, the EPA, the DOE/FE, the U.S. Department of Transportation ("DOT"), and the Louisiana Department of Natural Resources. Additionally, the facilities' construction and/or operation are subject to consultations and approvals by the Advisory Council on Historic Preservation, U.S. Army Corps of Engineers, U.S. Department of Commerce, National Marine Fisheries Services, U.S. Department of the Interior, U.S. Fish and Wildlife Service, and U.S. Department of Homeland Security.

Failure to comply with applicable federal, state, and local laws, rules, and regulations could result in substantial administrative, civil and/or criminal penalties and/or failure to secure and retain necessary authorizations.

Federal Energy Regulatory Commission

The design, construction and operation of our liquefaction facilities, the export of LNG and the transportation of natural gas are highly regulated activities. In order to site, construct and operate our LNG Facilities, we are required to obtain authorizations from FERC under Section 3 of the NGA as well as several other material governmental and regulatory approvals and permits. The Energy Policy Act of 2005 (the "EPAct") amended Section 3 of the NGA to establish or clarify FERC's exclusive authority to approve or deny an application for the siting, construction, expansion or operation of LNG terminals, although except as specifically provided in the EPAct, nothing in the EPAct is intended to affect otherwise applicable law related to any other federal agency's authorities or responsibilities related to LNG terminals.

Several other material governmental and regulatory approvals and permits will be required throughout the life of our liquefaction project. Throughout the life of our proposed Driftwood Project, we will be subject to regular reporting requirements to FERC, the DOT Pipeline and Hazardous Materials Safety Administration (the "PHMSA") and other federal and state regulatory agencies regarding the operation and maintenance of our facilities.

In 2002, FERC concluded that it would apply light-handed regulation over the rates, terms and conditions agreed to by parties for LNG terminalling services, such that LNG terminal owners would not be required to provide open-access service at non-discriminatory rates or maintain a tariff or rate schedule on file with FERC, as distinguished from the requirements applied to FERC-regulated natural gas pipelines. The EPAct codified FERC's policy, but those provisions expired on January 1, 2015. Nonetheless, we see no indication that FERC intends to modify its longstanding policy of light-handed regulation of LNG terminals.

FERC has authority to approve, and if necessary set, “just and reasonable rates” for the transportation or sale of natural gas in interstate commerce. In addition, under the NGA, our proposed pipeline will not be permitted to unduly discriminate or grant undue preference as to rates or the terms and conditions of service to any shipper, including our own marketing affiliate. FERC has the authority to grant certificates allowing construction and operation of facilities used in interstate gas transportation and authorizing the provision of services. Under the NGA, FERC’s jurisdiction generally extends to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for resale for ultimate consumption for domestic, commercial, industrial or any other use and to natural gas companies engaged in such transportation or sale. However, FERC’s jurisdiction does not extend to the production, gathering, local distribution or export of natural gas.

In general, FERC’s authority to regulate interstate natural gas pipelines and the services that they provide includes:

- rates and charges for natural gas transportation and related services;
- the certification and construction of new facilities;
- the extension and abandonment of services and facilities;
- the maintenance of accounts and records;
- the acquisition and disposition of facilities;
- the initiation and discontinuation of services; and
- various other matters.

U.S. Department of Energy, Office of Fossil Energy Export License

Exports of natural gas to FTA countries are “deemed to be consistent with the public interest” and authorization to export LNG to FTA countries shall be granted by the DOE/FE without “modification or delay.” FTA countries which import LNG now or will do so by the end of 2017 include Canada, Chile, Colombia, Jordan, Mexico, Singapore, South Korea and the Dominican Republic. Exports of natural gas to non-FTA countries are considered by the DOE/FE in the context of a comment period whereby interveners are provided the opportunity to assert that such authorization would not be consistent with the public interest.

Pipelines

The PSIA, which is administered by the PHMSA Office of Pipeline Safety, governs the areas of testing, education, training and communication. The PSIA requires pipeline companies to perform extensive integrity tests on natural gas transportation pipelines that exist in high population density areas designated as “high consequence areas.” Pipeline companies are required to perform the integrity tests on a seven-year cycle. The risk ratings are based on numerous factors, including the population density in the geographic regions served by a particular pipeline, as well as the age and condition of the pipeline and its protective coating. Testing consists of hydrostatic testing, internal electronic testing, or direct assessment of the piping. In addition to the pipeline integrity tests, pipeline companies must implement a qualification program to make certain that employees are properly trained. Pipeline operators also must develop integrity management programs for gas transportation pipelines, which requires pipeline operators to perform ongoing assessments of pipeline integrity; identify and characterize applicable threats to pipeline segments that could impact a high consequence area; improve data collection, integration and analysis; repair and remediate the pipeline, as necessary; and implement preventive and mitigation actions.

In 2009, the PHMSA issued a final rule (known as "Control Room Management/Human Factors Rule") that became effective in 2010 requiring pipeline operators to write and institute certain control room procedures that address human factors and fatigue management.

In March 2015, the PHMSA issued a final rule amending the pipeline safety regulations to update and clarify certain regulatory requirements, including who can perform post-construction inspections on transmission pipelines. In September 2015, the PHMSA issued a rule indefinitely delaying the effective date for the amendment to the regulation regarding post-construction inspections.

In May 2015, the PHMSA issued a notice of proposed rulemaking proposing to amend gas pipeline safety regulations regarding plastic piping systems used in gas services, including the installation of plastic pipe used for gas transmission lines.

In July 2015, the PHMSA issued a notice of proposed rulemaking proposing to add a specific timeframe for operators' notification of accidents or incidents, as well as amending the safety regulations regarding operator qualification requirements by expanding the requirements to include new construction and certain previously excluded operation and maintenance tasks, requiring a program effectiveness review and adding new recordkeeping requirements. In January 2017, the PHMSA issued a final rule adding a specific time frame for operators' notification of accidents or incidents but delayed final action on the proposed operator qualification requirements until a later date. The final rule will be effective March 24, 2017.

In April 2016, the PHMSA issued a notice of proposed rulemaking addressing changes to the regulations governing the safety of gas transmission pipelines. Specifically, the PHMSA is considering certain integrity management requirements for "moderate consequence areas," requiring an integrity verification process for specific categories of pipelines, and mandating more explicit requirements for the integration of data from integrity assessments to an operator's compliance procedures. The PHMSA is also considering whether to revise requirements for corrosion control issues and to expand the definition of regulated gathering lines. These notices of proposed rulemaking are still pending at the PHMSA.

Natural Gas Pipeline Safety Act of 1968 ("NGPSA")

Louisiana administers federal pipeline safety standards under the NGPSA, which requires certain pipelines to comply with safety standards in constructing and operating the pipelines and subjects the pipelines to regular inspections. Failure to comply with the NGPSA may result in the imposition of administrative, civil and criminal sanctions.

Other Governmental Permits, Approvals and Authorizations

The construction and operation of the Driftwood Project will be subject to additional federal permits, orders, approvals and consultations required by other federal agencies, including the DOT, Advisory Council on Historic Preservation, U.S. Army Corps of Engineers ("USACE"), U.S. Department of Commerce, National Marine Fisheries Services, U.S. Department of the Interior, U.S. Fish and Wildlife Service, the EPA and U.S. Department of Homeland Security.

Three significant permits that may apply to our Driftwood Project are the USACE Section 404 of the Clean Water Act/Section 10 of the Rivers and Harbors Act Permit, the Clean Air Act Title V Operating Permit and the Prevention of Significant Deterioration Permit, of which the latter two permits are issued by the Louisiana Department of Environmental Quality ("LDEQ"). Our Driftwood Project will also have to comply with the requirements of NEPA, including preparation of an environmental impact assessment.

Environmental Regulation

Our proposed Driftwood Project will be subject to various federal, state and local laws and regulations relating to the protection of the environment and natural resources, and the handling, generation, storage and disposal of hazardous materials and solid and hazardous wastes. These environmental laws and regulations, which can restrict or prohibit impacts to the environment or the types, quantities and concentration of substances that can be released into the environment, will require significant expenditures for compliance, can affect the cost and output of operations, may impose substantial administrative, civil and/or criminal penalties for non-compliance and can result in substantial liabilities.

Clean Air Act and Greenhouse Gas Requirements

The CAA and comparable state laws and regulations regulate and restrict the emission of air pollutants from many sources and also impose various monitoring and reporting requirements, among other requirements. Our proposed Driftwood Project will be subject to the federal CAA and comparable state and local laws. We may be required to incur capital expenditures for air pollution control equipment in connection with maintaining or obtaining permits and approvals pursuant to the CAA and comparable state laws and regulations.

In 2009, the EPA promulgated and finalized the Mandatory Greenhouse Gas Reporting Rule for multiple sections of the economy. This rule requires mandatory reporting of GHG emissions from stationary sources, including fuel combustion sources. In 2010, the EPA expanded the rule to include reporting obligations for LNG terminals. In addition, the EPA has defined GHG emissions thresholds that would subject GHG emissions from new and modified industrial sources to regulation if the source is subject to Prevention of Significant Development (PSD) permit requirements due to its emissions of non-GHG criteria pollutants. In June 2013, the Obama Administration issued its Climate Action Plan, which announced a wide-ranging set of executive actions to be implemented to cut carbon emissions in the United States. The Obama Administration also issued regulations limiting GHG emissions from new and existing fossil-fuel fired electrical generating stations (the latter is known as the Clean Power Plan). These rules are currently stayed subject to a pending court challenge and the timing, extent and impact of these initiatives remain uncertain. In addition, from time to time, Congress has considered proposed legislation directed at reducing GHG emissions and many states have already taken regulatory action to monitor and/or reduce emissions of GHGs, primarily through the development of GHG emission inventories or regional GHG cap and trade programs. It is not possible at this time to predict how future regulations or legislation may address GHG emissions and impact our business. However, future regulations and laws could result in increased compliance costs or additional operating restrictions and could have a material adverse effect on our business, financial position, operating results and cash flows.

Coastal Zone Management Act

The siting and construction of our Driftwood Project within the coastal zone may be subject to the requirements of the CZMA. The CZMA is administered by the states (in Louisiana, by the Department of Natural Resources). This program is implemented to ensure that impacts to coastal areas are consistent with the intent of the CZMA to manage the coastal areas.

Clean Water Act

Our proposed Driftwood Project will be subject to the federal CWA and analogous state and local laws. The CWA and analogous state and local laws regulate discharges of pollutants to water of the United States or waters of the state, including discharges of wastewater and storm water runoff and discharges of dredged or fill material into waters of the United States, as well as spill prevention, control and countermeasure requirements. Permits must be obtained prior to discharging pollutants into state and federal waters. The CWA is administered by the EPA, the USACE and by the states (in Louisiana, by the LDEQ). Additionally, the siting and construction of our Driftwood Project may potentially impact jurisdictional wetlands, which would require appropriate federal, state and/or local permits and approval prior to impacting such wetlands. The authorizing agency may impose significant direct or indirect mitigation costs to compensate for regulated impacts to wetlands. The approval timeframe may also be extended and could potentially affect project schedules.

In June 2015, the EPA issued a final rule that attempts to clarify the CWA's jurisdictional reach over waters of the United States. The rule was subsequently stayed nationwide by the U.S. Court of Appeals for the Sixth Circuit during the pendency of several lawsuits challenging the rule in the Sixth Circuit and several federal district courts. In January 2017, the U.S. Supreme Court accepted review of the rule to determine whether jurisdiction over challenges to the rule rests with the federal district or appellate courts. On February 28, 2017, President Trump issued an Executive Order directing the EPA and USACE to review the rule and publish for notice and comment a proposed rule rescinding or revising the rule, as appropriate and consistent with law. The EPA and USACE have stated that they intend to implement the Executive Order and publish a Notice of Proposed Rulemaking to rescind or revise the rule in the near future. The Executive Order directs the EPA and USACE to consider a new rule that reflects Justice Antonin Scalia's plurality opinion in the 2006 Supreme Court decision, *Rapanos v. United States*, that CWA jurisdiction attaches only to "navigable waters" and other waters with a relatively permanent flow, such as rivers or lakes. If and when a final rule (as issued or revised) goes into effect, it could expand the scope of the CWA's jurisdiction, which could result in increased costs and delays with respect to obtaining permits for discharges or pollutants or dredge and fill activities in waters of the United States, including wetland areas.

Resource Conservation and Recovery Act

The federal RCRA and comparable state requirements govern the generation, handling and disposal of solid and hazardous wastes and require corrective action for releases into the environment. In the event such wastes are generated or used in connection with our facilities, we will be subject to regulatory requirements affecting the handling, transportation, treatment, storage and disposal of such wastes and could be required to perform corrective action measures to clean up releases of such wastes.

Endangered Species Act ("ESA")

Our Driftwood Project may be restricted by requirements under the ESA. The ESA establishes consultation requirements for and prohibitions on activities that have the potential to result in harm to threatened or endangered species of plants, animals, fish and their designated habitats.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the number of shares of Tellurian common stock owned beneficially by each director and executive officer of Tellurian as of March 13, 2017, and by all directors and executive officers of Tellurian as a group:

	Amount and Nature of Beneficial Ownership *	
Name of Individual or Group (a)	**Shares**	**Percent of Class (b)**
Charif Souki, Chairman	28,875,167	14.5%
Brooke A. Peterson, Director	26,549,918 (c)	13.3%
Martin Houston, Vice Chairman	26,095,332 (d)	13.1%
Meg A. Gentle, President and Chief Executive Officer	11,645,964 (e)	5.8%
R. Keith Teague, Executive Vice President and Chief Operating Officer	5,852,645 (f)	2.9%
Daniel A. Belhumeur, General Counsel	1,174,015 (g)	**
Antoine Lafargue, Senior Vice President and Chief Financial Officer	815,551 (h)	**
Khaled Sharafeldin, Chief Accounting Officer	585,000 (i)	**
Dillon J. Ferguson, Director	173,469	**
Diana Derycz-Kessler, Director	10,969 (j)	**
Jean Jaylet, Director	0	**
Don A. Turkleson, Director	0	**
Directors and Executive Officers as a Group (a total of 12 persons)	**101,778,030**	**51.0%**

* Unless otherwise indicated, each person listed has the sole power to vote and dispose of the shares listed.

** The percent of class owned is less than 1%.

(a) The address and telephone number of each of these persons is c/o Tellurian Inc., 1201 Louisiana Street, Suite 3100, Houston, Texas 77002 and (832) 962-4000, respectively.

(b) Based on a total of 199,706,159 shares of Tellurian common stock outstanding as of March 13, 2017.

(c) Includes (i) 549,918 shares of Tellurian common stock held by Brooke A. Peterson and (ii) 26,000,000 shares of Tellurian common stock held by the Souki Family 2016 Trust. Charif Souki is the trustee of the Souki Family 2016 Trust, and its voting rights are controlled by the majority vote of Tarek Souki, Karim Souki, Christopher Souki and Lina Souki, all of whom are beneficiaries of the trust and members of the Souki family. One other member of the Souki family who is currently five years old will obtain voting rights upon turning 25 years old. Brooke A. Peterson has been granted an irrevocable power of attorney to the vote the shares held by the Souki Family 2016 Trust until December 31, 2020.

(d) Includes (i) 650,000 shares of Tellurian common stock held by T.B.D. MH Family Trust LLC, of which Mr. Houston is the sole member and has sole voting and dispositive power and (ii) 1,300,000 shares of Tellurian common stock owned by Mr. Houston's wife for which Mr. Houston has shared voting and dispositive power.

(e) Includes 3,250,000 shares of restricted common stock that vest upon the affirmative investment decision by the board of directors of Tellurian.

(f) Includes 3,250,000 shares of restricted common stock that vest upon the affirmative investment decision by the board of directors of Tellurian.

(g) Includes 1,170,000 shares of restricted common stock that vest upon the affirmative investment decision by the board of directors of Tellurian.

(h) Includes (i) 650,000 shares of restricted common stock that vest upon the affirmative investment decision by the board of directors of Tellurian and (ii) 150,000 shares of restricted common stock that vest in equal quarterly installments over an 18-month period starting on February 10, 2017, subject to continued employment through each applicable vesting date.

(i) Includes 526,500 shares of restricted common stock that vest upon the affirmative investment decision by the board of directors of Tellurian.

(j) Excludes any shares that Ms. Derycz-Kessler may be deemed to beneficially own as a result of the 1,950,000 shares of Tellurian common stock held by Bristol Investment Fund, Ltd., a Cayman Islands company, which is owned by two feeder funds, one of which is partially held by an entity whose sole member is a trust for which Ms. Kessler acts as a trustee.

Other Security Holders

The following table sets forth information (as of the date indicated) as to all persons or groups known to Tellurian to be beneficial owners of more than 5% of Tellurian's issued and outstanding common stock as of March 13, 2017:

Name and Address of Beneficial Holder	Shares Beneficially Owned	Percent of Class (a)
TOTAL S.A., 2, place Jean Miller, La Défense 6, 92400 Courbevoie, France TOTAL Delaware, Inc., 1201 Louisiana Street, Suite 1800, Houston, Texas 77002	45,999,999 (b)	23.0%
Charif Souki 1201 Louisiana, Suite 3100 Houston, Texas 77002	28,875,167	14.5%
Souki Family 2016 Trust and Brooke A. Peterson P.O. Box 4068 Aspen, Colorado 81612	26,549,918 (c)	13.3%
Martin Houston 1201 Louisiana, Suite 3100 Houston, Texas 77002	26,095,332 (d)	13.1%
Meg A. Gentle 1201 Louisiana, Suite 3100 Houston, Texas 77002	11,645,964 (e)	5.8%

(a) Based on a total of 199,706,159 shares of Tellurian common stock outstanding as of March 13, 2017.

(b) This information is based on a Schedule 13D filed on February 27, 2017 by TOTAL S.A. and TOTAL Delaware, Inc., each of which has shared voting and dispositive power over the shares listed.

(c) Includes (i) 549,918 shares of Tellurian common stock held by Brooke A. Peterson and (ii) 26,000,000 shares of Tellurian common stock held by the Souki Family 2016 Trust. Charif Souki is the trustee of the Souki Family 2016 Trust, and its voting rights are controlled by the majority vote of Tarek Souki, Karim Souki, Christopher Souki and Lina Souki, all of whom are beneficiaries of the trust and members of the Souki family. One other member of the Souki family who is currently five years old will obtain voting rights upon turning 25 years old. Brooke A. Peterson has been granted an irrevocable power of attorney to the vote the shares held by the Souki Family 2016 Trust until December 31, 2020.

(d) Includes (i) 650,000 shares of Tellurian common stock held by T.B.D. MH Family Trust LLC, of which Mr. Houston is the sole member and has sole voting and dispositive power and (ii) 1,300,000 shares of Tellurian common stock owned by Mr. Houston's wife for which Mr. Houston has shared voting and dispositive power.

(e) Includes 3,250,000 shares of restricted common stock that vest upon the affirmative investment decision by the board of directors of Tellurian.

Tellurian, Tellurian Investments, TOTAL, Charif Souki, the Souki Family 2016 Trust and Martin Houston entered into a voting agreement pursuant to which Mr. Souki, the Souki Family 2016 Trust and Mr. Houston agreed to vote all shares of the combined company's stock they own in favor of a board nominee designated by TOTAL for so long as TOTAL owns not less than ten percent (10%) of the outstanding shares of Tellurian Investments common stock or Tellurian common stock, as applicable. The foregoing amounts do not include shares TOTAL may be deemed to beneficially own as a result of the voting agreement.

RECENT DEVELOPMENTS

Board Appointment

On March 7, 2017, Don Alan Turkleson, 62, was appointed to the board of directors of Tellurian (the "Board"). The Board has appointed Mr. Turkleson to serve as Chair of the audit committee of the Board (the "Audit Committee"), replacing Martin Houston, who served as a member of the Audit Committee pursuant to a temporary exemption provided by applicable NASDAQ rules. Mr. Turkleson will serve as Tellurian's audit committee financial expert. It was determined that Mr. Turkleson should serve as one of our directors because of his background and experience in the energy industry and his background as a Certified Public Accountant.

From April 2012 until his retirement in April 2015, Mr. Turkleson served as the Vice President and Chief Financial Officer of Gulf Coast Energy Resources, LLC, a privately held energy exploration and production company. He served as Senior Vice President and Chief Financial Officer of Cheniere Energy Partners GP from November 2006 to March 2009 and was a member of the board of directors of Cheniere Partners GP from November 2006 until September 2012. From 2013 until 2017, Mr. Turkleson served on the board of directors and audit committee of Cheniere Energy Partners LP Holdings, LLC. Since October 2016, Mr. Turkleson has served on the board of directors, on the executive committee and as chairman of the finance and audit committees of ACCEL Energy Canada Limited, a privately held company constructing and operating facilities for the delivery of energy, ultra-clean fuels and specialty products. From November 2013 until July 2015, he served on the board of directors of the general partner of QEP Midstream Partners, L.P., a midstream publicly traded master limited partnership. In addition, he served on the board of directors and as the chairman of the audit committee of Miller Energy Resources, Inc., a publicly traded energy exploration, production and drilling company, from January 2011 to April 2014. Mr. Turkleson received a B.S. in Accounting from Louisiana State University.

Exhibit 99.2

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TELLURIAN INVESTMENTS INC. AND SUBSIDIARIES

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Tellurian Inc. and Subsidiaries
Houston, Texas

We have audited the accompanying consolidated balance sheet of Tellurian Investments Inc. and its subsidiaries (the "Company") as of December 31, 2016, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tellurian Investments Inc. and its subsidiaries as of December 31, 2016 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP
Houston, Texas
March 15, 2017

TELLURIAN INVESTMENTS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(in thousands, except per-share amounts)

	December 31, 2016
ASSETS	
Current assets:	
Cash and cash equivalents	$ 21,398
Accounts receivable	48
Accounts receivable due from related parties	1,333
Prepaid expenses and other current assets	1,964
Total current assets	24,743
Property, plant and equipment, net	10,993
Goodwill	1,190
Note receivable due from related party	251
Other non-current assets	1,901
Total assets	$ 39,078
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable and accrued liabilities	$ 24,403
Accounts payable due to related parties	323
Total current liabilities	24,726
Embedded derivative	8,753
Commitments and contingencies (Note 8)	
Stockholders' equity:	
Series A convertible preferred stock, par value $0.001 per share; 5,468 shares authorized and outstanding	5
Common stock, par value $0.001 per share; 200,000 shares authorized; 109,609 shares issued and outstanding as of December 31, 2016	101
Additional paid-in capital	102,148
Accumulated deficit	(96,655)
Total stockholders' equity	5,599
Total liabilities and stockholders' equity	$ 39,078

The Notes to the Consolidated Financial Statements are an integral part of these statements.

TELLURIAN INVESTMENTS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(in thousands, except per-share amounts)

	Year Ended December 31, 2016
Revenue	$ —
Costs and expenses:	
Development expenses	47,215
General and administrative	46,515
Total development costs and expenses	93,730
Loss from operations	(93,730)
Loss on preferred stock exchange feature	(3,308)
Other income, net	217
Loss before income tax benefit	(96,821)
Provision for income tax benefit	166
Net loss attributable to common stockholders	$ (96,655)
Net loss per common share:	
Basic and diluted	$ (1.31)
Weighted average shares outstanding:	
Basic and diluted	73,689

The Notes to the Consolidated Financial Statements are an integral part of these statements.

TELLURIAN INVESTMENTS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(in thousands)

	Shares		Par Value				
	Common Stock	Series A Preferred Stock	Common Stock	Series A Preferred Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance, January 1, 2016	—	—	$ —	$ —	$ —	$ —	$ —
Common stock issued for acquisition	500	—	1	—	999	—	1,000
Issuance of common stock	98,356	—	98	—	57,276	—	57,374
Issuance of Series A convertible preferred stock	—	5,468	—	5	19,380	—	19,385
Restricted stock awards	8,848	—	—	—	265	—	265
Share-based compensation	1,905	—	2	—	24,228	—	24,230
Net loss	—	—	—	—	—	(96,655)	(96,655)
Balance, December 31, 2016	109,609	5,468	$ 101	$ 5	$102,148	$ (96,655)	$ 5,599

The Notes to the Consolidated Financial Statements are an integral part of these statements.

TELLURIAN INVESTMENTS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)

	Year Ended December 31, 2016
Cash flows from operating activities:	
Net loss	$ (96,655)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization expense	69
Loss on disposal of assets	185
Loss on Series A convertible preferred stock exchange feature	3,308
Deferred income tax benefit	(170)
Share-based compensation	24,495
Changes in operating assets and liabilities:	
Accounts receivable	(39)
Accounts receivable due from related parties	(124)
Prepaid expenses and other current assets	(1,936)
Accounts payable and accrued liabilities	22,393
Accounts payable due to related parties	(53)
Other, net	(1,903)
Net cash used in operating activities	(50,430)
Cash flows from investing activities:	
Purchases of property - land	(9,491)
Purchase of property, plant and equipment	(1,225)
Cash received in acquisition	210
Net cash used in investing activities	(10,506)
Cash flows from financing activities:	
Proceeds from the issuance of common stock	59,015
Proceeds from the issuance of preferred stock	25,000
Equity offering costs	(1,681)
Net cash provided by financing activities	82,334
Net Increase in cash and cash equivalents	21,398
Cash and cash equivalents, beginning of the year	—
Cash and cash equivalents, end of the year	$ 21,398
Supplemental Disclosures:	
Net cash paid for income taxes	$ 4
Property, plant and equipment non-cash accruals	46
Equity offering cost accrual	128

The Notes to the Consolidated Financial Statements are an integral part of these statements.

NOTE 1 — ORGANIZATION, DESCRIPTION OF BUSINESS, AND SIGNIFICANT EVENTS

Tellurian Investments Inc., a Delaware corporation based in Houston, Texas ("Tellurian Investments"), plans to develop, own and operate facilities that will produce liquefied natural gas ("LNG"), along with related storage facilities and loading terminals, and pursue complementary business lines in the energy industry.

The terms "we," "our," "us," and "the Company" as used in these notes refer collectively to Tellurian Investments and its subsidiaries unless the context suggests otherwise. These terms are used for convenience only and are not intended as a precise description of any separate legal entity within Tellurian Investments.

The Company owns a 100% membership interest in Tellurian LNG LLC, a Delaware limited liability company ("Tellurian LNG"), a 100% membership interest in Tellurian Services LLC, a Delaware limited liability company ("Tellurian Services"), and a 100% ownership interest in Tellurian LNG UK Ltd. Tellurian LNG owns a 100% membership interest in each of Driftwood LNG LLC, a Delaware limited liability company ("Driftwood LNG") and Driftwood Pipeline LLC, a Delaware limited liability company ("Driftwood Pipeline").

Tellurian Investments is developing, through Tellurian LNG and Tellurian LNG's wholly owned subsidiaries, an LNG facility with liquefaction capacity of approximately 26 million tonnes per annum on a single site in Calcasieu Parish, Louisiana (the "Driftwood LNG Project"). On June 6, 2016, Driftwood LNG and Driftwood Pipeline commenced the pre-filing process required by the Federal Energy Regulatory Commission's National Environmental Policy Act for the Driftwood LNG Project. Also, on September 27, 2016, Driftwood LNG filed an application with the U.S. Department of Energy seeking approval under the Natural Gas Act to export up to 26 million tonnes per year of LNG.

On December 29, 2015, Tellurian Investments was formed as PLX Holdings LLC ("PLX"), originally organized under Delaware law as a limited liability company, and converted from a limited liability company to a privately-held Delaware corporation on February 23, 2016. The conversion of PLX into Tellurian Investments had no effect on the Consolidated Financial Statements as the financial activity prior to the conversion consisted primarily of immaterial formation costs.

On August 2, 2016, Tellurian Investments, Magellan Petroleum Corporation, a Delaware corporation ("Magellan"), and River Merger Sub, Inc., a Delaware corporation, and a direct wholly owned subsidiary of Magellan ("Merger Sub"), entered into an Agreement and Plan of Merger (as amended, the "Merger Agreement"). Pursuant to the Merger Agreement, each outstanding share of common stock, par value $0.001 per share, of Tellurian Investments was to be exchanged for 1.300 shares of common stock, par value $0.01 per share, of Magellan, and Merger Sub was to merge with and into Tellurian Investments (the "Merger"), with Tellurian Investments continuing as the surviving corporation and a direct subsidiary of Magellan. The Merger was completed on February 10, 2017, and, concurrent with the Merger, Magellan Petroleum Corporation was renamed Tellurian Inc. Immediately following the Merger, the pre-Merger shareholders of Tellurian Investments held or had the right to receive approximately 96.3% of the outstanding Tellurian Inc. common stock. The Merger will be accounted for as a "reverse acquisition," with Tellurian Investments presented as the acquirer for accounting purposes. For additional information related to the closing of the Merger, see "Note 15, *Subsequent Events."*

NOTE 2 — LIQUIDITY CONSIDERATIONS

In periods prior to December 31, 2016, Tellurian Investments' management concluded there was substantial doubt about the ability of the Company to continue as a going concern and sustain development activities for a period of twelve months from its prior assessment. This was due primarily to our cash flow being entirely dependent upon funds received from outside investors. Due to the following matters, Tellurian Investments' management has concluded that there is no longer substantial doubt about our ability to continue as a going concern for a period of twelve months following the completion of the Consolidated Financial Statements.

On December 19, 2016, Tellurian Investments entered into a common stock purchase agreement with TOTAL Delaware, Inc., a Delaware corporation, and subsidiary of TOTAL S.A. ("TOTAL"), pursuant to which TOTAL agreed to purchase 35.4 million shares of Tellurian Investments common stock for an aggregate purchase price of $207 million. The transaction closed on January 3, 2017. See also "Note 15, *Subsequent Events*."

In addition, concurrent with the Merger, Tellurian Inc. filed an automatically-effective "shelf" registration statement with the U.S. Securities and Exchange Commission enabling it to access capital markets and offer and sell from time to time common stock, preferred stock, and warrants to purchase common stock or preferred stock in one or more transactions to fund the needs of Tellurian Inc. and its subsidiaries.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our Consolidated Financial Statements were prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The Consolidated Financial Statements include the accounts of Tellurian Investments and its majority owned subsidiaries and entities in which it holds a controlling interest. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. Management regularly evaluates its estimates and related assumptions, including those related to the value of property, plant and equipment, goodwill, the collectability of financial assets, income taxes including valuation allowances for net deferred tax assets, embedded features in our preferred stock, and share-based compensation. Changes in facts and circumstances or additional information may result in revised estimates and are accounted for prospectively, and actual results may differ from these estimates.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions, measurements of fair value are classified according to the following fair value hierarchy, which prioritizes the inputs to the valuation techniques used to measure fair value and distinguishes between observable and unobservable inputs:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Company at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1, Level 2 inputs are directly or indirectly observable for similar assets or liabilities for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

In determining fair value, we maximize the use of observable inputs and minimize our use of unobservable inputs in arriving at fair value estimates. The Company's assessment of a particular input to the fair value measurement in its entirety requires judgment and the consideration of factors specific to the asset or liability. In addition to market information, we incorporate transaction-specific details that, in management's judgment, market participants would take into account in measuring fair value.

The Company's policy is to recognize transfers in or out of a fair value hierarchy as of the end of the reporting period for which the event or change in circumstances caused the transfer. The Company has consistently applied the valuation techniques discussed above for the year ended December 31, 2016 and there have been no transfers in or out of Level 1, Level 2, or Level 3.

The carrying amount of cash and cash equivalents, accounts receivable and accounts payable reported on the Consolidated Balance Sheet approximates fair value. Nonrecurring fair-value measurements are those that require measurement at the transaction date without the need, at inception, to remeasure over subsequent periods. Nonrecurring fair-value measurements have been performed for share-based compensation as disclosed in "Note 10, *Share-Based Compensation."* Non-financial assets initially measured at fair value on a nonrecurring basis include certain assets acquired in a business combination and goodwill (see "Note 4, Acquisition"). Recurring fair-value measurements have been performed for an embedded exchange feature in the Tellurian Investments Series A convertible preferred stock ("Tellurian Investments Preferred Shares") that required recognition for accounting purposes (see "Note 13, *Stockholders' Equity").*

Segments

Due primarily to the fact that we are a development company with no operations, during the year ended December 31, 2016, management allocated resources and assessed financial performance on a consolidated basis. As such, for the purposes of financial reporting under U.S. GAAP during 2016, the Company has operated as a single operating segment whose activities are to develop LNG facilities, along with related storage facilities and loading terminals.

Cash and Cash Equivalents

Tellurian Investments considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable from third parties are primarily related to amounts due under a sublease arrangement for corporate office space. Tellurian Investments routinely reviews outstanding balances, assesses the financial strength of the parties, and records a reserve for amounts not expected to be fully recovered. We have not provided an allowance for doubtful accounts based on management's expectations that all receivables will be fully collected. The need for an allowance is determined based upon reviews of individual accounts, historical losses, existing economic conditions and other pertinent factors.

Transactions with Related Parties

Tellurian Investments has accounts due from related parties related to agreements with employees to reimburse the Company for certain contingent liabilities recognized by the Company and a note receivable for an advance made to an executive officer (see "Note 8, *Commitments and Contingencies"*). Related party payables are the result of balances due to related parties assumed in connection with the acquisition of Parallax Services LLC ("Parallax Services") which remain unpaid. Tellurian Investments considers the accounts receivable from related parties to be collectible. See also "Note 6, *Transactions with Related Parties"* for further information.

Concentration of Credit Risk

Financial instruments that potentially subject us to a concentration of credit risk consist principally of cash and cash equivalents and accounts and a note receivables due from related parties. Tellurian Investments maintains cash balances at financial institutions, which may at times be in excess of federally insured levels. Tellurian Investments has not incurred losses related to these balances to date.

Accounting for LNG Development Activities

Generally, we will begin capitalizing the costs of our LNG terminals and related pipelines once the individual project meets the following criteria: (1) regulatory approval has been received, (2) financing for the project is available and (3) management has committed to commence construction. Prior to meeting these criteria and until the affirmative final investment decision ("FID") by Tellurian Inc.'s Board of Directors to move forward with the project, most of the costs associated with a project are expensed as incurred. These costs primarily include professional fees associated with front-end engineering and design work, costs of securing necessary regulatory approvals, and other preliminary investigation and development activities related to our LNG terminals and related pipelines.

Tellurian Investments will begin capitalizing the costs of its LNG terminals and related pipelines once the Driftwood LNG Project's FID criteria have been met. Prior to meeting these criteria, most of the costs associated with this project have been expensed as incurred and are classified in the Consolidated Statement of Operations as development expenses.

Generally, costs that are capitalized prior to a project meeting the criteria otherwise necessary for capitalization include: land costs that are capitalized as property, plant and equipment and lease and purchase option payments that have been capitalized in other non-current assets. Costs of the lease and purchase options will be amortized over the life of the lease once obtained, or capitalized into the land if purchased. If no lease or land is obtained, option costs will be expensed.

Should our projects be funded with debt, we will capitalize interest and other related debt costs during the construction period of our LNG terminals and related pipelines. Upon commencement of operations, capitalized interest, as a component of the total cost, will be amortized over the estimated useful life of the asset.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Expenditures for construction activities, major renewals and betterments that extend the useful life of an asset are capitalized, while expenditures for maintenance and repairs and general and administrative activities are expensed as incurred. Tellurian Investments depreciates property, plant and equipment using the straight-line depreciation method. Upon retirement or other disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the account, and the resulting gains or losses are recorded in operating expenses.

Management tests property, plant and equipment for impairment whenever events or changes in circumstances have indicated that the carrying amount of property, plant and equipment might not be recoverable. Assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets for purposes of assessing recoverability. Recoverability generally is determined by comparing the carrying value of the asset to the expected undiscounted future cash flows to be generated from the asset. If the carrying value of the asset is not recoverable, the amount of impairment loss is measured as the excess, if any, of the carrying value of the asset over its estimated fair value.

At December 31, 2016, property, plant and equipment consisted primarily of land, buildings, leasehold improvements, office furniture and equipment (see “Note 7, *Property, Plant and Equipment”*).

Income Taxes

Tellurian Investments accounts for income taxes under the asset and liability approach for financial accounting and reporting of income taxes. Deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax basis of assets and liabilities and net operating loss and credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to impact taxable income. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such determination, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. A valuation allowance is recorded to reduce the carrying value of our deferred tax assets when it is more likely than not that all or a portion of our deferred tax assets will expire before the realization of the benefit or future deductibility is not probable. A valuation allowance equal to our federal and state net deferred tax assets has been established due to the uncertainty of realizing such tax benefits.

Tellurian Investments recognizes the financial statement benefit of an uncertain tax position only after determining that the relevant tax authority would more likely than not sustain the position upon examination.

For further details of matters affecting amounts related to income taxes, see “Note 12, *Income Taxes*.”

Goodwill

Goodwill represents the excess of purchase price over fair value of the assets of the business acquired. At December 31, 2016, Tellurian Investments had $1.2 million of goodwill associated with the acquisition of Parallax Services (see “Note 4, *Acquisition”).*

Tellurian Investments determines its reporting units by identifying each unit that engaged in business activities from which it may earn revenues and incur expenses, had operating results regularly reviewed by the chief operating decision maker for purposes of resource allocation and performance assessment, and had discrete financial information.

Goodwill is assessed at least annually for impairment and whenever events or circumstances indicate that impairment of the carrying value of goodwill is likely. During the fourth quarter of 2016, we performed a qualitative assessment of goodwill as of October 1 to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. If we fail a qualitative test, then we must first compare our estimate of the fair value of a reporting unit with its carrying value, including goodwill (“Step 1”). If the carrying value of the reporting unit exceeds its fair value, we perform the second step of the goodwill impairment test to measure the amount of goodwill impairment loss to be recorded, as necessary (“Step 2”). Step 2 compares the implied fair value of the reporting unit’s goodwill to the carrying value, if any, of that goodwill. We determine the implied fair value of the goodwill in the same manner as determining the amount of goodwill to be recognized in a business combination.

We completed our annual goodwill assessment noted above and the tests indicated no impairment. As discussed above regarding Tellurian Investments’ use of estimates, the Company’s judgments and assumptions are inherent in its estimate of future cash flows used to determine the estimate of the reporting unit’s fair value. The use of alternate judgments or assumptions could result in the recognition of impairment charges in the financial statements. A lower fair value estimate in the future could result in an impairment of goodwill. Factors that could indicate and cause a lower fair value estimate include significant negative industry or economic trends, cost increases, disruptions to our business, the regulatory or political environment or other unanticipated events.

Share-based Compensation

Tellurian Investments has awarded share-based compensation in the form of stock and restricted stock that are more fully described in “Note 10, *Share-Based Compensation.”* For equity-classified share-based compensation awards, Tellurian Investments measures share-based compensation based on the grant-date fair value of Tellurian Investments’ common stock and not subsequently remeasured. We had no liability-classified awards as of and for the period ended December 31, 2016.

For awards containing only service conditions or performance conditions deemed probable of occurring, the fair value is recognized as expense over the requisite service period using the straight-line method. Tellurian Investments recognizes compensation cost for awards with performance conditions if and when the Company concludes that it is probable that the performance condition will be achieved, net of an estimate of pre-vesting forfeitures over the requisite service period. For awards where the performance or market condition is not considered probable, compensation cost is deferred until the performance or market condition becomes probable. We reassess the probability of vesting at each reporting period for awards with performance conditions and adjust compensation cost based on our probability assessment.

Loss Contingencies

A loss contingency is recorded if a loss is probable and can be reasonably estimated. We record probable loss contingencies based on the best estimate of the loss. If a range of loss can be reasonably estimated, but no single amount within the range appears to be a better estimate than any other amount within the range, the minimum amount in the range is accrued. These estimates are initially developed earlier than when the ultimate loss is known, and the estimates are adjusted if additional information becomes known.

Net Loss Per Share

Basic net loss per share ("EPS") excludes dilution and is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted EPS reflects potential dilution and is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period increased by the number of additional common shares that would have been outstanding if the potential common shares had been issued and were dilutive. Basic and diluted EPS for the year ended December 31, 2016 are the same since the potential effect of our unvested restricted stock and the Tellurian Investments Preferred Shares (see "Note 13, *Stockholders' Equity"*) is anti-dilutive to our net loss per share. See also "Note 14, *Earnings per Common Share*."

Recently Adopted Guidance

In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The update provides guidance in U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The update is effective for financial statements issued for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The standard did not have a material impact on Tellurian Investments' Consolidated Financial Statements.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805),* which simplifies the accounting for adjustments made to provisional amounts recognized at the acquisition date in a business combination by eliminating the requirement to retrospectively account for such adjustments for which the accounting is incomplete by the end of the reporting period in which the combination occurs. The update is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The adoption did not have a material impact on Tellurian Investments' Consolidated Financial Statements.

In November 2015, the FASB issued ASU 2015-17*, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The amendments in this ASU eliminate the current requirement for entities to present deferred taxes as a net current asset or liability and net noncurrent asset or liability. Under the new guidance, all deferred tax assets and liabilities, along with the related valuation allowances, should be classified as noncurrent on the balance sheet. The amendments in this update may be applied either prospectively or retrospectively and are effective for annual and interim periods beginning after December 15, 2016. Early adoption was permitted and did not have a material impact on Tellurian Investments' Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation-Stock Compensation (Topic 718)*. This ASU simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments in this ASU are effective for public entities for annual and interim periods beginning after December 15, 2016. Various transition methods are prescribed depending on the aspect of accounting impacted by the amended guidance. Early adoption was permitted. The retroactive adoption to January 1, 2016 of this amendment did not have a material impact on Tellurian Investments' Consolidated Financial Statements.

In August 2016, the FASB issued ASU 2016-15 *Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments*. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The update is effective for financial statements issued for annual periods beginning after December 15, 2017 and for interim periods within those fiscal years. The amendments in this update will be applied using a retrospective transition method to each period presented. Early adoption was permitted and did not have a material impact on Tellurian Investments' Consolidated Financial Statements.

Accounting Guidance Issued but Not Adopted as of December 31, 2016

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update provides guidance concerning the recognition and measurement of revenue from contracts with customers. Its objective is to increase the usefulness of information in the financial statements regarding the nature, timing, and uncertainty of the use of revenues. The update, after a deferral by one year in August 2015 by the FASB, subsequently issued as ASU 2015-14 *Revenue from Contracts with Customers (Topic 606),* is effective for Tellurian Investments for the annual period beginning after December 15, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. The implementation of this new standard will not affect the amounts shown in our consolidated financial statements and related disclosures as the Company currently has no revenues.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires lessees to recognize lease assets and lease liabilities on the statement of financial position. The update is effective for financial statements issued for annual periods beginning after December 15, 2019 and for interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. Tellurian Investments is evaluating the potential impact this new standard will have on its consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. The amendments in this update clarify the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses by providing a screen to determine when an integrated set of assets or activities is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. If the screen is not met, then the amendments (1) require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) remove the evaluation of whether a market participant could replace missing elements. The amendments also provide a framework to assist entities in evaluating whether both an input and a substantive process are present. These amendments are effective for annual periods beginning after December 15, 2017, including interim periods within those periods, with early application permitted for transactions that have not been previously reported. These amendments will be evaluated in conjunction with future acquisitions or disposals.

In January 2017, FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which eliminates Step 2 from the goodwill impairment test. Step 2 required entities to compute the implied fair value of goodwill if it was determined that the carrying amount of a reporting unit exceeded its fair value. Under the amendments in this update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The goodwill impairment recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. These amendments are effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We expect to apply these amendments for our annual goodwill impairment test as of October 1, 2017, or earlier if events or changes in circumstances indicate that an interim goodwill impairment test is necessary.

NOTE 4 — ACQUISITION

On April 9, 2016, Tellurian Investments acquired Parallax Services LLC ("Parallax Services"), which was renamed Tellurian Services, with equity consideration valued at $1 million. Parallax Services primarily engaged in providing general and administrative support services to a related group of companies, Parallax Enterprises LLC ("Parallax Enterprises") and Parallax Energy LLC ("Parallax Energy"). The transaction has been accounted for using the acquisition method in accordance with ASC 805, *Business Combinations*. The purchase price was allocated to the assets acquired and liabilities assumed as follows (in thousands):

Consideration:	
Elimination of related party payable due to Tellurian Investments	$ 234
Equity purchase price	1,000
Total consideration	1,234
Fair values of liabilities assumed:	
Related party accounts payable	376
Accounts payable	519
Amount attributable to liabilities assumed	895
Fair values of assets acquired:	
Cash	210
Accounts receivable	9
Related party accounts receivable	128
Prepaid expenses	28
Related party note receivable	251
Property, plant and equipment	483
Amounts attributable to assets acquired	1,109
Deferred tax liability as a result of acquisition	170
Goodwill	$ 1,190

Equity consideration related to the acquisition was valued at $2.00 per share, and considered a Level 2 input. A total of 500,000 shares of common stock were exchanged for the entire members' equity of Parallax Services. Additionally, a related party payable due to Tellurian Investments by a Parallax Services member was eliminated. The allocation of purchase consideration utilized the cost approach to determine the replacement cost of property, plant and equipment using published third-party data, and was considered a Level 2 input. The book value of the remaining assets was determined to approximate fair value.

The following unaudited pro forma amounts represent the Company's results of operations with appropriate adjustments which are expected to have a continuing impact, resulting from the application of the acquisition method of accounting. The pro forma information is provided for informational purposes only and is not necessarily indicative of what Tellurian Investments' results of operation would have been if the acquisition occurred on January 1, 2016 (in thousands except per-share amounts):

	For the year ended December 31, 2016		
	Unaudited		
	As Reported	Pro Forma Adjustment	Pro Forma
Revenues	$ —	$ —	$ —
Net loss attributable to common stockholders	(96,655)	(655)(a)	(97,310)
Net loss per basic share	$ (1.31)		$ (1.31)
Basic and diluted weighted average common shares outstanding	73,689		74,189

(a) Adjustment for the historical net loss of Parallax Services of $638 thousand prior to the acquisition less the services fees that were charged to subsidiaries of Tellurian Investments of $17 thousand.

NOTE 5 — PREPAID AND OTHER CURRENT AND NON-CURRENT ASSETS

The components of prepaid expenses and other current assets consist of the following (in thousands):

		December 31, 2016
Deposits related to marketing activities	$	968
Prepaid rent		315
Subscriptions		165
Stock issuance costs		128
Value-added taxes receivables		111
Other		277
Total prepaid expenses and current assets	$	1,964

The components of other non-current assets consist of the following (in thousands):

		December 31, 2016
Lease and purchase options	$	1,345
Deposits related to marketing activities		551
Other		5
Total other non-current assets	$	1,901

Deposits Related to Marketing Activities

Tellurian Investments has made advances to trade conferences and similar events for the purposes of networking, marketing, and public relations in the ordinary course of its development activities. These deferred costs relate primarily to conference fees, travel accommodations, and similar event-specific arrangements, which are required to be paid in advance. General marketing and advertising costs not associated with specific events currently are generally expensed and costs that are event-specific are deferred and expensed when the event occurs.

Land Lease and Purchase Options

On April 13, 2016, Tellurian Investments, through its wholly owned subsidiary Driftwood LNG, entered into a ground lease for a port facility adjacent to a tract of land that was acquired in March 2016. The lease provides for a four-year term, subject to a 20-year extension and six 5-year renewals and is accounted for as an operating lease, with rental payments accounted for using the straight-line method. Where payments exceed or are less than the amount of rent expense recognized, prepaid rent or deferred rent payable, respectively, is recognized on the Consolidated Balance Sheet.

During 2016, Tellurian Investments, through its wholly owned subsidiary Driftwood LNG, entered into lease and purchase option agreements (the “Options”) for certain tracts of land and associated river frontage. The Options are for land and provide for four or five-year terms. Upon exercise of the Options, leases are subject to maximum terms of 60 years (inclusive of various renewals) at the option of Tellurian Investments. Lease and purchase option payments have been capitalized in other non-current assets. Costs of the lease and purchase options will be amortized over the life of the lease once obtained, or capitalized into the land if purchased. If no lease or land is obtained, the Options cost will be expensed.

Office Lease

The Company holds a ten-year lease for its corporate headquarters located in Houston, Texas as well as a five-year lease for an office located in London, United Kingdom. Rent expense of $598 thousand was recognized in general and administrative expenses within the Consolidated Statement of Operations for the twelve months ended December 31, 2016. The leases are accounted for as operating leases, with rental payments accounted for using the straight-line method. Where payments exceed or are less than the amount of rent expense recognized, prepaid rent or deferred rent payable, respectively, is recognized on the Consolidated Balance Sheet.

NOTE 6 — TRANSACTIONS WITH RELATED PARTIES

Tellurian Investments had the following outstanding accounts receivable and accounts payable to related parties (in thousands):

		December 31, 2016
Accounts receivable due from related parties:		
Employee	$	1,316
Parallax Energy		17
Total accounts receivable due from related parties	$	1,333
Accounts payable due to related parties:		
Parallax Enterprises	$	297
Parallax Energy		26
Total accounts payable due to related parties	$	323

Employee Accounts Receivable

In 2016, Tellurian Investments recognized a liability related to U.S. federal income tax withholdings on issued share-based compensation. Tellurian Investments entered into agreements with the employees that received share-based compensation to receive payment via wage withholdings if the tax liability is not settled by the employee and recognized receivables due from related parties.

Other Accounts Receivable or Payable with Related Parties

Parallax Energy and its subsidiaries are wholly owned entities of Mr. Martin Houston, a shareholder, and Vice Chairman of Tellurian Investments. During 2016, Tellurian Investments, as a result of the acquisition of Parallax Services in April 2016, had ongoing agreements with Parallax Energy and its subsidiaries to provide certain general administrative and consulting services for a term of one year with automatic yearly extensions (collectively the “Service Agreements”).

Pursuant to the Service Agreements, Tellurian Services was compensated by each entity for its respective services with a fee equal to $25 thousand, paid annually. The total income recorded under the Service Agreements for the twelve months ended December 31, 2016 was approximately $12 thousand, recorded within other income, net in in the Consolidated Statement of Operations. Any balance remaining for activity conducted under the Service Agreements is included in accounts receivable due from related parties and accounts payable due to related parties on the Consolidated Balance Sheet.

The outstanding balance as of December 31, 2016, in accounts payable due to related parties is primarily related to Parallax Enterprises and its subsidiaries for activity prior to the acquisition of Parallax Services and was recognized in connection with the acquisition. Parallax Enterprises is partially owned by Mr. Houston and Mr. Christopher Daniels, an officer of Tellurian Investments. The amount is due currently; however, payment will occur when certain legal contingencies relative to Parallax Enterprises are settled. See “Note 8, *Commitments and Contingencies*.”

Non-current Note Receivable Due from Related Party

Prior to the acquisition, Parallax Services issued an interest-free $251 thousand note receivable to Mr. Houston, a 50% member of Parallax Services. The note was used to provide the collateral required to secure a personal $500 thousand line of credit as part of a covenant related to the office lease.

Other

During 2016, the Company incurred $629 thousand in legal fees to a law firm for advice associated with the Bonini-Kettlety Lawsuit discussed in Note 8, *Commitments and Contingencies*. A member of our Board of Directors is also a partner at the law firm representing the Company. Additionally, the Company incurred $1 million in fees associated with the private placements of our equity discussed in Note 13, *Stockholders' Equity.* A member of our Board of Directors during that time is also a managing partner at the firm conducting the placements.

NOTE 7 — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following (in thousands):

	December 31, 2016
Land	$ 9,491
Buildings	549
Leasehold improvements	602
Computer, office equipment and fixtures	420
Accumulated depreciation	(69)
Total property plant and equipment, net	$ 10,993

In March 2016, Tellurian Investments, through its wholly owned subsidiary Driftwood LNG, purchased certain tracts of land and buildings in Calcasieu Parish, Louisiana in exchange for $10 million in consideration. The purchase price was allocated between land and buildings based upon their relative fair values at the date of acquisition. Fair value was determined based on a replacement cost approach which contemplates the cost to construct improvements with equivalent utility to the subject, using modern materials and current standards, design, and layout. Estimates of replacement cost for the purpose of developing a market value opinion include three components: direct costs, indirect costs and entrepreneurial profit. In making estimates of fair value, the Company used published results of an appraisal report provided by third-party valuation experts. The Company has determined that such fair value measures are classified as Level 3 of the fair value hierarchy. The allocation between land and buildings was $9.5 million and $0.5 million, respectively.

Property, plant and equipment is depreciated using the straight-line depreciation method. Depreciation expense of $69 thousand for the twelve months ended December 31, 2016, is recorded within development expenses on the Consolidated Statement of Operations. The estimated useful lives of the assets within property, plant and equipment are between 3 and 30 years, as follows:

- Buildings — 30 years
- Leasehold improvements — 10 years
- Computer and office equipment — 3-5 years
- Furniture and fixtures — 5-15 years

NOTE 8 — COMMITMENTS AND CONTINGENCIES

Contractual Commitments

The Company's contractual obligations pertain to land and office leases, and various sponsorship and subscription agreements. Future non-cancelable commitments related to these obligations as of December 31, 2016 are presented below (in thousands):

	2017	2018	2019	2020	2021	Thereafter	Total
Office lease	$ 874	$ 1,787	$ 1,739	$ 1,610	$ 1,630	$ 7,293	$ 14,933
Land lease and options	1,316	1,316	1,554	600	—	—	4,786
Other	773	561	168	168	44	—	1,714
Total contractual commitments	$ 2,963	$ 3,664	$ 3,461	$ 2,378	$ 1,674	$ 7,293	$ 21,433

Other

Tellurian Investments has various sponsorship commitments in Europe and Asia in 2017 and 2018 and subscription agreements with various industry trade publications and commercial services to provide general market intelligence and commodity price data.

Legal Matters

Bonini-Kettlety Lawsuit

On May 23, 2016, Simon Bonini and Paul Kettlety ("Bonini and Kettlety") filed a lawsuit against Tellurian Investments and Tellurian Services, along with each of Messrs. Houston and Daniels and certain entities in which each of Messrs. Houston and Daniels own membership interests, as applicable, in the District Court of Harris County, Texas, alleging among other things, breach of contract, promissory estoppel, quantum meruit, fraud/fraudulent concealment, negligent misrepresentation, breach of fiduciary duty, usurpation/diversion of corporate opportunity, conversion, civil conspiracy and implied partnership.

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

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

Contingency Loss

Certain employees received non-cash compensation in the form of shares for services during 2016, the value of which compensation is not certain for the purpose of determining taxable wages. Tellurian Investments has accrued $2.6 million as wage withholding for these matters and believes the estimated liability is adequate to cover the ultimate resolution.

NOTE 9 — ACCOUNTS PAYABLE AND ACCRUED LIABILITITES

The components of accounts payable and accrued liabilities consist of the following (in thousands):

	December 31, 2016
Engineering, procurement and construction	$ 12,549
Legal and accounting services	2,323
Payroll and compensation	6,311
Contingency loss	2,560
Other	660
Total accounts payable and accrued liabilities	$ 24,403

Engineering, Procurement and Construction

In February 2016, Tellurian Investments engaged Bechtel Oil, Gas and Chemicals, Inc. ("Bechtel") to complete front-end engineering and design ("FEED") for the Driftwood LNG Project, and in June 2016, Tellurian Investments engaged Bechtel to complete FEED work for the Driftwood Pipeline Project. Accounts payable and accrued liabilities related to engineering, procurement and construction costs relate primarily to our contracts for FEED services with Bechtel as well as subcontractors working on the project.

Payroll and Compensation Costs

Accrued payroll and compensation costs relate primarily to bonuses and accrued vacation amounts.

NOTE 10 — SHARE-BASED COMPENSATION

Tellurian Investments has granted stock and restricted stock to employees under the Tellurian Investments Inc. 2016 Omnibus Incentive Plan, as amended (the “Omnibus Plan”). The Omnibus Plan provides for a variety of stock-based and performance-based awards deemed by the Board of Directors or a committee appointed thereby to be consistent with the purpose of the Omnibus Plan. Types of awards under the Omnibus Plan may include stock options, restricted stock, phantom stock, vested stock, and other stock-based awards to employees, contract service providers, and outside directors.

The maximum number of shares of Tellurian Investments common stock issuable under the Omnibus Plan was 30,000,000 shares. As discussed in “Note 15, *Subsequent Events*,” the amount of additional shares issuable under the Omnibus Plan was temporarily limited by the terms of the Merger Agreement. As of December 31, 2016, including the Merger Agreement limitation, there were 18,997,000 shares remaining available for issuance. Subject to the terms of applicable award agreements, the Omnibus Plan provided for certain methods of vesting and replacement of awards in the event of a change in control, voting and participation in dividends, and restrictions on the transferability of awards, and required the forfeiture of the awards for termination of continuous service.

For the twelve months ended December 31, 2016, Tellurian Investments recognized stock-based compensation expense related to restricted stock amortization, unrestricted stock and share-based compensation awards of $24.5 million. The estimated fair value of all share-based compensation granted in the twelve months ended December 31, 2016 is between $2.00 and $3.91 per share.

Through May 2016, Tellurian Investments determined the fair value of stock compensation using the price paid for private placements of stock. Accordingly, we classified this fair-value measurement as a Level 2 input. Beginning in June 2016, the fair value of stock-based compensation was determined through the use of a model which utilizes certain observable inputs such as the price of Magellan common stock at various points in time as well as unobservable inputs related to the weighted probabilities of certain Merger-related scenarios at each valuation date. As a private company at the time of issuance, the model includes a discount for the lack of marketability of Tellurian Investments common stock as determined through the use of commonly accepted methods. We have therefore classified the fair value measurements used for share-based compensation as Level 3 inputs.

Stock Compensation Granted Under the Omnibus Plan

As of December 31, 2016, 8,848,000 restricted shares and 2,155,000 shares of unrestricted common stock had been granted and issued under the Omnibus Plan. Share-based compensation expense of $6.5 million related to the unrestricted common stock granted under the Omnibus Plan was recognized during the twelve months ended December 31, 2016. Certain restricted stock awards vest upon either FID (the “FID Awards”) or the successful closing of the Merger (the “Merger Awards”). As of December 31, 2016, Tellurian Investments does not believe FID is considered probable of occurring at this time and therefore has not recorded share-based compensation expense related to those restricted stock awards. The weighted average grant date fair value per share and the total grant date fair value of the FID Awards granted during 2016 were $3.52 per share and $31.1 million, respectively. As of December 31, 2016, Tellurian Investments views the closing of the Merger as probable and has recorded share-based compensation expense of $0.3 million related to the Merger Awards. The grant date fair value per share and the total grant date fair value of the Merger Awards granted during 2016 were $3.91 per share and $0.4 million, respectively.

The restrictions on the FID Awards will expire upon the affirmative FID (as described below); provided, however, such restrictions will expire on such date only if:

- the employee maintains continuous service from the date of the grant through the applicable vesting date; or
- the employee’s continuous service is terminated by Tellurian Investments without cause or by the employee for good reason and in either event FID occurs within five years after such termination.

For purposes of the FID Awards, FID means a decision by Tellurian Inc.’s Board of Directors to move forward with a project, the project site and construction thereon, following (i) determination by Tellurian Investments that such site has met the appropriate suitability criteria, (ii) Tellurian Investments securing a long-term option on such site, (iii) Tellurian Investments securing financing deemed sufficient by Tellurian Inc.’s Board of Directors, and (iv) the completion of the front-end engineering and design process.

Stock Compensation Granted Outside the Omnibus Plan

In March 2016, Tellurian Investments’ Board of Directors granted a total of 1,750,000 shares of vested stock to various employees. The vested stock was granted prior to the existence of the Omnibus Plan. The estimated fair value of these awards on the grant date was determined to be $2.00 per share.

In April 2016, Tellurian Investments' Board of Directors approved 1,050,000 shares to be purchased at a discount by two executive officers as a form of compensation. The difference between the purchase price of $0.50 and the estimated fair value is recorded as compensation to the officers. The estimated fair value of these awards on the grant date was determined to be $2.00 per share.

In August 2016, Tellurian Investments' Board of Directors approved 4,500,000 shares to be purchased at a discount by an executive officer as a form of compensation. The difference between the purchase price of $2.00 and the estimated fair value is recorded as compensation to the officer. The estimated fair value of this award on the grant date was determined to be $3.50 per share.

In September 2016, Tellurian Investments' Board of Directors approved 2,000,000 shares to be purchased at a discount by two executive officers as a form of compensation. The difference between the purchase price of $0.50 and the estimated fair value is recorded as compensation to the officers. The estimated fair value of these awards on the grant date was determined to be $3.45 per share.

NOTE 11 — EMPLOYEE BENEFITS

The Company has a defined contribution plan (the "401(k) Plan") which allows eligible employees to contribute up to 90% of their compensation up to the Internal Revenue Service ("IRS") maximum. The Company matches each employee's salary deferrals at 100% of the first 6% of employee contributions and may make additional contributions at its discretion. Employees are immediately vested in the contributions made by us. The Company's contributions to the 401(k) Plan were $159 thousand for the twelve months ended December 31, 2016. The Company has made no discretionary contributions to the 401(k) Plan to date.

NOTE 12 — INCOME TAXES

The sources of loss from operations before income taxes for the twelve months ended December 31, 2016 were as follows (in thousands):

	Year Ended December 31, 2016
Domestic	$ (95,739)
Foreign	(1,082)
Total loss before income taxes	$ (96,821)

The differences between income taxes expected at the U.S. federal statutory income tax rate of 35% and the reported income tax benefit are summarized as follows (in thousands):

	Year Ended December 31, 2016
Income tax benefit at federal statutory rate	$ (33,887)
Share-based compensation	5,911
Increase in valuation allowance	26,398
Other	1,412
Income tax benefit	$ (166)

The provision for income tax benefit consisted of the following (in thousands):

	Year Ended December 31, 2016
Current:	
Federal	$ —
State	4
Total current	4
Deferred:	
Federal	(170)
State	—
Total deferred	(170)
Total income tax benefit (provision)	$ (166)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. These items are stated at the enacted tax rates that are expected to be in effect when taxes are actually paid or recovered.

Significant components of deferred tax assets and liabilities are comprised of the following (in thousands):

	Year Ended December 31, 2016
Deferred tax assets	
Capitalized engineering costs	$ 11,749
Capitalized start-up costs	7,489
Compensation and benefits	2,052
Net operating losses - federal	4,230
Other, net	878
Deferred tax assets, net	26,398
Less valuation allowance	(26,398)
Deferred tax assets, net of valuation allowance	$ —

Deferred income tax assets and liabilities resulted principally from capitalized engineering costs, capitalized start-up costs, property, plant and equipment and compensation and benefits accruals. Deferred tax assets and deferred tax liabilities are classified as non-current on the Consolidated Balance Sheet.

At December 31, 2016, we had federal net operating loss (“NOL”) carryforwards of approximately $12.1 million. These NOL carryforwards will expire in 2036.

We reduce our deferred income tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that all or a portion of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. As we have not yet begun generating revenues or reached FID, the Company has established a full valuation allowance of $26.4 million in the period ended December 31, 2016, against its net deferred tax assets in excess of the deferred tax liabilities.

The Company is subject to income taxes in the U.S. federal and various state jurisdictions and the United Kingdom. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The Company reviews income tax positions expected to be taken in income tax returns to determine if there are any income tax uncertainties. We recognize tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. Interest and penalties on uncertain tax positions, if any, are recognized in income tax expense in the period in which they occur. The federal, foreign and state tax returns for 2016 remain open for all purposes of examination by the IRS and other taxing authorities. As of December 31, 2016, the Company had no unrecognized tax benefits related to uncertain tax positions.

NOTE 13 — STOCKHOLDERS' EQUITY

Overview

Stockholders' equity at December 31, 2016 resulted from various private placements of Tellurian Investments common and preferred stock, restricted stock awards, and discounted purchases by employees (see also "Note 10, *Share-Based Compensation*"). During the year ended December 31, 2016, proceeds of $59 million and $25 million were received in private placements of common stock and preferred stock, respectively. Equity offering costs of $1.8 million were incurred and are included within additional paid-in capital on the Consolidated Balance Sheet. There are no current outstanding equity commitments of the stockholders.

Tellurian Investments Preferred Shares

On November 23, 2016, Tellurian Investments entered into a preferred stock purchase agreement (the "Preferred SPA") with GE Oil & Gas, Inc., a Delaware corporation and subsidiary of General Electric Company ("GE"), pursuant to which GE purchased 5,467,851 shares of Tellurian Investments Series A convertible preferred stock (the "Tellurian Investments Preferred Shares") for an aggregate purchase price of $25 million.

In connection with the Preferred SPA, Tellurian Investments amended and restated its certificate of incorporation (as amended and restated, the "Tellurian Investments Charter") and Magellan agreed to adopt, upon the closing of the Merger, a certificate of designations of Series B convertible preferred stock (the "Magellan Certificate of Designations"), each of which designate the Tellurian Investments Preferred Shares and the rights, preferences, privileges, and limitations thereof. The Tellurian Investments Preferred Shares remained outstanding as preferred stock of the surviving corporation in the Merger, which became a subsidiary of Magellan on February 10, 2017. After the Merger, Magellan Petroleum Corporation was renamed Tellurian Inc. Pursuant to the Tellurian Investments Charter and Magellan Certificate of Designations, upon completion of the Merger, each Tellurian Investments Preferred Share became convertible or exchangeable at any time into either (i) one share of Tellurian Inc. common stock or (ii) one share of a new class of Tellurian Inc. Series B convertible preferred stock, which has terms substantially similar to those of the Tellurian Investments Preferred Shares as summarized below (each, a "Tellurian Inc. Preferred Share"). Together, the Tellurian Investments Preferred Shares and the Tellurian Inc. Preferred Shares are referred to as the "Preferred Shares."

The general terms of the Preferred Shares are as follows:

- *Voting Rights.* Holders of the Preferred Shares are generally entitled to one vote for each Preferred Share held by them, except that GE was not entitled to vote on the approval of the Merger or any other matter directly related to the Merger.
- *Optional and Mandatory Conversion before the Merger.* Each Tellurian Investments Preferred Share was convertible into Tellurian Investments common stock at a ratio of 0.76923 shares of Tellurian Investments common stock per Tellurian Investments Preferred Share in certain circumstances if the Merger was not completed. In addition, if the Merger was not consummated, each Tellurian Investments Preferred Share was mandatorily convertible into Tellurian Investments common stock on the sixth anniversary of the issuance at a ratio of 0.76923 shares of Tellurian Investments common stock per Tellurian Investments Preferred Share.
- *Exchange after the Merger*. Following the Merger, holders of the Tellurian Investments Preferred Shares may exchange all (but not less than all) of such shares for shares of Tellurian Inc. common stock on a one-for-one basis. Alternatively, following the Merger, holders of the Tellurian Investments Preferred Shares may exchange all (but not less than all) of such shares for Tellurian Inc. Series B convertible preferred stock on a one-for-one basis, and those shares may be subsequently converted into Tellurian Inc. common stock on the same basis.

- *Mandatory Conversion after the Merger.* If the holders of the Tellurian Investments Preferred Shares (or, following an exchange, holders of the Tellurian Inc. Preferred Shares) have not converted such shares for Tellurian Inc. common stock on or before November 23, 2022, such shares will automatically be converted into Tellurian Inc. common stock on a one-for-one basis. Each conversion ratio is subject to customary anti-dilution adjustments.
- *Dividends.* The Preferred Shares do not have dividend rights.
- *Liquidation.* In the event of any liquidation, dissolution or winding up of the affairs of Tellurian Investments or Tellurian Inc., as applicable, after payment or provision for payment of the debts and other liabilities of the relevant company, holders of the Preferred Shares will be entitled to receive an amount in cash equal to $4.57218 for each Preferred Share held by it before any distribution is made to holders of shares of Tellurian Inc. common stock.
- *Other.* In connection with the Preferred SPA, Tellurian Investments and Magellan also agreed (i) to provide GE, as holder of the Preferred Shares, with certain registration rights relating to the Tellurian Inc. common stock GE may receive upon conversion or exchange of Preferred Shares and (ii) that Tellurian Investments or Tellurian Inc., as applicable, will consider purchasing certain equipment from GE for use in the development of the Driftwood LNG Project.

Also on November 23, 2016, Magellan and GE entered into a Guaranty and Support Agreement pursuant to which Tellurian Inc., contingent on the closing of the Merger, guaranteed to GE the performance of all of the obligations of Tellurian Investments in connection with the Preferred SPA (the “GE Guaranty and Support Agreement”) including with respect to registration rights as noted above.

Embedded Derivative

The Tellurian Investments Preferred Shares may be exchanged for preferred or common shares of Magellan (or Tellurian Inc. after the Merger) which must be bifurcated from the contract and valued as an embedded derivative. The Company allocated proceeds from the issuance of the Tellurian Investments Preferred Shares to the embedded derivative, with the remainder of the proceeds allocated to the Tellurian Investments Preferred Shares in equity. This value represents the value of the holders’ ability to exchange the instrument into shares of Tellurian Inc. after the Merger.

The fair value of the embedded derivative is determined through the use of a model which utilizes certain observable inputs such as the price of Magellan common stock at various points in time and the volatility of Magellan common stock over an assumed one-year holding period, as well as unobservable inputs related to the weighted probabilities of certain Merger-related scenarios at each valuation date. As Tellurian Investments was a private company at the time of issuance, the model includes a discount for the lack of marketability determined through the use of commonly accepted methods. We have therefore classified the fair value measurements of this embedded derivative as Level 3 inputs, and changes in the unobservable inputs may materially impact the fair value measurement in future periods.

The Company has marked this derivative feature to market as of December 31, 2016, with changes included in the Consolidated Statement of Operations as follows (in thousands):

Initial fair value	$	5,445
Loss on exchange feature		3,308
Ending fair value	$	8,753

NOTE 14 — EARNINGS PER COMMON SHARE

The following table summarizes the computation of basic and diluted loss per share (in thousands, except per-share amounts):

		Year Ended December 31, 2016
Net loss attributable to common stockholders	$	(96,655)
Basic weighted average common shares outstanding		73,689
Loss per share:		
Basic and diluted	$	(1.31)

Basic loss per share is based upon the weighted average number of shares of common stock outstanding during the period. Diluted loss per share would include the effect of unvested restricted stock awards and the Tellurian Investments Preferred Shares; however, such items were not considered in the calculation of the diluted weighted average common shares outstanding since they would be anti-dilutive. Potentially dilutive securities excluded from the calculation of diluted shares outstanding for the year ended December 31, 2016, are as follows:

Unvested restricted shares	8,848
Common shares issuable upon conversion of Tellurian Investments Preferred Shares	4,206
Total	13,054

NOTE 15 — SUBSEQUENT EVENTS

Closing of the TOTAL Stock Purchase Agreement

On December 19, 2016, Tellurian Investments entered into a common stock purchase agreement (the “Common SPA”) with TOTAL pursuant to which TOTAL agreed to purchase 35.4 million shares of Tellurian Investments common stock for an aggregate purchase price of $207 million. In connection with the Common SPA, Tellurian Investments, Magellan, and Merger Sub entered into a second amendment to the Merger Agreement (the “TOTAL Merger Agreement Amendment”). Among other things, the TOTAL Merger Agreement Amendment (i) permitted Tellurian Investments to enter into the Common SPA and issue the Tellurian Investments common stock to TOTAL, (ii) increased the temporary restriction under the Merger Agreement of the maximum number of shares of Tellurian Investments common stock (or its equivalent) issuable to current and prospective employees of the Company under the Omnibus Plan between August 2, 2016 and the closing of the Merger from 10,000,000 to 13,000,000, (iii) provided for the appointment of one board designee of TOTAL to the Board of Directors of Tellurian Inc. effective upon the closing of the Merger, and (iv) extended the “Outside Date” (as defined in the Merger Agreement) from January 31, 2017 to February 28, 2017.

On January 3, 2017, at the closing of the Common SPA, (i) Magellan and TOTAL entered into a guaranty and support agreement, pursuant to which Magellan (or Tellurian Inc. after the Merger), contingent on the closing of the Merger, guaranteed to TOTAL the performance of all of the obligations of Tellurian Investments in connection with the Common SPA (the “TOTAL Guaranty and Support Agreement”); and (ii) Tellurian Investments and TOTAL entered into a preemptive rights agreement, pursuant to which TOTAL was granted a right to purchase its pro-rata portion of any new equity securities that Tellurian Investments may issue to a third party on the same terms and conditions as such equity securities are offered and sold to such party, subject to certain excepted offerings.

Completion of the Merger with Magellan

On August 2, 2016, Tellurian Investments, Magellan, and Merger Sub entered into a Merger Agreement. Pursuant to the Merger Agreement, each outstanding share of common stock, par value $0.001 per share, of Tellurian Investments was to be exchanged for 1.300 shares of common stock, par value $0.010 per share, of Magellan, and Merger Sub was to merge with and into Tellurian Investments , with Tellurian Investments continuing as the surviving corporation and a direct subsidiary of Magellan. The Merger was completed on February 10, 2017, and, concurrent with the Merger, Magellan Petroleum Corporation was renamed Tellurian Inc. Immediately following the Merger, the pre-Merger shareholders of Tellurian Investments held or had the right to receive approximately 96.3% of the outstanding Tellurian Inc. common stock. The Merger will be accounted for as a “reverse acquisition,” with Tellurian Investments presented as the acquirer for accounting purposes.

Prior to the Merger, Magellan was an independent oil and gas exploration and production company. Historically active internationally, Magellan also owned interests in the Horse Hill-1 well and related licenses in the Weald Basin, onshore UK, and an exploration block, NT/P82, in the Bonaparte Basin, offshore Northern Territory, Australia. Magellan conducted its operations through two wholly owned subsidiaries corresponding to the geographical areas in which it operated: Magellan Petroleum (UK) Limited and Magellan Petroleum Australia Pty Ltd.

In connection with the Merger and pursuant to a purchase and sale agreement (the “Magellan PSA”), Magellan issued 90,350 shares of common stock to the former owners of the membership interests in Nautilus Technical Group LLC and Eastern Rider LLC, including an entity controlled by J. Thomas Wilson, former CEO and director of Magellan (collectively, the “Sellers”). Pursuant to the Magellan PSA, Magellan had agreed to issue to the Sellers an aggregate of 90,350 shares of Magellan common stock in exchange for all rights of the Sellers to a contingent production payment of up to $5.0 million potentially payable by Magellan to the Sellers relating to production from a field formerly owned by Magellan.

In addition, in connection with the Merger, Magellan issued 409,800 shares of common stock to Petrie Partners Securities, LLC, Magellan's financial advisor with respect to the Merger, as part of a fee payable by Magellan in connection with the completion of the Merger.

Upon the completion of the Merger, all Tellurian Investments Preferred Shares held by GE became convertible or exchangeable into either (i) one share of the common stock of Tellurian Inc. or (ii) one Tellurian Inc. Preferred Share, which has provisions substantially the same as a Tellurian Investments Preferred Share. The Tellurian Investments Preferred Shares represented 2.7% of the total outstanding shares (common and preferred) of Tellurian Investments immediately following the completion of the Merger.

Exhibit 99.3

INDEX TO THE FINANCIAL STATEMENTS OF TELLURIAN SERVICES LLC

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Tellurian Inc. and Subsidiaries
Houston, Texas

We have audited the accompanying balance sheets of Tellurian Services LLC (the "Company") as of April 9, 2016 and December 31, 2015 and 2014, and the related statements of operations, members' capital, and cash flows for the period from January 1, 2016 through April 9, 2016, and for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tellurian Services LLC as of April 9, 2016 and December 31, 2015 and 2014, and the results of its operations and its cash flows for the period from January 1, 2016 through April 9, 2016 and for the years ended December 31, 2015 and 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas

March 15, 2017

TELLURIAN SERVICES LLC

BALANCE SHEETS
(in thousands)

	April 9, 2016	December 31, 2015	December 31, 2014
ASSETS			
Current assets:			
Cash and cash equivalents	$ 210	$ 589	$ 258
Accounts receivable	9	10	49
Accounts receivable due from related parties	130	98	1,075
Prepaid expenses and other current assets	28	41	22
Total current assets	377	738	1,404
Property, plant and equipment, net	480	148	111
Note receivable due from related party	251	251	—
Total Assets	$ 1,108	$ 1,137	$ 1,515
LIABILITIES AND MEMBERS’ CAPITAL			
Current liabilities:			
Accounts payable and accrued liabilities	$ 519	$ 164	$ 400
Accounts payable due to related parties	642	388	462
Total current liabilities	1,161	552	862
Commitments and contingencies (Note 4)			
Members’ capital:			
Members’ capital	22	22	22
Accumulated (deficit) earnings	(75)	563	631
Total members’ capital	(53)	585	653
Total Liabilities and Members’ Capital	$ 1,108	$ 1,137	$ 1,515

The Notes to the Financial Statements are an integral part of these statements.

TELLURIAN SERVICES LLC

STATEMENTS OF OPERATIONS
(in thousands)

	For the period from January 1, 2016 through April 9, 2016	For the Year Ended December 31, 2015	2014
Revenue	$ —	$ 1,375	$ 1,376
Revenue, related party	31	311	84
Total revenue	31	1,686	1,460
Costs and expenses:			
Operating expenses	52	263	129
General and administrative	617	1,318	700
Total operating expenses	669	1,581	829
(Loss) income from operations	(638)	105	631
Net (loss) income	$ (638)	$ 105	$ 631

The Notes to the Financial Statements are an integral part of these statements.

TELLURIAN SERVICES LLC

STATEMENT OF MEMBERS' CAPITAL

(in thousands)

	Members' Capital	Accumulated (Deficit) Earnings	Total Members' Capital
Balance, January 1, 2014	$ —	$ —	$ —
Members' contribution	22	—	22
Net income	—	631	631
Balance, December 31, 2014	22	631	653
Members' distributions	—	(173)	(173)
Net income	—	105	105
Balance, December 31, 2015	22	563	585
Net loss	—	(638)	(638)
Balance, April 9, 2016	$ 22	$ (75)	$ (53)

The Notes to the Financial Statements are an integral part of these statements.

TELLURIAN SERVICES LLC

STATEMENTS OF CASH FLOWS

(in thousands)

	For the period from January 1, 2016 through April 9, 2016	For the Year Ended December 31, 2015	2014
Cash flows from operating activities:			
Net (loss) income	$ (638)	$ 105	$ 631
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense	8	18	4
Related party bad debt expense	—	102	—
Loss on disposal of assets	3	—	—
Changes in operating assets and liabilities:			
Accounts receivable	1	39	(49)
Accounts receivable due from related party	(32)	875	(1,075)
Prepaid expenses and other current assets	13	(19)	(22)
Accounts payable and accrued liabilities	281	(236)	400
Accounts payable due to related party	253	(74)	462
Net cash provided by (used in) operating activities	(111)	810	351
Cash flows from investing activities:			
Purchase of property and equipment	(268)	(55)	(115)
Notes receivable due from related party	—	(251)	—
Net cash used in investing activities	(268)	(306)	(115)
Cash flows from financing activities:			
Proceeds from the issuance of member interest	—	—	22
Distributions	—	(173)	—
Net cash provided by (used in) financing activities	—	(173)	22
Net increase (decrease) in cash and cash equivalents	(379)	331	258
Cash and cash equivalents, beginning of the year	589	258	—
Cash and cash equivalents, end of the year	$ 210	$ 589	$ 258
Supplemental Disclosures:			
Net cash paid for income taxes	$ —	$ 7	$ —
Property, plant and equipment non-cash accruals	75	—	—

The Notes to the Financial Statements are an integral part of these statements.

TELLURIAN SERVICES LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 — ORGANIZATION AND DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Tellurian Services LLC ("Tellurian Services"), organized under Delaware law as a limited liability company, was formed on December 18, 2013. Tellurian Services was formerly known as Parallax Services LLC prior to its membership interests being purchased and it being renamed in April 2016. Tellurian Services was formed primarily to engage in liquefied natural gas ("LNG")-specific consulting services as well as back-office and general and administrative support services to Parallax Enterprises LLC ("Parallax Enterprises") and its 100% owned subsidiaries as well as Parallax Energy LLC ("Parallax Energy") and its 100% owned subsidiaries (see "Note 2 — Transactions with Related Parties").

On July 1, 2014, Tellurian Services entered into a contract with Origin Energy to provide quarterly market intelligence related to the LNG markets. The contract provided for quarterly payments of approximately $688 thousand for each report. This contract represented the majority of Tellurian Services' revenues for both 2014 and 2015. This contract was terminated in July 2015. As a result, there were no third party revenues in the period ended April 9, 2016.

On April 9, 2016 Tellurian Investments Inc. acquired Tellurian Services in an all-stock transaction with consideration totaling $1.2 million and acquisition costs of $30 thousand.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from these estimates. Changes in estimates are recorded prospectively.

Cash and Cash Equivalents

Tellurian Services considers all highly liquid investments with an original maturity of three months or less to be cash equivalents and typically exceed federally insured limits.

Accounts Receivable

Accounts receivable are primarily from cost reimbursements as a result of back-office and general and administrative support services with related parties. Tellurian Services routinely reviews outstanding balances, assesses the financial strength of its customers, and records a reserve for amounts not expected to be fully recovered. The need for an allowance is determined based upon reviews of individual accounts, historical losses, existing economic conditions and other pertinent factors. Tellurian Services recognized related party bad debt expense of $102 thousand for the year ended December 31, 2015. No bad debt expense was recorded for the period ended April 9, 2016 or the year ended December 31, 2014. See Note 2, *Transactions with Related Parties,* for additional information related to bad debt expense recognized.

Transactions with Related Parties

Tellurian Services has receivables with related parties as a result of back-office and general and administrative support services provided and payables as a result of timing of deposits made in advance of services to be provided. Tellurian Services does not consider the accounts or notes receivable from related parties to be uncollectible.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Expenditures for construction activities, major renewals and betterments that extend the useful life of an asset are capitalized, while expenditures for maintenance and repairs and general and administrative activities are expensed as incurred. Tellurian Services depreciates its property, plant and equipment using the straight-line depreciation method. Upon retirement or other disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the account, and the resulting gains or losses are recorded in other operating costs and expenses.

Management tests property, plant and equipment for impairment whenever events or changes in circumstances have indicated that the carrying amount of property, plant and equipment might not be recoverable. Assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets for purposes of assessing recoverability. Recoverability generally is determined by comparing the carrying value of the asset to the expected undiscounted future cash flows of the asset. If the carrying value of the asset is not recoverable, the amount of impairment loss is measured as the excess, if any, of the carrying value of the asset over its estimated fair value

At April 9, 2016, and December 31, 2015 and 2014, property, plant and equipment consisted primarily of leasehold improvements related to the Tellurian Services office lease and associated office furniture, fixtures and equipment. The estimated useful lives are 10 years and 5 to 15 years for the leasehold improvements and office furniture, fixtures and equipment, respectively. Amounts recorded to depreciation expense for the period ended April 9, 2016 and the years ended December 31, 2015 and 2014, was $8 thousand, $18 thousand and $4 thousand, respectively. Accumulated depreciation as of April 9, 2016, December 31, 2015, and December 31, 2014 was $30 thousand, $22 thousand and $4 thousand, respectively. Depreciation expense is recorded within General and administrative on the statements of operations.

Revenue Recognition

Tellurian Services recognizes consulting-related revenues over the contractual term of the arrangement or the expected period during which those specified services will be performed, whichever is longer, unless evidence suggests that the revenue is earned or obligations are fulfilled in a different pattern.

Income Taxes

Tellurian Services was organized as a Delaware limited liability company and is treated as a flow-through entity for U.S. federal income tax purposes. Under U.S. federal income tax law, limited liability companies that elect partnership taxation are not taxable entities. Therefore, a provision for income tax has not been recorded in the accompanying financial statements. The owners as of the time of the accompanying financial statements were individually responsible for reporting their share of Tellurian Services' income or loss on their income tax returns.

Although Tellurian Services is a non-taxpaying entity for federal income tax purposes, certain states require a tax similar to an income tax. Texas imposes a franchise tax (commonly referred to as the Texas margin tax) on gross revenues less certain deductions, as specifically set forth in the Texas margin tax statute. The Texas margin tax applies to corporations and limited liability companies, general and limited partnerships (unless otherwise exempt), limited liability partnerships, trusts (unless otherwise exempt), business trusts, business associations, professional associations, joint stock companies, holding companies, joint ventures and certain other business entities having limited liability protection. Tellurian Services' Texas margin tax for the period ended April 9, 2016, December 31, 2015 and December 31, 2014 was insignificant (less than ten thousand dollars in each period presented) and thus was not separately presented in the financial statements. Tax expense is recorded within General and administrative on the statements of operations.

As required by the uncertain tax position guidance in ASC 740, *Accounting for Uncertainty in Income Taxes*, Tellurian Services recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. Tellurian Services does not have any uncertain tax positions.

Tellurian Services files a U.S. Return of Partnership Income along with various other state filings. In the normal course of business, Tellurian Services may be audited by any of these taxing authorities. As of April 9, 2016, Tellurian Services is not currently undergoing any tax examinations.

Net Income Per Unit

Tellurian Services has omitted net income per unit due to no units being issued. In lieu of issuing units, the members' percentage interest set forth in Tellurian Services' operating agreement is a 50% interest to each member as of the time of the accompanying financial statements.

Comprehensive Income

Tellurian Services has no elements of comprehensive income other than net income.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606). The update provides guidance concerning the recognition and measurement of revenue from contracts with customers. Its objective is to increase the usefulness of information in the financial statements regarding the nature, timing, and uncertainty of the use of revenues. The update, after a deferral by one year in August 2015 by the FASB, subsequently titled ASU 2015-14 *Revenue from Contracts with Customers* (Topic 606) is effective for Tellurian Services for the annual period ending after December 15, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. Tellurian Services has not yet selected a transition method and is evaluating the potential impact this standard will have on its financial statements and related disclosures.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The update provides guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The update is effective for financial statements issued for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Tellurian Services is evaluating the potential impact this new standard will have on its financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires lessees to recognize lease assets and lease liabilities on the statement of financial position. A modified retrospective transition approach is required for annual and interim periods beginning on or after December 15, 2018. Early adoption is permitted. Tellurian Services is evaluating the potential impact this new standard will have on its financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15 *Statement of Cash Flows* (Topic 230) *Classification of Certain Cash Receipts and Cash Payments*. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The update is effective for financial statements issued for annual periods beginning after December 15, 2017 and for interim periods within those fiscal years. The amendments in this update will be applied using a retrospective transition method to each period presented. Early adoption is permitted. Tellurian Services is evaluating the potential impact this new standard will have on its financial statements and related disclosures.

NOTE 2 — TRANSACTIONS WITH RELATED PARTIES

As of April 9, 2016, Tellurian Services had entered into agreements with entities to provide certain general administrative and management services for a term of one year with automatic yearly extensions, including, without limitation, the sourcing, structuring and negotiation of potential business acquisitions and customer contracts (“the Agreements”).

All activity conducted under the Agreements are included in Accounts receivable due from related parties and Accounts payable due to related parties on the balance sheets. Salary expense allocated to related parties is recorded within Operating expenses on the statements of operations. Salary expense for employees working on behalf of the related parties recorded for the period ended April 9, 2016 and the year ended December 31, 2015 was $52 thousand and $105 thousand, respectively. No salary expense was incurred to related parties for the year ended December 31, 2014.

The outstanding balances in Accounts receivable due from related parties and Accounts payable due to related parties are related to general administrative and management services provided to Parallax Enterprises and its 100% owned subsidiaries as well as Parallax Energy and its 100% owned subsidiaries. Two of the four officers of Parallax Enterprises, Mr. Martin Houston and Mr. Christopher Daniels, were also members of Tellurian Services until Tellurian Services was acquired by Tellurian Investments Inc. on April 9, 2016. Parallax Energy and its 100% owned subsidiaries are wholly owned by Mr. Martin Houston, a member of Tellurian Services.

Tellurian Services had the following outstanding accounts receivable and accounts payable to related parties and their respective 100% owned subsidiaries (in thousands):

Accounts receivable due from related party	As of April 9, 2016	As of December 31, 2015	As of December 31, 2014
Parallax Enterprises LLC (1)	$ 793	$ 951	$ 991
Parallax Energy LLC	110	97	84
Tellurian Investments Inc.	17	—	—
Parallax Fund V Investco LLC	3	1	—
Total related party accounts receivable	$ 923	$ 1,049	$ 1,075

Accounts payable due to related party	As of April 9, 2016	As of December 31, 2015	As of December 31, 2014
Parallax Enterprises LLC (1)	$ 1,046	$ 1,257	$ —
Parallax Energy LLC	124	82	287
Tellurian Investments Inc.	265	—	—
Parallax Fund V Investco LLC	—	—	175
Total related party accounts payable	$ 1,435	$ 1,339	$ 462

(1) The Parallax Enterprises LLC related party payable amounts as of December 31, 2015 and April 9, 2016 are netted on the balance sheet by the amounts due to the Company. The amounts have been presented gross in the above table.

In accordance with the netting agreement, effective date September 2016, between Tellurian Services and Parallax Enterprises, the outstanding accounts receivable and accounts payable balances related to Parallax Enterprises and its 100% owned subsidiaries are netted on the balance sheet for all period presented. The net position of all the balances as of April 9, 2016, December 31, 2015 and December 31, 2014 were a payable balance of $253 thousand and $306 thousand and a receivable balance of $991 thousand, respectively.

Under each Agreement, Tellurian Services is compensated by each entity for its services with a fee equal to $25 thousand paid annually. The total revenue recorded under these Agreements for the period ended April 9, 2016 and for the years ended December 31, 2015 and 2014 was approximately $31 thousand, $311 thousand, and $84 thousand, respectively. During the year ended December 31, 2015, service revenues receivables for three entities, 100% owned by Mr. Martin Houston, had become deemed uncollectible and charged to bad debt expense in the amount of $102 thousand.

Tellurian Services transacted on behalf of some of the above noted related parties before the Agreements were effective. On behalf of Parallax Enterprises, Tellurian Services paid legal expenses of $68 thousand, LNG project modelling costs of $24 thousand, engineering costs of $14 thousand, insurance costs of $5 thousand and a land option payment of $162 thousand. On behalf of Parallax Fund V Investco LLC, Tellurian Services received payments in the amount of $125 thousand that was then later deposited into Parallax Fund V Investco LLC's operating accounts. The transactions on behalf of Parallax Enterprises occurred before the effective date of the Agreement and are represented in Accounts receivable due from related parties on the balance sheets. The transactions on behalf of

Parallax Fund V Investco LLC occurred before the effective date of the Agreement and are represented in Accounts payable due to related parties on the balance sheets.

In November 2015, Tellurian Services issued an interest free $251 thousand note receivable to Mr. Martin Houston, a 50% member of Tellurian Services. The note was used to provide the collateral required to secure a $500 thousand line of credit as part of a covenant related to Tellurian Services' office lease. See Note 4, *Commitments and Contingencies*, for additional information about the office lease.

NOTE 3 — MEMBERS' CAPITAL

Tellurian Services' operations are governed by the provisions of an operating agreement (the "LLC Agreement"). There are no current outstanding equity commitments of the members. Allocations of net income and loss are allocated to the members based on a hypothetical liquidation.

Limitations of Members' liabilities

Pursuant to the LLC Agreement (and as is customary for limited liability companies), the liability of the members is limited to their contributed capital.

LLC Interest Issuance

Martin Houston's contribution of $22 thousand represents the sole contribution by a member to Tellurian Services for all periods presented.

NOTE 4 — COMMITMENTS AND CONTINGENCIES

Leases and contractual commitments

Tellurian Services' contractual obligations pertain to office leases. Future non-cancelable commitments related to these obligations as of April 9, 2016 are presented below (in thousands):

	Remainder - 2016	2017	2018	2019	2020	2021	Thereafter	Total
Office lease	$ 448	$ 621	$ 629	$ 636	$ 644	$ 651	$ 2,681	$ 6,310

Office

On June 12, 2014 Tellurian Services entered into a lease with a term of approximately five years with Brookfield Properties Corporation for its corporate headquarters located in Houston, Texas. In connection with this lease, Tellurian Services has one five-year renewal option. Amounts noted in the tabular disclosure above do not include the optional renewal period. Rent expense of $53 thousand was recognized for the period ended April 9, 2016 in General and administrative with Statements of Operations.

Letters of Credit Outstanding

Tellurian Services' letter of credit related to the office lease of $500 thousand is secured by Martin Houston. No amounts have been drawn against this letter of credit. See Note 2, *Transactions with Related Parties,* for additional information.

Legal Matters

Bonini-Kettlety Lawsuit

On May 23, 2016, Simon Bonini and Paul Kettlety ("Bonini and Kettlety") filed a lawsuit against Tellurian Investments and Tellurian Services, along with each of Messrs. Houston and Daniels and certain entities in which each of Messrs. Houston and Daniels own membership interests, as applicable, in the District Court of Harris County, Texas, alleging among other things, breach of contract, promissory estoppel, quantum meruit, fraud/fraudulent concealment, negligent misrepresentation, breach of fiduciary duty, usurpation/diversion of corporate opportunity, conversion, civil conspiracy and implied partnership.

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

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

Exhibit 99.4

UNAUDITED PRO FORMA CONSOLIDATED COMBINED FINANCIAL INFORMATION OF TELLURIAN INC.

Introduction

On August 2, 2016, Magellan Petroleum Corporation, a Delaware corporation ("Magellan"), Tellurian Investments Inc., a Delaware corporation ("Tellurian Investments"), and River Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of Magellan ("Merger Sub"), entered into an Agreement and Plan of Merger (as amended, the "Merger Agreement"). On February 10, 2017, the transactions contemplated by the Merger Agreement were consummated and Magellan Petroleum Corporation was renamed Tellurian Inc.

Pursuant to the Merger Agreement, each outstanding share of common stock, par value $0.001 per share, of Tellurian Investments was exchanged for 1.300 shares of common stock, par value $0.01 per share, of Magellan, and Merger Sub was merged with and into Tellurian Investments (the "Merger"), with Tellurian Investments continuing as the surviving corporation and a direct subsidiary of Magellan. Except for adjustments made to reflect stock splits, share issuances and similar changes, this exchange ratio was fixed and was not adjusted to reflect stock price changes prior to the closing of the Merger. Immediately following the Merger, the pre-Merger shareholders of Tellurian Investments held or had the right to receive approximately 96.4% of the outstanding Magellan common stock.

The Merger will be accounted for as a "reverse acquisition" and recapitalization since Tellurian Investments has control over the combined company through the post-Merger ownership of approximately 96.4% of the common stock of Magellan, majority representation on the combined company's board of directors, and control of a majority of management positions of the combined company. Parallax Services LLC ("Parallax Services") was acquired by Tellurian Investments on April 9, 2016 and renamed Tellurian Services LLC ("Tellurian Services"); as such, the historical financial results of Tellurian Services have been included for the periods prior to April 9, 2016 in the unaudited pro forma consolidated statement of operations.

The following unaudited pro forma consolidated combined financial statements reflect the combination of the historical consolidated results of Magellan, Tellurian Investments, and Parallax Services on a pro forma basis to give effect to the following transactions, which are described in further detail below:

- ***TOTAL Common Stock Investment***. On December 19, 2016, Tellurian Investments entered into a common stock purchase agreement with TOTAL Delaware, Inc., a Delaware corporation and subsidiary of TOTAL S.A ("TOTAL"). Pursuant to the common stock purchase agreement, Tellurian Investments agreed to issue 35,384,615 shares of its common stock to TOTAL for an aggregate purchase price of approximately $207 million (or $5.85 per share) (the "TOTAL Common Stock Investment"). The TOTAL Common Stock Investment was completed on January 3, 2017.
- ***Merger Adjustments.*** Adjustments reflect the Merger by which Merger Sub merged with and into Tellurian Investments with Tellurian Investments continuing as the surviving corporation and a direct subsidiary of Magellan. Although Magellan is the legal acquirer, Tellurian Investments is the accounting acquirer. Accordingly, the assets and liabilities of Magellan are recorded at their preliminary estimated fair values. The actual adjustments to the consolidated financial statements upon consummation of the Merger and allocation of the final purchase price depends on a number of factors, including additional financial information available at such time, changes in the fair value of Magellan common stock transferred at the closing date, and changes in the estimated fair value of Magellan's assets and liabilities as of the closing date. Accordingly, the final allocations of the Merger consideration and the effects of such allocations on the results of operations may differ materially from the preliminary allocations and unaudited pro forma combined amounts included herein.

The unaudited pro forma consolidated combined balance sheet of the combined company is based on (i) the unaudited historical consolidated balance sheet of Magellan as of December 31, 2016 and (ii) the audited historical consolidated balance sheet of Tellurian Investments as of December 31, 2016, and includes pro forma adjustments to give effect to the Merger Adjustments as if they had occurred on December 31, 2016.

The unaudited pro forma consolidated combined statement of operations of the combined company are based on (i) the unaudited historical consolidated statement of operations of Magellan for the twelve months ended December 31, 2016, (ii) the audited historical consolidated statement of operations of Tellurian Services for the period from January 1, 2016 to April 9, 2016, (iii) the audited historical consolidated statement of operations of Tellurian Investments for the twelve months ended December 31, 2016, and (iv) the TOTAL Common Stock Investment and Merger Adjustments as if they had occurred on January 1, 2016.

The unaudited pro forma data presented herein reflects events that are directly attributable to the described transactions, factually supportable, and as it relates to the unaudited pro forma consolidated combined statement of operations, expected to have a continuing impact. The unaudited pro forma data presented herein also reflects certain assumptions which management believes are reasonable. Such pro forma data is not necessarily indicative of financial results that would have been attained had the described transactions occurred on the dates indicated above, or the results of the combined company that may be achieved in the future. The adjustments are based on currently available information and certain estimates and assumptions. Therefore, the actual results may differ from the pro forma results indicated herein. However, management believes that the assumptions provide a reasonable basis for presenting the significant effects of the transactions as contemplated and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma consolidated combined financial statements.

The unaudited pro forma consolidated combined financial statements are provided for illustrative purposes only and are not intended to represent or be indicative of the consolidated results of operations or consolidated financial position of the combined company that would have been recorded had the Merger been completed as of the dates presented, and they should not be taken as representative of the expected future results of operations or financial position of the combined company. The unaudited pro forma consolidated combined financial statements do not reflect the impacts of any potential operational efficiencies, asset dispositions, cost savings or economies of scale that the combined company may achieve with respect to the operations of the combined company. Additionally, the unaudited pro forma consolidated combined statement of operations does not include non-recurring charges or credits, and the related tax effects, which result directly from the Merger.

The unaudited pro forma consolidated combined financial statements have been derived from, and should be read in conjunction with, (i) the historical consolidated financial statements and accompanying notes of Magellan, as included in Magellan’s Quarterly Report on Form 10-Q for the six months ended December 31, 2016 filed with the Securities and Exchange Commission (“SEC”) on February 9, 2016, (ii) the historical consolidated financial statements and accompanying notes of Magellan, as included in Magellan’s Annual Report on Form 10-K for the year ended June 30, 2016 filed with the SEC on September 14, 2016 and (iii) the historical financial statements and accompanying notes of Tellurian Investments and Tellurian Services, as included in Item 9.01(a) of this report.

UNAUDITED PRO FORMA CONSOLIDATED COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2016
(in thousands)

	Tellurian Investments Historical	TOTAL Common Stock Investment (f)	Magellan Historical (a)	Merger Adjustments (b)	Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 21,398	$ 207,000	$ 507	$ (219)	$ 227,009
		(164)		(1,513)(c)	
Securities available-for-sale	—	—	1,542	(431)	1,111
Accounts receivable	48	—	58	—	106
Accounts receivable due from related parties	1,333	—	—	—	1,333
Prepaid expenses and other current assets	1,964	—	1,960	—	3,924
Total current assets	24,743	206,836	4,067	(2,163)	233,483
Unproved oil and gas properties	—	—	29	12,971	13,000
Wells in progress	—	—	332	—	332
Property, plant and equipment, net	10,993	—	69	—	11,062
Total property, plant and equipment, net	10,993	—	430	12,971	24,394
Goodwill, net	1,190	—	500	(500)	76,157
				74,967	
Note receivable due from related party	251	—	—	—	251
Other non-current assets	1,901	—	19	—	1,920
Total Assets	$ 39,078	$ 206,836	$ 5,016	$ 85,275	$ 336,205

UNAUDITED PRO FORMA CONSOLIDATED COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2016
(in thousands)

	Tellurian Investments Historical	TOTAL Common Stock Investment (f)	Magellan Historical (a)	Merger Adjustments (b)	Pro Forma Combined
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable and accrued liabilities	$ 24,403	$ —	$ 3,016	$ 888	$ 28,307
Notes payable	—	—	31	—	31
Accounts payable due to related parties	323	—	—	—	323
Total current liabilities	24,726	—	3,047	888	28,661
Embedded derivative	$ 8,753	$ —	$ —	$ (8,753)(g)	$ —
Stockholders' equity:					
Series A convertible preferred stock	5	—	—	—	5
Common stock	101	35	71	(71)	1,998
				4(c)	
				(101)(d)	
				(35)(d)	
				1,994(d)	
Treasury stock	—	—	(9,806)	9,806	—
Additional paid-in capital	102,148	206,965	104,557	(104,557)	409,532
		(164)		87,869	
				5,819(c)	
				(1,858)(d)	
				8,753(g)	
Accumulated (deficit) earnings	(96,655)	—	(98,126)	98,126	(103,991)
				(7,336)(c)	
Accumulated other comprehensive income	—	—	5,273	(5,273)	—
Total stockholders' equity	5,599	206,836	1,969	93,140	307,544
Total Liabilities and Stockholders' Equity	$ 39,078	$ 206,836	$ 5,016	$ 85,275	$ 336,205

The accompanying notes are an integral part of these unaudited pro forma consolidated combined financial statements.

UNAUDITED PRO FORMA CONSOLIDATED COMBINED STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
(in thousands, except per-share amounts)

	Tellurian Investments Historical	Tellurian Services Historical 1/1/2016 to 4/9/2016	Tellurian Investments Combined Historical	Magellan Historical (a)	Merger Adjustments	Pro Forma Combined
Revenue, related parties	$ —	$ 14(h)	$ 14	$ —	$ —	$ 14
Total revenues	—	14	14	—	—	14
Costs and expenses:						
Development expenses	47,215	—	47,215	—	—	47,215
Depreciation, depletion, amortization, and accretion	—	—	—	42	—	42
Exploration	—	—	—	196	—	196
Engineering	—	—	—	—	—	—
General and administrative	46,515	617	47,132	4,994	417(e)	52,543
Other operating expenses	—	52	52	—	—	52
Total operating expenses	93,730	669	94,399	5,232	417	100,048
Loss from operations	(93,730)	(655)	(94,385)	(5,232)	(417)	(100,034)
Net interest expense	—	—	—	(6)	—	(6)
Gain on investment in securities	—	—	—	2,208	—	2,208
Loss on preferred stock exchange feature	(3,308)		(3,308)		—	(3,308)
Other income, net	217	—	217	23	—	240
Loss before income tax benefit	(96,821)	(655)	(97,476)	(3,007)	(417)	(100,900)
Provision for income tax benefit	166	—	166	—	—	166
Net loss attributable to common stockholders	$ (96,655)	$ (655)	$ (97,310)	$ (3,007)	$ (417)	$(100,734)
Net loss per common share:						
Basic and diluted	$ (1.31)					$ (0.51)
Weighted average shares outstanding:						
Basic and diluted	73,689					199,389(d)

The accompanying notes are an integral part of these unaudited pro forma consolidated combined financial statements.

Notes to the Unaudited Pro Forma Consolidated Combined Financial Statements

1. Basis of Presentation

The unaudited pro forma consolidated combined balance sheet as of December 31, 2016 is based on the unaudited consolidated balance sheet of Magellan and the audited consolidated balance sheet of Tellurian Investments as adjusted to reflect the TOTAL Common Stock Investment and the Merger as though it had occurred on December 31, 2016.

The unaudited pro forma consolidated combined statement of operations for the twelve months ended December 31, 2016 is based on Magellan's historical books and records, Tellurian Investments' audited consolidated statement of operations, and Tellurian Services' audited statement of operations for the period from January 1, 2016 through April 9, 2016, with adjustments made to reflect the TOTAL Common Stock Investment and to present such historical operations as if the Merger had occurred on January 1, 2016.

2. Pro Forma Adjustments

The following adjustments were made in the preparation of the unaudited pro forma consolidated combined balance sheet and unaudited pro forma consolidated combined statements of operations:

(a) The fiscal year end of Magellan, which was June 30, has been conformed to the fiscal year end of Tellurian Investments, which is December 31, for the purpose of presenting pro forma consolidated combined financial statements, pursuant to Rule 11-02(c)(3) of Regulation S-X, because the two fiscal years are separated by more than 93 days. In order to conform Magellan's fiscal year end to that of Tellurian Investments, Magellan's unaudited historical statements of operations presented in the unaudited consolidated combined pro forma financial statements have been derived from the accounting records of Magellan. No adjustments were required to conform Magellan's audited historical consolidated balance sheet as of December 31, 2016.

(b) Unless otherwise noted, adjustments to reflect the elimination of Magellan's total equity, the estimated value of consideration to be paid in the Merger and to adjust, where required, the historical book values of Magellan's assets and liabilities as of December 31, 2016 to the preliminary estimated fair value, in accordance with the acquisition method of accounting. The preliminary valuations were determined as of February 10, 2017 and, where applicable, are based on the closing share price of Magellan common stock on the final day of trading, February 9, 2017. The fair value of the consideration given and assets and liabilities acquired will be determined based on the underlying fair values as of the February 10, 2017 closing of the Merger.

The estimated fair value of the consideration to be transferred, assets acquired, and liabilities assumed is described below (in thousands):

Purchase Consideration:	
Common stock (1)	$ 83,639
Directors compensation (2)	1,409
Stock options exercisable (3)	2,821
Net purchase consideration to be allocated	$ 87,869
Estimated Fair Value of Assets Acquired(4):	
Cash	$ 288
Securities available for sale	1,111
Other current assets	2,018
Unproved properties	13,000
Wells in progress	332
Land, buildings and equipment, net	69
Other long-term assets	19
Total assets acquired	16,837
Estimated Fair Value of Liabilities Assumed:	
Accounts payable, accrued and other liabilities	3,904
Notes payable	31
Total liabilities assumed	3,935
Total net assets acquired	12,902
Goodwill as a result of the Merger	$ 74,967

(1) 5.8859 million shares of Magellan common stock were effectively transferred in connection with the Merger. Those shares were valued at $14.03 per share, which was Magellan's closing share price on February 10, 2017.
(2) Shares issued to former Magellan directors on February 9, 2017.
(3) Magellan's 0.4 million stock options were valued using the Black-Scholes model.
(4) Includes a $22.5 million deferred tax asset, with an offsetting $22.5 million valuation allowance.

(c) Adjustments to reflect transaction fees directly related to the Merger that were not reflected in the historical financial statements. Legal and advisory costs are payable to Petrie Partners Securities, LLC ("Petrie") in approximately 0.4 million shares as a success fee related to the Merger. As these costs are non-recurring in nature, they have only been reflected within the pro forma balance sheet.

Legal and advisory transaction fees	$ 523
Retention incentive to former Magellan executive officer	990
Petrie success fee shares	5,823
Transaction fees directly related to the Merger	$ 7,336

(d) Adjustments to reflect the recapitalization of Magellan upon closing of the Merger, after which, approximately 199.4 million shares of common stock with a par value of $0.01 per share will be outstanding. In accordance with the acquisition method of accounting, Tellurian Investments' existing common stock and capital in excess of par value, including amounts presented for Tellurian Investments' equity offerings, less the par value of the combined company's common stock outstanding subsequent to the Merger (excluding shares attributable to the Petrie success fee) will be reclassified to capital in excess of par value of the combined company. The effects of the 0.4 million shares attributable to the Petrie success fee have been adjusted for in footnote (c) above. Additionally, Tellurian Investments' accumulated deficit and preferred stock will be carried forward to the accumulated deficit and preferred stock of the combined company subsequent to the Merger. A reconciliation of the pro forma adjustment to capital in excess of par of the combined company is included below.

Calculation of adjustment to capital in excess of par to reclassify Tellurian Investments equity:

Tellurian Investments common stock	$ 101
TOTAL Common Stock Investment	35
Less par value of the combined company's shares outstanding subsequent to the Merger	(1,994)
Adjustment to capital in excess of par	$ (1,858)

A reconciliation of shares of Magellan common stock outstanding as of December 31, 2016, to the combined company's common stock outstanding following the Merger is included below:

Magellan common issued as of December 31, 2016	7,089
Less shares of treasury stock	(1,209)
Magellan common stock outstanding as of December 31, 2016	5,880
Change in Magellan common stock outstanding between December 31, 2016 and February 3, 2017	—
Magellan common stock outstanding as of February 3, 2017, as reported in Magellan's Form 10-Q for the three months ended December 31, 2016	5,880
Magellan common stock to be issued to Tellurian Investments as a result of the Merger	192,167
Options exercised	6

Employee awards	737
Directors' awards	99
Petrie success fee shares	410
Shares to former owners of Nautilus Technical Group LLC and Eastern Rider LLC	90
Total common stock of the combined company outstanding subsequent to the Merger	199,389

Reconciliation of Magellan common stock to be issued to Tellurian Investments, after giving effect to the TOTAL Common Stock Investment:

Total Tellurian Investments shares of common stock outstanding as of December 31, 2016	147,820
Exchange of each Tellurian Investments share of common stock outstanding as of December 31, 2016, for 1.3 shares of Magellan common stock	1.3
Magellan common stock to be issued to Tellurian Investments as a result of the Merger	192,167

(e) Adjustments to reflect the pro forma effect of an increase in compensation expense associated with the addition of three new directors. The addition of the new directors was directly attributable to the Merger.

(f) Adjustments to reflect the contract entered into on December 19, 2016 for the sale by Tellurian Investments of 35,384,615 shares of common stock to TOTAL at a purchase price of $5.85 per share for proceeds of $207 million. The transaction closed on January 3, 2017. Transaction costs of $164 thousand have been incurred in connection with the common stock investment, and these costs have been reflected as an adjustment in the unaudited pro forma consolidated combined balance sheet.

(g) Adjustment to eliminate the liability related to the preferred stock exchange feature. This liability is eliminated immediately following the Merger.

(h) The historical revenue of Tellurian Services has been adjusted to eliminate service fees of $17 thousand that were charged to subsidiaries of Tellurian Investments.