

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

FORM 10-Q

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from _____ to _____

Commission File Number 001-5507



Tellurian Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

06-0842255
(I.R.S. Employer
Identification No.)

77002
(Zip Code)

(832) 962-4000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
(Do not check if a smaller reporting company)		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2017, the issuer had 210,909,739 shares of common stock outstanding.

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TELLURIAN INC. AND SUBSIDIARIES
Form 10-Q for the Three and Six Months Ended June 30, 2017

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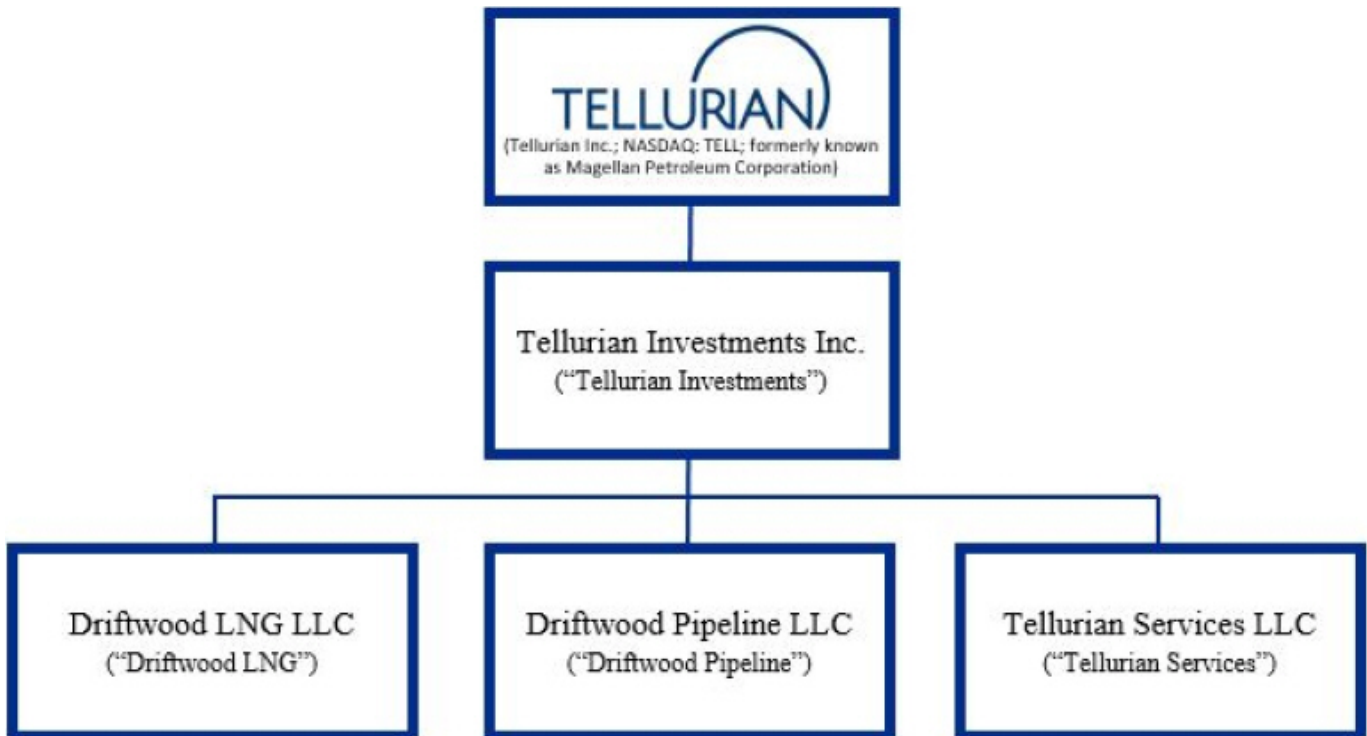
DEFINITIONS

As commonly used in the liquefied natural gas industry, to the extent applicable and as used in this quarterly report, the terms listed below have the following meanings:

Bcf/d	Billion cubic feet per day
DOE/FE	U.S. Department of Energy, Office of Fossil Energy
FEED	Front-End Engineering and Design
FERC	U.S. Federal Energy Regulatory Commission
FTA countries	Countries with which the U.S. has a free trade agreement providing for national treatment for trade in natural gas
LNG	Liquefied natural gas, a product of natural gas consisting primarily of methane (CH ₄) that is in liquid form at near atmospheric pressure
LSTK	Lump Sum Turnkey
Mtpa	Million tonnes per annum
NASDAQ	NASDAQ Capital Market
NGA	Natural Gas Act of 1938, as amended
Non-FTA countries	Countries with which the U.S. does not have a free trade agreement providing for national treatment for trade in natural gas and with which trade is permitted
PSD	Prevention of Significant Deterioration
SEC	U.S. Securities and Exchange Commission
Train	An industrial facility comprised of a series of refrigerant compressor loops used to cool natural gas into LNG
USACE	U.S. Army Corps of Engineers
U.S.	United States
U.S. GAAP	Generally accepted accounting principles in the U.S.

ORGANIZATIONAL STRUCTURE

Below is a simplified presentation of Tellurian Inc.'s organizational structure as of June 30, 2017 with references to the names of certain entities discussed in this quarterly report:



[Table of Contents](#)**PART I. FINANCIAL INFORMATION****ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****TELLURIAN INC. AND SUBSIDIARIES**
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)
(unaudited)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 160,726	\$ 21,398
Restricted cash	100	—
Securities available-for-sale	1,839	—
Accounts receivable	75	48
Accounts receivable due from related parties	2,753	1,333
Prepaid expenses and other current assets	2,124	1,964
Total current assets	167,617	24,743
Non-current restricted cash	375	—
Property, plant and equipment, net	25,374	10,993
Goodwill	1,190	1,190
Note receivable due from related party	251	251
Other non-current assets	2,206	1,901
Total assets	\$ 197,013	\$ 39,078
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 18,870	\$ 24,403
Accounts payable due to related parties	323	323
Total current liabilities	19,193	24,726
Embedded derivative	—	8,753
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Series A convertible preferred stock: par value \$0.001 per share; zero and 5.5 million shares authorized and issued, respectively	—	5
Common stock: par value \$0.01 and \$0.001 per share, respectively; 300 million shares and 200 million shares authorized, respectively; 211.5 million shares and 109.6 million shares issued, respectively	1,933	101
Treasury stock: 1.2 million and zero shares, respectively, at cost	(399)	—
Additional paid-in capital	445,880	102,148
Accumulated other comprehensive income	933	—
Accumulated deficit	(270,527)	(96,655)
Total stockholders' equity	177,820	5,599
Total liabilities and stockholders' equity	\$ 197,013	\$ 39,078

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these financial statements.

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TELLURIAN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Successor				Predecessor	
	Three Months Ended June 30,		Six Months Ended June 30,		Nine Days Ended April 9, 2016	For the period from January 1, 2016 through April 9, 2016
	2017	2016	2017	2016		
Revenue	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Revenue, related party	—	—	—	—	—	31
Total revenue	—	—	—	—	—	31
Costs and expenses:						
Development expenses	14,616	11,752	36,205	14,505	—	52
General and administrative	18,283	4,764	62,823	9,204	157	617
Goodwill impairment	—	—	77,592	—	—	—
Total costs and expenses	32,899	16,516	176,620	23,709	157	669
Loss from operations	(32,899)	(16,516)	(176,620)	(23,709)	(157)	(638)
Gain on preferred stock exchange feature	—	—	2,209	—	—	—
Other income, net	376	69	539	69	—	—
Loss before income taxes	(32,523)	(16,447)	(173,872)	(23,640)	(157)	(638)
Provision for income taxes	—	170	—	170	—	—
Net loss attributable to common stockholders	\$ (32,523)	\$ (16,277)	\$ (173,872)	\$ (23,470)	\$ (157)	\$ (638)
Net loss per common share:						
Basic and diluted	\$ (0.17)	\$ (0.15)	\$ (1.18)	\$ (0.36)		
Weighted average shares outstanding:						
Basic and diluted	186,102	109,967	146,756	65,714		

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these financial statements.

TELLURIAN INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Common Stock		Treasury Stock		Convertible Preferred Stock		Additional Paid-in Capital	Accum. Other Comp. Income	Accum. Deficit	Total Stockholders' Equity
	Shares	Par Value Amount	Shares	Cost	Shares	Par Value Amount				
Balance, January 1, 2016 (Successor)	—	\$ —	—	\$ —	—	\$ —	\$ —	\$ —	\$ —	\$ —
Common stock issued for acquisition	500	1	—	—	—	—	999	—	—	1,000
Issuance of common stock	84,856	84	—	—	—	—	36,290	—	—	36,374
Restricted stock awards	1,500	—	—	—	—	—	—	—	—	—
Share-based compensation	1,775	2	—	—	—	—	5,123	—	—	5,125
Net loss	—	—	—	—	—	—	—	—	(23,470)	(23,470)
Balance, June 30, 2016 (Successor)	88,631	\$ 87	—	\$ —	—	\$ —	\$ 42,412	\$ —	\$ (23,470)	\$ 19,029
Balance, January 1, 2017 (Successor)	109,609	\$ 101	—	\$ —	5,468	\$ 5	\$ 102,148	\$ —	\$ (96,655)	\$ 5,599
Merger adjustments	51,540	1,390	(1,209)	—	—	—	86,533	—	—	87,923
Share-based compensation	909	9	—	—	—	—	15,552	—	—	15,561
Issuance of common stock	35,838	358	—	—	—	—	211,619	—	—	211,977
Restricted stock awards	6,397	3	—	—	—	—	2,386	—	—	2,389
Share-based payments	1,700	17	—	—	—	—	21,148	—	—	21,165
Reclass of embedded derivative	—	—	—	—	—	—	6,544	—	—	6,544
Treasury stock	—	—	(28)	(399)	—	—	—	—	—	(399)
Exchange from Series A preferred stock	—	—	—	—	(5,468)	(5)	—	—	—	(5)
Exchange to Series B preferred stock	—	—	—	—	5,468	55	(50)	—	—	5
Exchange from Series B to common stock	5,468	55	—	—	(5,468)	(55)	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	—	933	—	933
Net loss	—	—	—	—	—	—	—	—	(173,872)	(173,872)
Balance, June 30, 2017 (Successor)	211,461	\$ 1,933	(1,237)	\$ (399)	—	\$ —	\$ 445,880	\$ 933	\$ (270,527)	\$ 177,820

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these financial statements.

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TELLURIAN INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Successor		Predecessor
	Six Months Ended June 30,		For the period
	2017	2016	from January 1, 2016 through April 9, 2016
Cash flows from operating activities:			
Net loss	\$ (173,872)	\$ (23,470)	\$ (638)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense	139	24	8
Goodwill impairment	77,592	—	—
Loss on disposal of assets	—	37	3
Provision for income tax benefit	—	(170)	—
Gain on Series A convertible preferred stock exchange feature	(2,209)	—	—
Share-based compensation	17,951	5,125	—
Share-based payments	19,397	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(8)	(113)	1
Accounts receivable due from related parties	(1,819)	(230)	(32)
Prepaid expenses and other current assets	(86)	(1,036)	13
Accounts payable and accrued liabilities	(8,884)	4,886	281
Accounts payable due to related parties	—	(14)	253
Other, net	(292)	(601)	—
Net cash used in operating activities	(72,091)	(15,562)	(111)
Cash flows from investing activities:			
Cash received in acquisition	56	210	—
Purchase of property - land	—	(8,491)	—
Purchase of property and equipment	(905)	(623)	(268)
Proceeds from sale of available-for-sale securities	266	—	—
Net cash used in investing activities	(583)	(8,904)	(268)
Cash flows from financing activities:			
Proceeds from the issuance of common stock, net	212,477	36,857	—
Net cash provided by financing activities	212,477	36,857	—
Net increase (decrease) in cash, cash equivalents and restricted cash	139,803	12,391	(379)
Cash, cash equivalents and restricted cash, beginning of period	21,398	—	589
Cash, cash equivalents and restricted cash, end of period	\$ 161,201	\$ 12,391	\$ 210

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these financial statements.

TELLURIAN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 — BACKGROUND AND BASIS OF PRESENTATION

Tellurian plans to own, develop and operate natural gas related infrastructure and complementary business lines in the energy industry and to deliver natural gas products and services to customers worldwide. Tellurian is developing an 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 accompanying unaudited Condensed Consolidated Financial Statements of Tellurian as of and for the period ended June 30, 2017, have been prepared in accordance with U.S. GAAP for interim financial information and with Rule 10-01 of Regulation S-X. Accordingly, the Condensed Consolidated Financial Statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In our opinion, all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation, have been included.

The information included herein should be read in conjunction with the consolidated financial statements and the accompanying notes of Tellurian Investments as of and for the fiscal year ended December 31, 2016. Such information was included in Tellurian’s Current Report on Form 8-K/A filed with the SEC on March 15, 2017 following the completion of a merger (the “Merger”) of Tellurian Investments with a subsidiary of Magellan Petroleum Corporation (“Magellan”) on February 10, 2017 (the “Merger Date”). Magellan changed its corporate name to Tellurian Inc. shortly after completing the Merger.

The Merger was accounted for as a “reverse acquisition,” with Tellurian Investments being treated as the accounting acquirer. As such, the historical condensed consolidated comparative information as of and for all periods in 2016 in this report relates to Tellurian Investments and its subsidiaries. Subsequent to the Merger Date, the information relates to the consolidated entities of Tellurian Inc., with Magellan reflected as the accounting acquiree. The Company continues to operate as a single operating segment for financial reporting purposes.

In connection with the Merger, each issued and outstanding share of Tellurian Investments common stock was exchanged for 1.3 shares of Magellan common stock. All share and per share amounts in the Condensed Consolidated Financial Statements and related notes have been retroactively adjusted for all periods presented to give effect to this exchange, including reclassifying an amount equal to the change in par value of common stock from additional paid-in capital.

On April 9, 2016, Tellurian Investments acquired Tellurian Services, formerly known as Parallax Services LLC (“Parallax Services”). Under the financial reporting rules of the SEC, Parallax Services (“Predecessor”) has been deemed to be the predecessor to Tellurian (“Successor”) for financial reporting purposes.

Except where the context indicates otherwise, (i) references to “we,” “us,” “our,” “Tellurian” or the “Company” refer, for periods prior to the completion of the Merger, to Tellurian Investments and its subsidiaries, and for periods following the completion of the Merger, to Tellurian Inc. and its subsidiaries and (ii) references to “Magellan” refer to Tellurian Inc. and its subsidiaries prior to the completion of the Merger.

Results of operations for the three and six months ended June 30, 2017 are not necessarily indicative of the operating results that will be realized for the year ending December 31, 2017.

NOTE 2 — MERGER AND ACQUISITION

The Merger

As discussed in Note 1, *Background and Basis of Presentation*, Tellurian Investments merged with a subsidiary of Magellan on February 10, 2017. The Merger has been accounted for as a “reverse acquisition,” with Tellurian Investments being treated as the accounting acquirer using the acquisition method.

The total consideration exchanged was as follows (in thousands, except share and per-share amounts):

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TELLURIAN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED
(unaudited)

Number of shares of Magellan common stock outstanding (1)	5,985,042	
Price per share of Magellan common stock (2)	\$ 14.21	
Aggregate value of Tellurian common stock issued		\$ 85,048
Fair value of stock options (3)		2,821
Net purchase consideration to be allocated		\$ 87,869

(1) The number of shares of Magellan common stock issued and outstanding as of February 9, 2017.

(2) The closing price of Magellan common stock on the NASDAQ on February 9, 2017.

(3) The estimated fair value of Magellan stock options for pre-Merger services rendered.

We utilized estimated fair values at the Merger Date for the allocation of consideration to the net tangible and intangible assets acquired and liabilities assumed. The preliminary purchase price allocation to assets acquired and liabilities assumed in the transaction was as follows (in thousands):

Fair Value of Assets Acquired:	
Cash	\$ 56
Securities available-for-sale	1,111
Other current assets	93
Unproved properties	13,000
Wells in progress	332
Land, buildings and equipment, net	67
Other long-term assets	19
Total assets acquired	14,678
Fair Value of Liabilities Assumed:	
Accounts payable and other liabilities	4,393
Notes payable	8
Total liabilities assumed	4,401
Total net assets acquired	10,277
Goodwill as a result of the Merger	\$ 77,592

We valued our interests acquired in unproved oil and gas properties using a market approach based on commercial negotiations and bids received for the interests (see Note 7, *Property, Plant and Equipment*, for more information about the properties). The fair value of other property, plant and equipment and wells in progress was determined to be the carrying value of Magellan. Securities available-for-sale were valued based on quoted market prices. The carrying values of cash, other current assets, accounts payable and accrued liabilities and other non-current assets and liabilities approximated fair value at the Merger Date. The Company has determined that such fair value measures for the overall allocation are classified as Level 3 in the fair value hierarchy.

Goodwill initially recognized as a result of the Merger totaled \$77.6 million, none of which is deductible for income tax purposes. Subsequent to the Merger, the Company determined that there is no evidence that we will recover the value of this goodwill. For purposes of determining the goodwill impairment, we utilized qualitative factors as well as the fair values determined when allocating consideration as of the Merger Date.

Parallax Services Acquisition

On April 9, 2016, Tellurian Investments acquired Parallax Services, which was renamed Tellurian Services, with equity consideration valued at \$1 million. The transaction was accounted for using the acquisition method. As of June 30, 2017, goodwill of \$1.2 million on our Condensed Consolidated Balance Sheet was entirely related to the acquisition of Parallax Services.

Pro Forma Results

The following table provides unaudited pro forma results for the three and six months ended June 30, 2017 and 2016, as if the Merger occurred and Parallax Services had been acquired as of January 1, 2016 (in thousands, except per-share amounts):

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TELLURIAN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED
(unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Pro forma net loss	\$ (32,523)	\$ (15,174)	\$ (177,614)	\$ (34,212)
Pro forma net loss per basic share	\$ (0.17)	\$ (0.13)	\$ (1.20)	\$ (0.47)
Pro forma basic and diluted weighted average common shares outstanding	186,127	116,477	148,236	72,224

The unaudited pro forma results include adjustments for the historical net loss of Magellan and Parallax Services as well as an increase in compensation expense associated with the addition of three new directors. The pro forma information is provided for informational purposes only and is not necessarily indicative of what Tellurian's results of operation would have been if the Merger and acquisition of Parallax Services had occurred on January 1, 2016. Following the Merger Date, \$0.6 million of net loss related to the acquired activities have been included in our Condensed Consolidated Financial Statements.

NOTE 3 — NON-CURRENT RESTRICTED CASH

Restricted cash represents a long-term certificate of deposit securing a letter of credit issued in the amount of \$375 thousand required as part of our Houston, Texas office lease. The letter of credit renews annually unless the issuing bank provides 30 days' written notice to the beneficiary.

NOTE 4 — PREPAID AND OTHER CURRENT AND NON-CURRENT ASSETS

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

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Deposits related to marketing activities	\$ 146	\$ 968
Insurance	661	67
Prepaid rent	631	315
Other	686	614
Total prepaid expenses and current assets	<u>\$ 2,124</u>	<u>\$ 1,964</u>

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

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Lease and purchase options	\$ 2,114	\$ 1,345
Deposits related to marketing activities	—	551
Other	92	5
Total other non-current assets	<u>\$ 2,206</u>	<u>\$ 1,901</u>

TELLURIAN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED
(unaudited)

Deposits Related to Marketing Activities

Tellurian has made advances to trade conferences and similar events for 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 expensed, and costs that are event-specific are deferred and expensed when the event occurs.

Land Lease and Purchase Options

The Company, through its wholly owned subsidiary Driftwood LNG, holds lease and purchase option agreements (the “Options”) for certain tracts of land and associated river frontage that provide for four or five-year terms. In addition to the Options, the Company holds 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 five-year renewals and is accounted for as an operating lease, with rental payments accounted for using the straight-line method.

Upon exercise of the Options, the leases are subject to maximum terms of 60 years (inclusive of various renewals) at the option of the Company. 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 Leases

The Company holds a ten-year lease for its corporate headquarters located in Houston, Texas as well as leases for other offices in the U.S., London and Singapore. 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 Condensed Consolidated Balance Sheets.

NOTE 5 — CAPITAL DEVELOPMENT ACTIVITIES

Pursuant to the technical services agreement entered into in February 2016, Tellurian engaged Bechtel Oil, Gas and Chemicals, Inc. (“Bechtel”) under a request for services (“RFS”) to begin certain detailed engineering services in July 2017, with the anticipated completion of such detailed engineering services upon Bechtel’s receipt of a notice to proceed from the Company on an LSTK contract. The LSTK contract is currently under negotiation; however, amounts incurred under the RFS will be fully credited against the LSTK contract. The RFS may be canceled by either party with 30 days’ written notice.

NOTE 6 — RELATED PARTIES

Accounts Receivable and Payable with Related Parties

Tellurian’s accounts receivable due from related parties primarily consist of indemnities and amounts due from employees who received share-based compensation. The Company will withhold amounts from wages if the tax liability with respect to such share-based compensation is not paid directly by the employees. The accounts payable due to related parties pertains to agreements with entities which are partially owned by Mr. Martin Houston, a major shareholder and Vice Chairman of the Company.

Non-current Note Receivable Due from Related Party

Prior to the acquisition of Tellurian Services, Tellurian Services issued an interest-free \$251 thousand note receivable to Mr. Houston. 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 lease of our corporate headquarters located in Houston, Texas.

Other

During the three and six months ended June 30, 2017, the Company incurred \$116 thousand and \$650 thousand, respectively, in legal fees to a law firm for advice associated with the Bonini-Kettlety lawsuit, described in Note 8, *Commitments and Contingencies*. The suit was settled in April 2017. A member of our board of directors is a partner at such law firm.

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TELLURIAN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED
(unaudited)

NOTE 7 — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of fixed assets and oil and gas properties, as shown below (in thousands):

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Fixed Assets		
Land	\$ 9,491	\$ 9,491
Buildings	549	549
Leasehold improvements	1,774	602
Computer, office equipment and fixtures	436	420
Accumulated depreciation	(208)	(69)
Total fixed assets, net	<u>12,042</u>	<u>10,993</u>
Oil and Gas Properties		
Unproved	13,000	—
Wells in progress	332	—
Total oil and gas properties	<u>13,332</u>	<u>—</u>
Total property, plant and equipment, net	<u>\$ 25,374</u>	<u>\$ 10,993</u>

Property, plant and equipment is depreciated using the straight-line depreciation method. Depreciation expense of \$79 thousand and \$139 thousand for the three and six months ended June 30, 2017, respectively, and \$24 thousand for the three and six months ended June 30, 2016, respectively, is recorded within development expenses on the Condensed Consolidated Statement of Operations.

In February 2017, in connection with the Merger, the Company acquired interests in certain oil and gas properties. Unproved properties consist of oil and gas interests in the Weald Basin, United Kingdom and the Timor Sea, Australia. In the United Kingdom, Tellurian holds non-operating interests in two licenses which expire in June and September 2021. In Australia, Tellurian holds an operating interest in an exploration permit due to expire on November 12, 2017. At this time, the Company is considering applying for an extension of the exploration permit to the appropriate Australian regulatory authorities. There is no production and there are no reserves currently associated with any of our licenses. Accordingly, there is no depletion associated with them for the three and six months ended June 30, 2017.

NOTE 8 — COMMITMENTS AND CONTINGENCIES

In May 2016, Simon Bonini and Paul Kettlety (collectively, the “Plaintiffs”) filed a lawsuit against Tellurian Investments and Tellurian Services, along with each of Messrs. Martin Houston and Christopher Daniels and certain entities in which each of Messrs. Houston and Daniels own membership interests, as applicable (collectively, the “Defendants”), 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. The Plaintiffs sought damages in excess of \$168 million.

In April 2017, the Defendants entered into a Compromise Settlement Agreement and Mutual Release (the “Settlement Agreement”) with the Plaintiffs and the Plaintiffs’ counsel, Schiffer Odom Hicks & Johnson, PLLC, a Texas professional limited liability company (“Schiffer Odom”), in connection with the lawsuit. Pursuant to the Settlement Agreement, among other things, (i) Mr. Houston agreed to transfer a total of 2,000,000 shares of Tellurian common stock owned by Mr. Houston (the “Transferred Shares”) to the Plaintiffs and Schiffer Odom, comprised of 825,000 shares to each of the Plaintiffs and 350,000 shares to Schiffer Odom, (ii) the Company agreed to file a prospectus supplement with respect to the resales of the Transferred Shares by the Plaintiffs and Schiffer Odom and (iii) the Plaintiffs released all claims against the Defendants. Also in April 2017, Mr. Houston transferred the Transferred Shares to the Plaintiffs and Schiffer Odom, and the Company filed a prospectus supplement with respect to the resales of the Transferred Shares by the Plaintiffs and Schiffer Odom.

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TELLURIAN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED
(unaudited)

NOTE 9 — ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	June 30, 2017	December 31, 2016
Front-end engineering and design	\$ 776	\$ 12,549
Payroll and compensation	10,507	6,311
Professional services (e.g., legal, audit)	2,736	2,323
Other	4,851	3,220
Total accounts payable and accrued liabilities	\$ 18,870	\$ 24,403

In February 2016, Tellurian engaged Bechtel to perform a FEED study for the Driftwood terminal, and in June 2016, Tellurian engaged Bechtel to perform a FEED study for the Driftwood pipeline. Accounts payable and accrued liabilities for FEED costs relate primarily to our contracts for FEED services with Bechtel as well as subcontractors working on the project. The FEED studies for the Driftwood pipeline and the Driftwood terminal were completed in March 2017 and June 2017, respectively.

NOTE 10 — SHARE-BASED COMPENSATION

Tellurian has granted fully vested and restricted stock to employees, outside directors, and a consultant under the Amended and Restated Tellurian Investments Inc. 2016 Omnibus Incentive Plan (the “Legacy Plan”) and the Tellurian Inc. 2016 Omnibus Incentive Compensation Plan, as amended (the “Omnibus Plan”). At a special meeting of stockholders on February 9, 2017, Magellan stockholders approved the Omnibus Plan, which replaced the Legacy Plan. No further awards can be made under the Legacy Plan.

The maximum number of shares of Tellurian common stock authorized for issuance under the Omnibus Plan is 40 million shares of common stock. During any calendar year, no employee may be granted more than 10 million shares of Tellurian common stock, or with respect to a grant of cash, an amount equal to the value of 10 million shares of Tellurian common stock at the time of settlement. As of June 30, 2017, 5.5 million shares have been granted under the Omnibus Plan, and 14.9 million shares were granted under the Legacy Plan.

During the three and six months ended June 30, 2017, the Company granted certain awards without vesting conditions, while most awards granted are subject to performance and service-based vesting conditions. Most of the performance-based awards vest based on a final investment decision by the Company’s board of directors, as defined in the award agreements. A portion of the performance awards vest based on the achievement of certain project development activities.

During the three months ended June 30, 2017, the weighted average grant date fair value per share was \$11.85 per share, and the total grant date fair value was \$19.3 million. For the three and six months ended June 30, 2017, Tellurian recognized \$0.4 million and \$18 million, respectively, as stock-based compensation expense for employees and directors, \$2 million of which was issued in settlement of bonuses accrued at December 31, 2016. For the three and six months ended June 30, 2016, Tellurian recognized \$1.6 million and \$5.1 million, respectively, as stock-based compensation expense for employees and directors.

NOTE 11 — SHARE-BASED PAYMENTS

For the three and six months ended June 30, 2017, Tellurian recognized \$1.6 million and \$19.4 million, respectively, as share-based expense for vendors.

In February 2017, the Company issued 409,800 shares of Tellurian common stock, valued at \$5.8 million, to a financial adviser in connection with the successful completion of the Merger. This cost has been included in general and administrative expenses in the Condensed Consolidated Statements of Operations. Additionally, on the Merger Date, the Company issued 90,350 shares of Tellurian common stock to settle a liability assumed in the Merger valued at \$1.3 million.

TELLURIAN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED
(unaudited)

In March 2017, the Company's board of directors approved the issuance of 1 million shares that were purchased at a discount by a commercial development consultant under the Omnibus Plan. The terms of the share purchase agreement did not contain performance obligations or similar vesting provisions; accordingly, the full amount of \$11.4 million, representing the aggregate difference between the purchase price of \$0.50 per share and the fair value on the date of issuance of \$11.88 per share, was recognized on the date of the share purchase and has been included in general and administrative expenses in the Condensed Consolidated Statements of Operations.

Also in March 2017, the Company issued 200,000 shares under a management consulting arrangement for specified services from March 2017 through May 2017. The services were valued at \$11.34 per share on the date of issuance. The total cost of \$2.3 million was amortized to general and administrative expenses on a straight-line basis over the three-month service period in the Condensed Consolidated Statements of Operations.

NOTE 12 — INCOME TAXES

As of June 30, 2017, the Company has net operating loss ("NOL") carryforwards for federal, state and international income tax reporting purposes. The Company has established a full valuation allowance against its NOLs and has not recorded a net liability for federal, state and international income taxes in any of the periods included in the accompanying financial statements. Our Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2017 and December 31, 2016 include no income tax benefits.

Section 382 of the Internal Revenue Code (the "Code") contains rules that limit the ability of a company that undergoes an ownership change to utilize its NOL carryforwards, tax credits, and certain built-in-losses or deductions existing as of the date of an ownership change. Prior to the Merger, Magellan had NOL carryforwards available to reduce U.S. federal and state taxable income in future tax years. The Company performed a section 382 ownership change analysis for Magellan to determine if there were any Section 382 limitations on the utilization of Magellan's pre-merger NOLs. Based on this analysis, the Company has determined that the Magellan pre-merger NOL carryforwards are subject to annual Section 382 limitations. Because of these limitations, it is expected that the vast majority of Magellan's NOL carryforwards generated prior to the Merger will expire unused.

We will continue to monitor activity in the Company's shares which could cause an ownership change. If the Company experiences a Section 382 ownership change, it could further affect our ability to utilize our existing NOL carryforwards.

The Company remains subject to periodic audits and reviews by taxing authorities; however, we do not expect that these audits will have a material effect on the Company's tax provision. Magellan's federal tax returns for the years after June 30, 2013 remain open for examination. Tax authorities may review and adjust NOL carryforwards that were generated prior to these periods if utilized in an open tax year.

NOTE 13 — STOCKHOLDERS' EQUITY

At-the-Market Program

The Company maintains an at-the-market equity offering program pursuant to which Tellurian may sell shares of its common stock from time to time on the NASDAQ or any other market for the common stock in the U.S., through Credit Suisse Securities (USA) LLC acting as sales agent, for aggregate sales proceeds of up to \$200 million. For the three months ended June 30, 2017, the Company issued 0.5 million shares of common stock under this program, for proceeds of \$5.1 million, net of \$0.1 million in fees and commissions. There were no issuances under this program in the first quarter of 2017.

TOTAL Investment

In January 2017, pursuant to a common stock purchase agreement dated as of December 19, 2016, between Tellurian Investments and TOTAL Delaware, Inc. ("TOTAL"), TOTAL purchased, and Tellurian Investments sold and issued to TOTAL, approximately 35.4 million shares of Tellurian Investments common stock for an aggregate purchase price of \$207 million, net of offering costs. In connection with the Merger, the shares purchased by TOTAL were exchanged for 46 million shares of Tellurian common stock.

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TELLURIAN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED
(unaudited)

In May 2017, Tellurian and TOTAL entered into a pre-emptive rights agreement pursuant to which TOTAL was granted a right to purchase its pro rata portion of any new equity securities that Tellurian 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 (the “Pre-emptive Rights Agreement”). Pursuant to the common stock purchase agreement dated as of December 19, 2016, between Tellurian Investments and TOTAL, the terms and conditions of the Pre-emptive Rights Agreement are similar to those contained in the pre-emptive rights agreement dated as of January 3, 2017, between Tellurian Investments and TOTAL, but the Pre-emptive Rights Agreement is subject to additional excepted offerings.

Tellurian Preferred Stock

In March 2017, GE Oil & Gas, Inc. (now known as GE Oil & Gas, LLC) (“GE”), as the holder of all 5.5 million outstanding shares of Tellurian Investments Series A convertible preferred stock (the “Tellurian Investments Preferred Shares”), exchanged those shares into an equal number of shares of Tellurian Inc. Series B convertible preferred stock (the “Series B Preferred Stock”) pursuant to the terms of the Tellurian Investments Certificate of Incorporation (the “Preferred Share Exchange”). The terms of the Series B Preferred Stock were substantially similar to those of the Tellurian Investments Preferred Shares. The Series B Preferred Stock were exchangeable at any time into shares of the Company’s common stock on a one-for-one basis, subject to anti-dilution adjustments in certain circumstances. In June 2017, GE, as the holder of all 5.5 million outstanding shares of Series B Preferred Stock exercised its right to convert all such shares of Series B Preferred Stock into 5.5 million shares of Tellurian common stock pursuant to and in accordance with the terms of the Series B Preferred Stock.

Embedded Derivative

The ability of GE to exchange the Tellurian Investments Preferred Shares into shares of Series B Preferred Stock or into shares of Tellurian common stock following the Merger required the fair value of such features to be bifurcated from the contract and recognized as an embedded derivative until the Merger Date.

The fair value of the embedded derivative 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 and the volatility of Magellan common stock over an assumed half-year and one-year holding period from February 10, 2017 and December 31, 2016, respectively. At each valuation date, the model also included (i) unobservable inputs related to the weighted probabilities of certain Merger-related scenarios and (ii) 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. On the Merger Date, the embedded derivative was reclassified to additional paid-in capital in accordance with U.S. GAAP.

The following table summarizes the changes in fair value for the embedded derivative (in thousands):

	<u>February 10, 2017</u>	<u>December 31, 2016</u>
Fair value at the beginning of period and initial fair value, respectively	\$ 8,753	\$ 5,445
(Gain) loss on exchange feature	(2,209)	3,308
Fair value at the end of the period and year, respectively	<u>\$ 6,544</u>	<u>\$ 8,753</u>

NOTE 14 — NET LOSS PER SHARE

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net loss	\$ (32,523)	\$ (16,277)	\$ (173,872)	\$ (23,470)
Basic weighted average common shares outstanding	186,102	109,967	146,756	65,714
Loss per share:				
Basic and diluted	<u>\$ (0.17)</u>	<u>\$ (0.15)</u>	<u>\$ (1.18)</u>	<u>\$ (0.36)</u>

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TELLURIAN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED
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Basic loss per share is based upon the weighted average number of shares of common stock outstanding during the period. As of June 30, 2017 and 2016, the effect of 18.3 million and 2.0 million, respectively, of unvested restricted stock awards that could potentially dilute basic EPS in the future were not included in the computation of diluted EPS because to do so would have been antidilutive for the periods presented.

NOTE 15 — OTHER COMPREHENSIVE LOSS

The following table is a reconciliation of our net loss to our comprehensive loss for the periods shown (in thousands):

	<u>Successor</u>				<u>Predecessor</u>	
	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>		<u>Nine Days</u>	<u>Period</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>Ended April 9,</u>	<u>Ended April 9,</u>
				<u>2016</u>	<u>2016</u>	
Net loss	\$ (32,523)	\$ (16,277)	\$ (173,872)	\$ (23,470)	\$ (157)	\$ (638)
Other comprehensive income items:						
Unrealized holding gain on securities available-for-sale	993	—	933	—	—	—
Comprehensive loss	<u>\$ (31,530)</u>	<u>\$ (16,277)</u>	<u>\$ (172,939)</u>	<u>\$ (23,470)</u>	<u>\$ (157)</u>	<u>\$ (638)</u>

NOTE 16 — ADDITIONAL CASH FLOW INFORMATION

The following table provides supplemental disclosure of cash flow information (in thousands):

	<u>As of the Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
Property, plant and equipment non-cash accruals	\$ 217	\$ 128
Land acquisition non-cash accruals	—	1,000
Equity offering cost accrual	—	483

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of such amounts shown in the Condensed Consolidated Statements of Cash Flows (in thousands):

	<u>As of the Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 160,726	\$ 12,391
Restricted cash, current	100	—
Non-current restricted cash	375	—
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 161,201</u>	<u>\$ 12,391</u>

NOTE 17 — RECENT ACCOUNTING STANDARDS

The following table provides a description of recent accounting standards that had not been adopted by the Company as of June 30, 2017:

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TELLURIAN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED
(unaudited)

Standard	Description	Expected Date of Adoption	Effect on our Condensed Consolidated Financial Statements or Other Significant Matters
ASU 2014-09, <i>Revenue from Contracts with Customers (Topic 606), and subsequent amendments thereto</i>	This standard amends existing revenue recognition guidance and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard may be early adopted beginning January 1, 2017, and may be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption.	January 1, 2018	The implementation of this new standard will not affect the amounts shown in our Condensed Consolidated Financial Statements and related disclosures as the Company has no revenues.
ASU 2016-02, <i>Leases (Topic 842)</i>	This standard requires a lessee to recognize leases on its balance sheet by recording a liability representing the obligation to make future lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term. A lessee is permitted to make an election not to recognize lease assets and liabilities for leases with a term of 12 months or less. The standard also modifies the definition of a lease and requires expanded disclosures. This standard may be early adopted and must be adopted using a modified retrospective approach with certain available practical expedients.	January 1, 2019	We are currently evaluating the impact of the provisions of this guidance on our Condensed Consolidated Financial Statements and related disclosures.

Additionally, the following table provides a description of recent accounting standards that were adopted by the Company during the reporting period:

Standard	Description	Date of Adoption	Effect on our Condensed Consolidated Financial Statements or Other Significant Matters
ASU 2017-01, <i>Business Combinations (Topic 805): Clarifying the Definition of a Business</i>	This update clarifies 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.	January 1, 2017	The adoption of this guidance did not have a material impact on our Condensed Consolidated Financial Statements or disclosures.
ASU 2017-04, <i>Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment</i>	This update eliminated 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 exceed its fair value. The goodwill impairment test now consists of comparing the fair value of a reporting unit with its carrying amount, and a company should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.	January 1, 2017	The adoption of this guidance did not have a material impact on our Condensed Consolidated Financial Statements or disclosures.

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TELLURIAN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED
(unaudited)

Standard	Description	Date of Adoption	Effect on our Condensed Consolidated Financial Statements or Other Significant Matters
ASU 2017-09, <i>Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting</i>	This update clarifies what changes to the terms and conditions of share-based awards require an entity to apply modification accounting. Modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions.	April 1, 2017	The adoption of this guidance did not have a material impact on our Condensed Consolidated Financial Statements or disclosures.
ASU 2016-18, <i>Statement of Cash Flows (Topic 230): Restricted Cash</i>	This update requires that restricted cash be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.	April 1, 2017	The adoption of this guidance did not have a material impact on our Condensed Consolidated Financial Statements or disclosures.

NOTE 18 — SUBSEQUENT EVENTS

At-the-Market Program

Subsequent to June 30, 2017, the Company issued 0.5 million shares of common stock under its at-the-market equity offering program for proceeds of \$5.2 million, net of \$0.2 million in fees and commissions.

Seismic Survey

On March 31, 2017, the Company executed an Operations Services Agreement (the “OSA”) with Santos Offshore Pty Ltd (“Santos”). The OSA provides for Santos to perform certain services on behalf of the Company associated with the Company’s exploration permit for our offshore block in Australia. On June 28, 2017, the Company executed a Cost Sharing Agreement (the “CSA”), with Santos and Origin Energy Resources Limited (“Origin”). The CSA provides the basis upon which costs and expenses will be shared among the Company, Santos and Origin for a 3-D seismic survey to be shot over our offshore block.

Pursuant to the OSA and CSA, with the Company’s consent, Santos applied for regulatory approval, designed the seismic survey and engaged a contractor to perform the work. In July 2017, Santos informed the Company that Santos was unable to obtain regulatory approval and canceled the seismic survey. While the Company remains a party to the OSA and CSA, we are not currently committed to make any further expenditures under any agreement, but remain liable for amounts due under the OSA and CSA pertaining to the canceled portion of the survey. We are currently assessing the amounts due, if any, for our portion of the canceled seismic survey. Our estimate is dependent upon information to be gathered between Santos, as the operator, and the seismic contractor.

Litigation

In July 2017, Tellurian Investments, Driftwood LNG, Martin Houston, and three other individuals were named as third-party defendants in a lawsuit filed in state court in Harris County, Texas between Cheniere Energy, Inc. and one of its affiliates, on the one hand (collectively, “Cheniere”), and Parallax Enterprises and certain of its affiliates (not including Parallax Services, n/k/a Tellurian Services) on the other hand (collectively, “Parallax”). Cheniere alleges that it entered into a note and a pledge agreement with Parallax. Cheniere claims that Tellurian Investments and Driftwood LNG tortiously interfered with the note and pledge agreement. We believe that Cheniere’s claims against Tellurian Investments and Driftwood LNG are without merit and do not expect the resolution of the suit to have a material effect on our results of operation or financial condition. As of the date of this filing, neither Tellurian Investments nor Driftwood LNG has been served in this action.

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Securities Available-for-sale

Subsequent to June 30, 2017, the Company sold all of the securities available-for-sale, which were acquired in the Merger, for net proceeds of \$4.3 million.

Non-current Note Receivable Due from Related Party

On July 28, 2017, the \$251 thousand non-current note receivable due from a related party was repaid in full and the demand note evidencing the receivable was canceled.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical facts, that address activity, 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;
- 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 analysis 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 and performance to differ materially from any future results or performance expressed or implied by the forward looking statements include, but are not limited to, the following:

- the uncertain nature of 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;

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- 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.

Explanatory Note

On February 10, 2017 (the “Merger Date”), Tellurian Inc., which was formerly known as Magellan Petroleum Corporation (“Magellan”), completed the merger (the “Merger”) contemplated by the previously announced Agreement and Plan of Merger, dated as of August 2, 2016, by and among Magellan, Tellurian Investments Inc. (“Tellurian Investments”) and River Merger Sub, Inc. (“Merger Sub”), as amended (the “Merger Agreement”). At the effective time of the Merger, Merger Sub merged with and into Tellurian Investments, with Tellurian Investments continuing as the surviving corporation and a subsidiary of Magellan. Immediately following the completion of the Merger, Magellan amended its certificate of incorporation and bylaws to change its name to “Tellurian Inc.” In connection with the Merger, each outstanding share of common stock of Tellurian Investments was exchanged for 1.300 shares of Magellan common stock. The Merger is accounted for as a “reverse acquisition” under U.S. GAAP. Therefore, Tellurian Investments is treated as the accounting acquirer in the Merger.

Except where the context indicates otherwise, (i) references to “we,” “us,” “our,” “Tellurian” or the “Company” refer, for periods prior to the completion of the Merger, to Tellurian Investments and its subsidiaries, and for periods following the completion of the Merger, to Tellurian Inc. and its subsidiaries and (ii) references to “Magellan” refer to Tellurian Inc. and its subsidiaries prior to the completion of the Merger.

Introduction

The following discussion and analysis presents management’s view of our business, financial condition and overall performance and should be read in conjunction with our Condensed Consolidated Financial Statements and the accompanying notes. This information is intended to provide investors with an understanding of our past development activities, current financial condition and outlook for the future organized as follows:

- Our Business

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- Overview of Significant Events
- Liquidity and Capital Resources
- Capital Development Activities
- Results of Operations
- Off-Balance Sheet Arrangements
- Summary of Critical Accounting Estimates
- Recent Accounting Standards

Our Business

Tellurian 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, 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, a Delaware limited liability company (“Tellurian Services”).

Tellurian plans to own, develop and operate natural gas liquefaction facilities, storage facilities and loading terminals and is developing an 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 Project will have a liquefaction capacity of approximately 26 mtpa, situated on approximately 1,000 acres in Calcasieu Parish, Louisiana. The proposed terminal facility will include up to 20 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 perform a FEED study for the Driftwood terminal, which was completed in June 2017. Based on such FEED study, Tellurian estimates construction costs for the Driftwood terminal of approximately \$500 to \$600 per mtpa (\$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 13 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, 36-inch and 30-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 perform a FEED study for the Driftwood pipeline, which was completed in March 2017. Based on such FEED study, Tellurian estimates construction costs for the Driftwood pipeline of approximately \$1.6 to \$2.0 billion before owners’ costs, financing costs and contingencies.

Overview of Significant Events

Significant corporate, developmental and capital events since January 1, 2017 and through the filing date of this Form 10-Q include the following:

TOTAL Investment. In January 2017, pursuant to a common stock purchase agreement (the “TOTAL SPA”) dated as of December 19, 2016, between Tellurian Investments and TOTAL Delaware, Inc. (“TOTAL”), TOTAL purchased, and Tellurian Investments sold and issued to TOTAL, approximately 35.4 million shares of Tellurian Investments common stock (the “TOTAL Shares”) for an aggregate purchase price of \$207 million. In connection with the transaction:

- Magellan and TOTAL entered into a guaranty and support agreement pursuant to which Magellan guaranteed to TOTAL the performance of all of the obligations of Tellurian Investments in connection with the TOTAL SPA following the completion of the Merger.

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- Magellan, 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 Tellurian stock they own in favor of the appointment of one board designee of TOTAL to the board of directors of Magellan effective upon the closing of the Merger.
- Tellurian Investments and TOTAL entered into a pre-emptive rights agreement pursuant to which TOTAL was granted a right to purchase its pro rata portion of any new equity securities that Tellurian Investments may issue to a third party on the same terms and conditions as such equity securities are offered and sold to such party, subject to certain excepted offerings. Magellan also agreed that, following the completion of the Merger, Magellan would enter into a similar pre-emptive rights agreement with TOTAL, but subject to additional excepted offerings. On May 10, 2017, Tellurian entered into such a pre-emptive rights agreement with TOTAL.

Merger-Related Events. Upon or shortly following the completion of the Merger:

- The TOTAL Shares were exchanged for 46 million shares of Tellurian common stock.
- Each of the approximately 5.5 million shares of Tellurian Investments Series A convertible preferred stock (the “Tellurian Investments Preferred Shares”) held by GE Oil & Gas, Inc. (now known as GE Oil & Gas, LLC) (“GE”) became convertible or exchangeable into either (i) one share of Tellurian common stock or (ii) one share of Tellurian Series B convertible preferred stock (the “Series B Preferred Stock”). The terms of the Series B Preferred Stock are generally similar to those of the Tellurian Investments Preferred Shares.

Development and Regulatory Events.

- In February 2017, the DOE/FE issued an order authorizing Driftwood LNG to export up to 26 mtpa of LNG to FTA countries, on its own behalf and as agent for others, for a term of 30 years. Driftwood LNG’s application for authority to export LNG to non-FTA countries is currently pending before the DOE/FE and is expected to be decided in the first quarter of 2018.
- In March 2017, Driftwood LNG filed an application with FERC for authorization pursuant to Section 3 of the NGA to site, construct and operate the Driftwood terminal, and Driftwood Pipeline simultaneously sought authorization pursuant to Section 7 of the NGA for authorization to construct and operate interstate natural gas pipeline facilities. Each requested that FERC issue an order approving the facilities by the first quarter of 2018.
- Also in March 2017, the Driftwood Project submitted permit applications to the USACE under regulatory Section 404 of the Clean Water Act, and Sections 10 and 14 of the Rivers and Harbors Act for activities within the waters of the U.S. including dredging and wetland mitigation. Also submitted in March was the Title V and PSD air permit to the Louisiana Department of Environmental Quality under the Clean Air Act for air emissions relating to the Driftwood Project. The regulatory review and approval process for the USACE permit as well as the Title V and PSD permits is expected to be completed in March 2018, concluding the major environmental permitting for the Driftwood Project.
- The FEED studies for the Driftwood pipeline and the Driftwood terminal were completed in March 2017 and June 2017, respectively.
- Pursuant to the technical services agreement entered into in February 2016, Tellurian engaged Bechtel under a request for services (“RFS”) to begin certain detailed engineering services in July 2017, with the anticipated completion upon Bechtel’s receipt of a notice to proceed from the Company on an LSTK contract. The LSTK contract is currently under negotiation; however, amounts incurred under the RFS will be fully credited against the LSTK contract. The RFS may be canceled by either party with 30 days’ written notice.

At-the-Market Program. In March 2017, Tellurian entered into a Distribution Agency Agreement with Credit Suisse Securities (USA) LLC (“Credit Suisse”) pursuant to which Tellurian may sell shares of its common stock from time to time on the NASDAQ or any other market for the common stock in the U.S., through Credit Suisse acting as sales agent, for aggregate sales proceeds of up to \$200 million. Through the filing date of this report, the Company has issued 1.0 million shares of common stock under this program for proceeds of \$10.3 million, net of \$0.3 million in fees and commissions.

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Conversion of Preferred Stock. In March 2017, GE exchanged the Tellurian Investments Preferred Shares into an equal number of shares of Series B Preferred Stock. The Series B Preferred Stock was convertible into shares of Tellurian common stock on a one-for-one basis. In June 2017, GE exercised its right to exchange such shares into 5.5 million shares of Tellurian common stock. Tellurian and GE also entered into a Registration Rights Agreement (the "Registration Rights Agreement") pursuant to which the Company granted to GE certain registration rights with respect to the shares of Tellurian common stock. Pursuant to the terms of the Registration Rights Agreement, and subject to the limitations contained therein, the Company has agreed to use its reasonable best efforts to prepare and file with the Securities and Exchange Commission a Registration Statement registering the offering and sale of all but not less than all of the Registrable Securities (as defined in the Registration Rights Agreement) upon demand, and has agreed to provide GE certain additional piggyback registration rights. In the Registration Rights Agreement, the Company has agreed to indemnify GE and its affiliates for certain liabilities, including liabilities arising under the Securities Act.

Liquidity and Capital Resources

Capital Resources

The Company is currently funding the development of the Driftwood Project and general working capital needs through its cash on hand. Our current capital resources consist of approximately \$160.7 million of cash and cash equivalents as of June 30, 2017 on a consolidated basis, which primarily results from issuances of common and preferred stock, including the issuance of preferred stock to GE in November 2016 and the issuance of common stock to TOTAL in January 2017. Tellurian considers cash equivalents to be short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near to their maturity that they present insignificant risk of changes in value.

Tellurian has access to the capital markets under the at-the-market program discussed above. The net proceeds from any sales of equity under the at-the-market program will be used for general corporate purposes and working capital. Pending the application of the net proceeds from any particular offering, we intend to invest such proceeds in short-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government. Through the filing date of this report, the Company has issued 1.0 million shares of common stock under this program for proceeds of \$10.3 million, net of \$0.3 million in fees and commissions.

Sources and Uses of Cash

The following table summarizes the sources and uses of our cash and cash equivalents and costs and expenses for the periods presented (in thousands):

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	Successor 1			Predecessor 1
	Six Months Ended June 30,		Year Ended	For the Period
	2017	2016	December 31, 2016	from January 1, 2016 through April 9, 2016
Operating cash flows:				
Cash used in Driftwood Project activities	\$ (41,403)	\$ (9,922)	\$ (30,675)	\$ —
Cash used for employee costs	(10,809)	(1,019)	(6,208)	(64)
Other net cash used in development activities	(19,879)	(4,621)	(13,547)	(47)
Cash used in operating activities	(72,091)	(15,562)	(50,430)	(111)
Investing cash flows:				
Cash used in the acquisition of property, plant and equipment	(905)	(9,114)	(10,716)	(268)
Other net cash provided by investing activities	322	210	210	—
Cash used in investing activities	(583)	(8,904)	(10,506)	(268)
Financing cash flows:				
Private placements	—	37,887	59,015	—
Issuance of Tellurian Investments Preferred Shares(2)	—	—	25,000	—
Issuance of common shares to TOTAL	207,000	—	—	—
Issued under Omnibus Plan(3)	500	—	—	—
Issued under at-the-market program	5,296	—	—	—
Offering costs	(319)	(1,030)	(1,681)	—
Cash provided by financing activities	212,477	36,857	82,334	—
Net increase (decrease) in cash, cash equivalents and restricted cash	139,803	12,391	21,398	(379)
Cash, cash equivalents and restricted cash, beginning of the period	21,398	—	—	589
Cash, cash equivalents and restricted cash, end of the period	\$ 161,201	\$ 12,391	\$ 21,398	\$ 210
Net working capital (deficit)	\$ 148,424	\$ 6,323	\$ 17	\$ (784)

- (1) On April 9, 2016, Tellurian Investments acquired Tellurian Services, formerly known as Parallax Services LLC (“Parallax Services”). Parallax Services was primarily engaged in general and administrative support services. Under the financial reporting rules of the SEC, Parallax Services (“Predecessor”) has been deemed to be the predecessor to Tellurian (“Successor”) for financial reporting purposes.
- (2) The Tellurian Investments Preferred Shares were exchanged in March 2017 for Series B Preferred Stock and the shares of Series B Preferred Stock were exchanged into common stock in June 2017, each in a cashless transaction.
- (3) Tellurian Inc. 2016 Omnibus Incentive Compensation Plan.

Cash used in operating activities during the six months ended June 30, 2017 and 2016 were \$72.1 million and \$15.6 million, respectively. The increase in cash used in operating activities in 2017 compared to 2016 primarily relate to one-time payments of \$12 million related to engineering, procurement and construction activities, \$5 million of Merger-related expenses and \$55 million of disbursements in the normal course of business. Disbursements in the normal course of business increased primarily due to the increased development activities in the Driftwood Project and a substantial increase in the number of Tellurian employees.

Capital Development Activities

We are primarily engaged in developing the Driftwood Project, which will require significant amounts of capital and is subject to risks and delays in completion. Even if successfully completed, the project will not begin to operate and generate significant cash flows until at least several years from now, which management currently anticipates being 2022. Construction of the LNG terminal 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 the first LNG in 2022 and achieve full operations in 2025. As a result, our business success will depend to a significant extent upon our ability to obtain the funding necessary to construct these LNG terminals, to bring them into operation on a commercially viable basis and to finance the costs of staffing, operating and expanding our company during that process.

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Tellurian estimates construction costs of approximately \$500 to \$600 per mtpa (\$13 to \$16 billion) for the Driftwood terminal and approximately \$1.6 to \$2.0 billion for the Driftwood pipeline, in each case before owners' costs, financing costs and contingencies. We anticipate funding our more immediate liquidity requirements relative to the RFS and other developmental and general and administrative costs for the Driftwood Project through the use of cash from the completed equity issuances discussed above and future issuances of securities by us under our at-the-market program or pursuant to other equity offerings.

We currently expect that our long-term capital requirements will be financed in part through project financing and proceeds from future debt and equity offerings. If these types of financing are not available, we will be required to seek alternative sources of financing, which may not be available on acceptable terms, if at all.

Results of Operations

Successor

The following table summarizes costs and expenses for the periods presented (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
Total revenue	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Development expenses	14,616	11,752	2,864	36,205	14,505	21,700
General and administrative expenses	18,283	4,764	13,519	62,823	9,204	53,619
Goodwill impairment	—	—	—	77,592	—	77,592
Loss from operations	(32,899)	(16,516)	(16,383)	(176,620)	(23,709)	(152,911)
Gain on preferred stock exchange feature	—	—	—	2,209	—	2,209
Other income, net	376	69	307	539	69	470
Provision for income taxes	—	170	(170)	—	170	(170)
Net loss	\$ (32,523)	\$ (16,277)	\$ (16,246)	\$ (173,872)	\$ (23,470)	\$ (150,402)

Our consolidated net loss was \$32.5 million, or \$0.17 per share (basic and diluted), for the three months ended June 30, 2017, compared to a net loss of \$16.3 million, or \$0.15 per share (basic and diluted), for the three months ended June 30, 2016. This \$16.2 million increase in net loss was primarily a result of increased development and general and administrative expenses discussed separately below.

Our consolidated net loss was \$173.9 million, or \$1.18 per share (basic and diluted), for the six months ended June 30, 2017, compared to a net loss of \$23.5 million, or \$0.36 per share (basic and diluted), for the six months ended June 30, 2016. This \$150.4 million increase in net loss was primarily a result of (i) increased development and general and administrative expenses discussed separately below and (ii) an impairment charge of \$77.6 million related to goodwill that was initially recognized as a result of the Merger in February 2017. The increase in net loss was partially offset by a gain of \$2.2 million recognized in the first quarter of 2017 related to an exchange feature of the Tellurian Investments Preferred Shares that was recognized at fair value until the Merger Date.

Development expenses for the three and six months ended June 30, 2017, increased \$2.9 and \$21.7 million, respectively, compared to the same periods in 2016 due to an increase in activity associated with the development of the Driftwood Project and regulatory filings.

General and administrative expenses during the three and six months ended June 30, 2017, increased \$13.5 million and \$53.6 million, respectively, compared to the same periods in 2016 due primarily to (i) non-cash share-based payment charges related to commercial development and management consulting contractors of \$1.6 million and \$19.4 million in the three and six months ended June 30, 2017, respectively, which were not incurred in 2016 and (ii) a decrease in non-cash share-based compensation for employees and directors of \$3.1 million and an increase in such compensation in the amount of \$12.8 million in the three and six months ended June 30, 2017, respectively, as compared to the same periods in 2016. The remaining increase was driven by an increase in salaries and benefits due to a substantial increase in the number of employees and an increase in corporate marketing and investor development activities.

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Successor vs. Predecessor

The following table summarizes costs and expenses of Parallax Services for the periods presented (in thousands):

	Nine Days Ended	For the Period
	April 9,	from January 1, 2016
	through	through April 9, 2016
Total revenue	\$ —	\$ 31
Development expenses	—	52
General and administrative expenses	157	617
Net loss	\$ (157)	\$ (638)

Total expenses and the net loss for Tellurian (as “Successor”) were significantly greater than such items for Tellurian Services (formerly known as Parallax Services LLC, as “Predecessor”) during the periods shown above due primarily to the matters discussed above. Tellurian’s activities related to the development of the Driftwood Project are significantly larger in scope than the administrative and development activities of Tellurian Services prior to our acquisition of Tellurian Services.

Off-Balance Sheet Arrangements

As of June 30, 2017, we had no transactions that met the definition of off-balance sheet arrangements that may have a current or future material effect on our consolidated financial position or operating results.

Summary of Critical Accounting Estimates

The preparation of financial statements requires the use of judgments and estimates. Our critical accounting policies are described below to provide a better understanding of how we develop our assumptions and judgments about future events and related estimations and how they can impact our financial statements. A critical accounting estimate is one that requires our most difficult, subjective or complex judgments and assessments and is fundamental to our results of operations. We identified our most critical accounting estimates to be:

- the likelihood of our projects entering the construction phase;
- purchase price allocation for acquired businesses;
- valuations of long-lived assets, including intangible assets and goodwill;
- share-based compensation issued prior to the Merger; and
- forecasting our effective income tax rate, including the realizability of deferred tax assets.

We base our estimates on historical experience and on various other assumptions we believe to be reasonable according to current facts and circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We believe the following are the critical accounting policies used in the preparation of our condensed consolidated financial statements, as well as the significant estimates and judgments affecting the application of these policies. This discussion and analysis should be read in conjunction with our Condensed Consolidated Financial Statements and related notes included in this report.

Accounting for LNG Development Activities

Because we have been in the preliminary stage of developing our LNG receiving terminals, substantially all of the costs to date related to such activities have been expensed. These costs primarily include professional fees associated with FEED studies and obtaining an order from FERC authorizing construction of our terminals and other required permitting for the Driftwood Project.

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The decision to capitalize costs involves estimating the probability of our LNG terminal projects entering the construction phase. Generally, we will begin capitalizing the costs of our LNG receiving terminals and related pipelines once the individual project meets the following criteria: (i) regulatory approval has been received, (ii) financing for the project is available and (iii) management has committed to commence construction. Prior to meeting these criteria, most of the costs associated with a project are expensed as incurred. These costs primarily include professional fees associated with FEED studies, costs of securing necessary regulatory approvals, and other preliminary investigation and development activities related to our LNG receiving terminals and related pipelines.

Generally, costs that are capitalized prior to a project meeting the criteria otherwise necessary for capitalization include land and lease option costs that are capitalized as property, plant and equipment and certain permits that are capitalized as intangible LNG assets. The costs of lease options are amortized over the life of the lease once obtained. If no lease is obtained, the costs are expensed.

Fair Value

When necessary or required by U.S. GAAP, we estimate the fair value of (i) long-lived assets for impairment testing, (ii) reporting units for goodwill impairment testing, (iii) assets acquired and liabilities assumed in business combinations and (iv) prior to the Merger, share-based compensation. When we are required to measure fair value and there is not a market-observable price for the asset or liability or a similar asset or liability, we use the cost, income, or market valuation approach depending on the quality of information available to support management's assumptions. The cost approach is based on management's best estimate of the current asset replacement cost. The income approach is based on management's best assumptions regarding expectations of projected cash flows and discounts the expected cash flows using a commensurate risk-adjusted discount rate. The market approach is based on management's best assumptions regarding prices and other relevant information from market transactions involving comparable assets. Such evaluations involve significant judgment and the results are based on expected future events or conditions, such as sales prices, estimates of future LNG production, development, construction and operating costs and the timing thereof, future net cash flows, economic and regulatory climates and other factors, most of which are often outside of management's control. However, assumptions used reflect a market participant's view of long-term prices, costs and other factors, and are consistent with assumptions used in our business plans and investment decisions.

Goodwill

Goodwill represents the excess of cost over fair value of the net assets of businesses acquired. We test goodwill for impairment annually during the fourth quarter, or more frequently as circumstances dictate. The first step in assessing whether an impairment of goodwill is necessary is an optional qualitative assessment to determine the likelihood of whether the fair value of the reporting unit is greater than its carrying amount. If we conclude that it is more likely than not that the fair value of the reporting unit exceeds the related carrying amount, further testing is not necessary. If the qualitative assessment is not performed or indicates that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, we compare the estimated fair value of the reporting unit to which goodwill is assigned to the carrying amount of the associated net assets, including goodwill. An impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value is then recognized.

A lower fair value estimate in the future for our Driftwood reporting unit could result in impairment of goodwill. Factors that could trigger a lower fair value estimate include significant negative industry or economic trends, cost increases, disruptions to our business and regulatory or political environment changes or other unanticipated events.

Share-Based Compensation

The assumptions used in calculating the fair value of share-based payment awards represent our best estimates, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if factors change and we use different assumptions, our share-based compensation expense could be materially different in the future.

Through May 2016, Tellurian Investments determined the fair value of share-based compensation using the price paid for private placements of stock. Beginning in June 2016 and through the date of the Merger, the fair value of share-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. Prior to the Merger, the Company's method also considered a discount for the lack of marketability of Tellurian Investments common stock, which was determined through the use of commonly accepted methods. As the Company has only restricted shares outstanding related to unvested share-based compensation, awards issued after the Merger are based on the quoted market prices for Tellurian shares.

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See Note 10, *Share-Based Compensation*, of our Notes to Condensed Consolidated Financial Statements for additional information regarding our share-based compensation.

Income Taxes

Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the tax basis of assets and liabilities and their reported amounts in the Condensed Consolidated Financial Statements. Deferred tax assets and liabilities are included in the Condensed Consolidated Financial Statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the current period's provision for income taxes. A full valuation allowance equal to our net deferred tax asset balance has been established due to the uncertainty of realizing the tax benefits related to our net deferred tax assets.

Recent Accounting Standards

For descriptions of recently issued accounting standards, see Note 17, *Recent Accounting Standards*, of our Notes to Condensed Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the form of equity price risk related to investments in marketable securities.

Equity Price Risk

At June 30, 2017, the fair value of our investments in securities available-for-sale was \$1.8 million. The securities were acquired in the Merger. We determined the fair value of our investment based on the closing market price where these securities were listed on June 30, 2017. Subsequent to June 30, 2017, we sold all of our securities available-for-sale, which were acquired in the Merger; see Note 18, *Subsequent Events*, of our Notes to Condensed Consolidated Financial Statements.

ITEM 4. CONTROLS AND PROCEDURES

We maintain a set of disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports filed by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. As of the end of the period covered by this report, we evaluated, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are effective.

Following the completion of the Merger, we have undertaken a variety of efforts to adapt our internal control over financial reporting to the nature and scope of our company following the Merger, including through the hiring of additional personnel with control responsibilities and expertise and the implementation and testing of new controls. Other than these activities, there have been no material changes in internal controls.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In July 2017, Tellurian Investments, Driftwood LNG, Martin Houston, and three other individuals were named as third-party defendants in a lawsuit filed in state court in Harris County, Texas between Cheniere Energy, Inc. and one of its affiliates, on the one hand (collectively, "Cheniere"), and Parallax Enterprises and certain of its affiliates (not including Parallax Services, n/k/a Tellurian Services) on the other hand (collectively, "Parallax"). Cheniere alleges that it entered into a note and a pledge agreement with Parallax. Cheniere claims that Tellurian Investments and Driftwood LNG tortiously interfered with the note and pledge agreement. We believe that Cheniere's claims against Tellurian Investments and Driftwood LNG are without merit and do not expect the resolution of the suit to have a material effect on our results of operation or financial condition. As of the date of this filing, neither Tellurian Investments nor Driftwood LNG has been served in this action.

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ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in the supplemental disclosures relating to Tellurian included in Exhibit 99.1 to Tellurian's Current Report on Form 8-K/A filed with the SEC on March 15, 2017.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table summarizes the surrender to the Company of shares of common stock to pay withholding taxes in connection with the vesting of employee restricted stock:

	Total Number of Shares Purchased (1)	Average Price Paid per Share
April 2017	—	\$ —
May 2017	6,838	11.10
June 2017	—	—
Total	<u>6,838</u>	<u>\$ 11.10</u>

(1) Reflects the surrender to the Company of shares of common stock to pay withholding taxes in connection with the vesting of restricted stock issued to an employee pursuant to the Omnibus Plan.

ITEM 5. OTHER INFORMATION

Compliance Disclosure

Pursuant to Section 13(r) of the Exchange Act, if during the quarter ended June 30, 2017, we or any of our affiliates had engaged in certain transactions with Iran or with persons or entities designated under certain executive orders, we would be required to disclose information regarding such transactions in our quarterly report on Form 10-Q as required under Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (the "ITRSHRA"). Disclosure is generally required even if the activities were conducted outside the United States by non-U.S. entities in compliance with applicable law. During the quarter ended June 30, 2017, we did not engage in any transactions with Iran or with persons or entities related to Iran.

TOTAL and TOTAL S.A. have beneficial ownership of over 20% of the outstanding Tellurian common stock. TOTAL has the right to designate for election one member of Tellurian's board of directors, and Jean Jaylet is the current TOTAL designee. TOTAL will retain this right for so long as its percentage ownership of Tellurian voting stock is at least 10%. On March 17, 2017, TOTAL S.A. included information in its Annual Report on Form 20-F for the year ended December 31, 2016 (the "TOTAL 2016 Annual Report") regarding activities during 2016 that require disclosure under the ITRSHRA. The relevant disclosures were reproduced in Exhibit 99.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 filed with the SEC on May 10, 2017 and are incorporated by reference herein. We have no involvement in or control over such activities, and we have not independently verified or participated in the preparation of the disclosures made in the TOTAL 2016 Annual Report.

2017 Annual Meeting of Stockholders

We plan to hold our 2017 annual meeting of stockholders on September 20, 2017. Any proposals contemplated by Rule 14a-5(e) under the Exchange Act were considered timely if they were received by July 17, 2017.

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ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Certificate of Correction to the Restated Certificate of Incorporation of Tellurian Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 6, 2017)
3.2	Certificate of Correction to the Certificate of Designations of Series B Convertible Preferred Stock of Tellurian Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on April 6, 2017)
10.1	Registration Rights Agreement, dated as of June 28, 2017, by and between Tellurian Inc. and GE Oil & Gas, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 30, 2017)
10.2*†	Form of Amendment to Restricted Stock Agreement pursuant to the Amended and Restated Tellurian Investments Inc. 2016 Omnibus Incentive Plan (Employees)
10.3*†	Form of Stock Award Agreement pursuant to the Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (Directors)
10.4*†	Form of Restricted Stock Agreement pursuant to the Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (Directors)
10.5*†	Form of Restricted Stock Agreement pursuant to the Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (Impact LLC Employees)
10.6*†	Employment Letter Agreement, by and between Tellurian Services LLC and Khaled Sharafeldin, dated as of January 9, 2017
31.1*	Certification by Chief Executive Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
31.2*	Certification by Chief Financial Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
32.1**	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1*	Section 13(r) Disclosure (incorporated by reference to Exhibit 99.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017)
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished herewith.

† Management contract or compensatory plan or arrangement.

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.

Date: August 9, 2017 By: /s/ Antoine J. Lafargue
Antoine J. Lafargue
Senior Vice President and Chief Financial Officer
(as Principal Financial Officer)
Tellurian Inc.

Date: August 9, 2017 By: /s/ Khaled Sharafeldin
Khaled Sharafeldin
Chief Accounting Officer
(as Principal Accounting Officer)
Tellurian Inc.



Dear [INSERT NAME],

Reference is made to the Restricted Stock grant made to you on _____, 2017 (the "Award") pursuant to an award agreement and notice of grant, dated as of _____, 2017 and as amended on _____, 2017 (collectively, the "Award Agreement"), under the Amended and Restated Tellurian Investments Inc. 2016 Omnibus Incentive Plan and/or its predecessor plan (the "Plan"), which shares of Restricted Stock were converted into shares of Restricted Stock of Tellurian Inc. (the "Company") in connection with the merger of Tellurian Investments Inc. and Magellan Petroleum Corporation. Capitalized terms used but not defined herein shall have the meanings provided in the Plan.

This letter is intended to notify you that, pursuant to the Committee's rights under Sections 3.1 and 15.4 of the Plan, the Committee has determined to amend the Award Agreement to provide that, notwithstanding anything in the Plan or the Award Agreement or any employment or consulting agreement to the contrary, for purposes of the Award, the term "Cause" shall mean: (i) your indictment for, the conviction of, or the pleading of guilty or nolo contendere to, any felony or any crime involving fraud, dishonesty or moral turpitude; (ii) your gross negligence with regard to the Company or any Affiliate in respect of your duties for the Company or any Affiliate; (iii) your willful misconduct having or, which in the good faith discretion of the Board could have, an adverse impact on the Company or any Affiliate economically or reputation wise; (iv) your material breach of the Award Agreement, any employment or consulting agreement entered into with the Company or any Affiliate or material breach of any code of conduct or ethics or any other policy of the Company, which breach (if curable in the good faith discretion of the Board) has remained uncured for a period of ten (10) days following the Company's delivery of written notice to you specifying the manner in which the agreement or policy has been materially breached; or (v) your failure to perform your reasonably assigned duties to the Company or Affiliate, including by reason of your habitual absenteeism or due to your insubordination (other than such failure resulting from your incapacity due to physical or mental illness), which failure has continued for a period of at least ten (10) days following the Company's delivery of written notice to you specifying the manner in which the Company believes you have not performed your duties.

Please indicate your acknowledgment and acceptance of the terms of this letter and the amendment to the Award Agreement by signing below and returning a copy by close of business on _____, 2017. Please don't hesitate to contact me if you have any questions.

Name
Title

Acknowledged and Accepted:

[INSERT NAME]

DATE

TELLURIAN INC.
STOCK AWARD AGREEMENT
PURSUANT TO THE
TELLURIAN INC.
2016 OMNIBUS INCENTIVE COMPENSATION PLAN

This STOCK AWARD AGREEMENT (“**Agreement**”) is effective as of _____, 2017 (the “**Grant Date**”), between Tellurian Inc., a Delaware corporation (the “**Company**”), and [INSERT NAME] (the “**Participant**”).

Terms and Conditions

The Participant is hereby granted, as an eligible Employee of the Company or a Subsidiary, as of the Grant Date, pursuant to the Tellurian Inc. 2016 Omnibus Incentive Compensation Plan, as it may be amended from time to time (the “**Plan**”), the number of shares of the Company’s Common Stock set forth in Section 1 below. Except as otherwise indicated, any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. A copy of the Plan and the prospectus with regard to the shares under an effective registration on Form S-8 have been delivered or made available to the Participant. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and the prospectus and agrees to comply with the Plan, this Agreement and all applicable laws and regulations.

Accordingly, the parties hereto agree as follows:

1. **Grant of Shares.** Subject in all respects to the Plan and the terms and conditions set forth herein and therein, effective as of the Grant Date, the Company hereby awards to the Participant [_____] shares of its Common Stock (the “**Shares**”). The Shares, in the sole discretion of the Plan Administrator, shall be evidenced by a certificate or be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant.

2. **Delivery Delay.** The delivery of any certificate representing the Shares may be postponed by the Company for such period as may be required for it to comply with any applicable foreign, federal, state or provincial securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such Shares shall constitute a violation by the Participant or the Company of any provisions of any applicable foreign, federal, state or provincial law or of any regulations of any governmental authority or any national securities exchange.

3. **Certain Legal Restrictions.** The Plan, this Agreement and the granting of the Shares, and any obligations of the Company under the Plan and this Agreement, shall be subject to all applicable federal, state and local laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required, and to any rules or regulations of any exchange on which the Common Stock is listed.

4. **Change of Control.** The provisions in the Plan regarding Change of Control shall apply to the Shares.

5. **Withholding of Taxes.** The Company shall have the right to deduct from any payment to be made pursuant to this Agreement and the Plan, or to otherwise require, prior to the issuance or

delivery of any shares of Common Stock, payment by the Participant of, any federal, state or local taxes required by law to be withheld. Unless otherwise agreed to in writing by the Participant and the Company, or pursuant to the establishment by the Plan Administrator of an alternate procedure, (i) if the Participant is an “officer” under Section 16 of the Exchange Act at the time of grant, required withholding will be implemented through a net settlement of shares or (ii) if the Participant is not an “officer” under Section 16 of the Exchange Act at the time of grant, required withholding will be required to be implemented through the Participant executing a “sell to cover” transaction through a broker designated or approved by the Company.

6. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Plan Administrator and as may be in effect from time to time. The Plan is incorporated herein by reference. If and to the extent that any provision of this Agreement conflicts or is inconsistent with the terms set forth in the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly.

7. **Recoupment Policy.** The Participant acknowledges and agrees that the Shares shall be subject to the terms and provisions of any “clawback” or recoupment policy that may be adopted by the Company from time to time or as may be required by any applicable law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and rules and regulations thereunder).

8. **No Right to Employment or Consultancy Service.** This Agreement is not an agreement of employment or to provide consultancy services. None of this Agreement, the Plan or the grant of the Shares hereunder shall (a) guarantee that the Company will employ or retain the Participant as an employee or consultant for any specific time period or (b) modify or limit in any respect the Company’s right to terminate or modify the Participant’s employment, consultancy arrangement or compensation.

9. **Section 409A.** Section 20.2 of the Plan with regard to Code Section 409A shall apply to this Award Agreement.

10. **Notices.** Any notice or communication given hereunder shall be in writing or by electronic means and, if in writing, shall be deemed to have been duly given: (i) when delivered in person or by electronic means; (ii) three days after being sent by United States mail; or (iii) on the first business day following the date of deposit if delivered by a nationally recognized overnight delivery service, to the appropriate party at the following address (or such other address as the party shall from time to time specify): (i) if to the Company, to Tellurian Inc. at its then current headquarters; and (ii) if to the Participant, to the address on file with the Company.

11. **Mode of Communications.** The Participant agrees, to the fullest extent permitted by applicable law, in lieu of receiving documents in paper format, to accept electronic delivery of any documents that the Company or any of its Affiliates may deliver in connection with this grant of Shares and any other grants offered by the Company, including, without limitation, prospectuses, grant notifications, account statements, annual or quarterly reports, and other communications. The Participant further agrees that electronic delivery of a document may be made via the Company’s email system or by reference to a location on the Company’s intranet or website or the online brokerage account system.

12. **Governing Law.** All matters arising out of or relating to this Agreement and the transactions contemplated hereby, including its validity, interpretation, construction, performance and enforcement, shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to principles of conflict of laws which would result in the application of the laws of any other jurisdiction.

13. **Successors.** The Company will require any successors or assigns to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. The terms of this Agreement and all of the rights of the parties hereunder will be binding upon, inure to the benefit of, and be enforceable by, the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

14. **WAIVER OF JURY TRIAL.** EACH PARTY TO THIS AGREEMENT, FOR ITSELF AND ITS AFFILIATES, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE ACTIONS OF THE PARTIES HERETO OR THEIR RESPECTIVE AFFILIATES PURSUANT TO THIS AGREEMENT OR IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT OF THIS AGREEMENT.

15. **Construction.** All section titles and captions in this Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend or describe the scope or intent of any provisions of this Agreement. Wherever any words are used in this Agreement in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply. As used herein, (i) "or" shall mean "and/or" and (ii) "including" or "include" shall mean "including, without limitation." Any reference herein to an agreement in writing shall be deemed to include an electronic writing to the extent permitted by applicable law.

16. **Severability of Provisions.** If at any time any of the provisions of this Agreement shall be held invalid or unenforceable, or are prohibited by the laws of the jurisdiction where they are to be performed or enforced, by reason of being vague or unreasonable as to duration or geographic scope or scope of the activities restricted, or for any other reason, such provisions shall be considered divisible and shall become and be immediately amended to include only such restrictions and to such extent as shall be deemed to be reasonable and enforceable by the court or other body having jurisdiction over this Agreement, and the Company and the Participant agree that the provisions of this Agreement, as so amended, shall be valid and binding as though any invalid or unenforceable provisions had not been included.

17. **No Waiver.** No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

18. **Entire Agreement.** This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

19 . **Counterparts.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile or other electronic signature is legal, valid and binding for all purposes.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

TELLURIAN INC.

By: _____
Name:
Title:

PARTICIPANT

By: _____
Name: [INSERT NAME]

[Signature Page to Stock Award Agreement]

TELLURIAN INC.
RESTRICTED STOCK AGREEMENT
PURSUANT TO THE
TELLURIAN INC.
2016 OMNIBUS INCENTIVE COMPENSATION PLAN

This RESTRICTED STOCK AGREEMENT (“**Agreement**”) is effective as of _____, 2017 (the “**Grant Date**”), between Tellurian Inc., a Delaware corporation (the “**Company**”), and [INSERT NAME] (the “**Participant**”).

Terms and Conditions

The Participant is hereby granted, as an eligible Director of the Company or a Subsidiary, as of the Grant Date, pursuant to the Tellurian Inc. 2016 Omnibus Incentive Compensation Plan, as it may be amended and/or restated from time to time (the “**Plan**”), the number of shares of the Company’s Common Stock set forth in Section 1 below. Except as otherwise indicated, any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. A copy of the Plan and the prospectus with regard to the shares under an effective registration on Form S-8 have been delivered or made available to the Participant. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and the prospectus and agrees to comply with the Plan, this Agreement and all applicable laws and regulations.

Accordingly, the parties hereto agree as follows:

1. **Grant of Shares.** Subject in all respects to the Plan and the terms and conditions set forth herein and therein, effective as of the Grant Date, the Company hereby awards to the Participant [_____] shares of its Common Stock (the “**Shares**”). Such Shares are subject to certain restrictions set forth in Section 2 hereof, which restrictions shall lapse at the times provided under Section 2 hereof. For the period during which such restrictions are in effect, the Shares subject to such restrictions are referred to herein as the “**Restricted Stock**.” The Restricted Stock, in the sole discretion of the Plan Administrator, shall be evidenced by a certificate or be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant and such certificate or book entry (as applicable) shall be noted appropriately to record the restrictions on the Restricted Stock imposed hereby.

2. **Restricted Stock.**

(a) **Rights as a Stockholder.** The Participant shall have the rights of a stockholder with respect to the shares of Restricted Stock as, and only as, set forth in Section 10.4 of the Plan and herein. Solely with respect to unvested shares of Restricted Stock, (i) dividends or other distributions (collectively, “dividends”) on such unvested shares of Restricted Stock shall be withheld, in each case, while such unvested shares of Restricted Stock are subject to restrictions, and (ii) in no event shall dividends or other distributions payable thereunder be paid unless and until such unvested shares of Restricted Stock to which they relate no longer are subject to a risk of forfeiture hereunder. Dividends that are not paid currently shall be credited to bookkeeping accounts on the Company’s records for purposes of the Plan and shall not accrue interest. Such dividends shall be paid to the Participant in the same form as paid on the Common Stock promptly upon the lapse of the restrictions.

(b) **Vesting.** Subject to Section 2(c) below, the Restricted Stock shall vest, as to the number of shares set forth below, on the respective vesting dates set forth below:

<u>Vesting Date</u>	<u>Number of Shares</u>
September 1, 2017	_____
December 1, 2017	_____
March 1, 2018	_____
June 1, 2018	_____

There shall be no proportionate or partial vesting in the periods prior to the applicable vesting date(s) and all vesting shall occur only on the applicable vesting date(s).

(c) **Cessation of Service as Director.** In the event the Participant ceases to serve as a Director of the Company or any Subsidiary, any shares of Restricted Stock not then vested shall not vest (except as otherwise provided herein) and shall be forfeited back to the Company without compensation immediately after the Participant ceases to serve as a Director of the Company or any Subsidiary; provided, however, that any such shares of Restricted Stock not then vested shall fully vest upon the death or Disability of the Participant.

(d) **Section 83(b).** If the Participant properly elects (as permitted by Section 83(b) of the Code) within thirty (30) days after the issuance of the Restricted Stock to include in gross income for federal income tax purposes in the year of issuance the fair market value of such Restricted Stock, the Participant shall deliver to the Company a signed copy of such election within 10 days after the making of such election, and shall pay to the Company or make arrangements satisfactory to the Company to pay to the Company upon such election, any federal, state, local or other taxes of any kind that the Company is required to withhold with respect to the Restricted Stock. **The Participant acknowledges that it is his or her sole responsibility, and not the Company's, to file timely and properly the election under Section 83(b) of the Code and any corresponding provisions of state tax laws if he or she elects to utilize such election.**

(e) **Certificates.** If, after the Grant Date, certificates are issued with respect to the shares of Restricted Stock, such issuance and delivery of certificates shall be made in accordance with the applicable terms of the Plan.

3 . **Delivery Delay.** The delivery of any certificate representing the Restricted Stock may be postponed by the Company for such period as may be required for it to comply with any applicable foreign, federal, state or provincial securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such Shares shall constitute a violation by the Participant or the Company of any provisions of any applicable foreign, federal, state or provincial law or of any regulations of any governmental authority or any national securities exchange. If the Participant is currently a resident or is likely to become a resident in the United Kingdom at any time during the period that the Shares are subject to restriction, the Participant acknowledges and understands that the Company intends to meet its delivery obligations in Common Stock with respect to the shares of

Restricted Stock, except as may be prohibited by law or described in this Agreement or supplementary materials.

4 . **Certain Legal Restrictions.** The Plan, this Agreement, the granting and vesting of the Restricted Stock, and any obligations of the Company under the Plan and this Agreement, shall be subject to all applicable federal, state and local laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required, and to any rules or regulations of any exchange on which the Common Stock is listed.

5. **Change of Control.** The provisions in the Plan regarding Change of Control shall apply to the Restricted Stock.

6 . **Withholding of Taxes.** The Company shall have the right to deduct from any payment to be made pursuant to this Agreement and the Plan, or to otherwise require, prior to the issuance, delivery or vesting of any shares of Common Stock, payment by the Participant of, any federal, state or local taxes required by law to be withheld.

7 . **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Plan Administrator and as may be in effect from time to time. The Plan is incorporated herein by reference. If and to the extent that any provision of this Agreement conflicts or is inconsistent with the terms set forth in the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly.

8 . **Restrictions on Transfer.** The Participant shall not sell, transfer, pledge, hypothecate, assign or otherwise dispose of the Shares, except as permitted in the Plan or Agreement. Any attempted sale, transfer, pledge, hypothecation, assignment or other disposition of the Shares in violation of the Plan or this Agreement shall be void and of no effect and the Company shall have the right to disregard the same on its books and records and to issue “stop transfer” instructions to its transfer agent.

9 . **Recoupment Policy.** The Participant acknowledges and agrees that the Restricted Stock shall be subject to the terms and provisions of any “clawback” or recoupment policy that may be adopted by the Company from time to time or as may be required by any applicable law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and rules and regulations thereunder).

10. **No Right to Continued Service.** This Agreement is not an agreement for continued service. None of this Agreement, the Plan or the grant of the Restricted Stock hereunder shall (a) guarantee that the Company will retain the Participant’s services as Director for any specific time period or (b) modify or limit in any respect the Company’s right to terminate or modify the Participant’s service arrangement or compensation. Moreover, this Agreement is not intended to and does not amend any existing service contract between the Participant and the Company or any of its Affiliates.

11. **Section 409A.** Section 20.2 of the Plan with regard to Code Section 409A shall apply to this Award Agreement.

12 . **Notices.** Any notice or communication given hereunder shall be in writing or by electronic means and, if in writing, shall be deemed to have been duly given: (i) when delivered in person or by electronic means; (ii) three days after being sent by United States mail; or (iii) on the first business day following the date of deposit if delivered by a nationally recognized overnight delivery

service, to the appropriate party at the following address (or such other address as the party shall from time to time specify): (i) if to the Company, to Tellurian Inc. at its then current headquarters; and (ii) if to the Participant, to the address on file with the Company.

1 3 . **Mode of Communications.** The Participant agrees, to the fullest extent permitted by applicable law, in lieu of receiving documents in paper format, to accept electronic delivery of any documents that the Company or any of its Affiliates may deliver in connection with this grant of Restricted Stock and any other grants offered by the Company, including, without limitation, prospectuses, grant notifications, account statements, annual or quarterly reports, and other communications. The Participant further agrees that electronic delivery of a document may be made via the Company's email system or by reference to a location on the Company's intranet or website or the online brokerage account system.

1 4 . **Governing Law.** All matters arising out of or relating to this Agreement and the transactions contemplated hereby, including its validity, interpretation, construction, performance and enforcement, shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to principles of conflict of laws which would result in the application of the laws of any other jurisdiction.

1 5 . **Successors.** The Company will require any successors or assigns to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. The terms of this Agreement and all of the rights of the parties hereunder will be binding upon, inure to the benefit of, and be enforceable by, the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

1 6 . **WAIVER OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT, FOR ITSELF AND ITS AFFILIATES, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE ACTIONS OF THE PARTIES HERETO OR THEIR RESPECTIVE AFFILIATES PURSUANT TO THIS AGREEMENT OR IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT OF THIS AGREEMENT.**

17. **Construction.** All section titles and captions in this Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend or describe the scope or intent of any provisions of this Agreement. Wherever any words are used in this Agreement in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply. As used herein, (i) "or" shall mean "and/or" and (ii) "including" or "include" shall mean "including, without limitation." Any reference herein to an agreement in writing shall be deemed to include an electronic writing to the extent permitted by applicable law.

1 8 . **Severability of Provisions.** If at any time any of the provisions of this Agreement shall be held invalid or unenforceable, or are prohibited by the laws of the jurisdiction where they are to be performed or enforced, by reason of being vague or unreasonable as to duration or geographic scope or scope of the activities restricted, or for any other reason, such provisions shall be considered divisible and shall become and be immediately amended to include only such restrictions and to such extent as shall be deemed to be reasonable and enforceable by the court or other body having jurisdiction over

this Agreement, and the Company and the Participant agree that the provisions of this Agreement, as so amended, shall be valid and binding as though any invalid or unenforceable provisions had not been included.

19. **No Waiver.** No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

20. **Entire Agreement.** This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

21. **Counterparts.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile or other electronic signature is legal, valid and binding for all purposes.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

TELLURIAN INC.

By: _____
Name:
Title:

PARTICIPANT

By: _____
Name: [INSERT NAME]

[Signature Page to Restricted Stock Agreement]

TELLURIAN INC.
RESTRICTED STOCK AGREEMENT
PURSUANT TO THE
TELLURIAN INC.
2016 OMNIBUS INCENTIVE COMPENSATION PLAN

This RESTRICTED STOCK AGREEMENT ("**Agreement**") is effective as of _____, 2017 (the "**Grant Date**"), between Tellurian Inc., a Delaware corporation (the "**Company**"), and [INSERT NAME] (the "**Participant**").

Terms and Conditions

The Participant is hereby granted, as an eligible Employee of the Company or a Subsidiary, as of the Grant Date, pursuant to the Tellurian Inc. 2016 Omnibus Incentive Compensation Plan, as it may be amended from time to time (the "**Plan**"), the number of shares of the Company's Common Stock set forth in Section 1 below. Except as otherwise indicated, any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. A copy of the Plan and the prospectus with regard to the shares under an effective registration on Form S-8 have been delivered or made available to the Participant. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and the prospectus and agrees to comply with the Plan, this Agreement and all applicable laws and regulations.

Accordingly, the parties hereto agree as follows:

1. **Grant of Shares.** Subject in all respects to the Plan and the terms and conditions set forth herein and therein, effective as of the Grant Date, the Company hereby awards to the Participant [_____] shares of its Common Stock (the "**Shares**"). Such Shares are subject to certain restrictions set forth in Section 2 hereof, which restrictions shall lapse at the times provided under Section 2 hereof. For the period during which such restrictions are in effect, the Shares subject to such restrictions are referred to herein as the "**Restricted Stock**." The Restricted Stock, in the sole discretion of the Plan Administrator, shall be evidenced by a certificate or be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant and such certificate or book entry (as applicable) shall be noted appropriately to record the restrictions on the Restricted Stock imposed hereby.

2. **Restricted Stock.**

(a) **Rights as a Stockholder.** The Participant shall have the rights of a stockholder with respect to the shares of Restricted Stock as, and only as, set forth in Section 10.4 of the Plan and herein. Solely with respect to unvested shares of Restricted Stock, (i) dividends or other distributions (collectively, "dividends") on such unvested shares of Restricted Stock shall be withheld, in each case, while such unvested shares of Restricted Stock are subject to restrictions, and (ii) in no event shall dividends or other distributions payable thereunder be paid unless and until such unvested shares of Restricted Stock to which they relate no longer are subject to a risk of forfeiture hereunder. Dividends that are not paid currently shall be credited to bookkeeping accounts on the Company's records for purposes of the Plan and shall not accrue interest. Such dividends shall be paid to the Participant in the same form as paid on the Common Stock promptly upon the lapse of the restrictions.

(b) **Vesting.** Subject to Section 2(c) below, the Restricted Stock shall only vest as follows (and there shall be no proportionate or partial vesting in the periods prior to the applicable

vesting dates and all vesting shall occur only on the applicable vesting date(s)); provided, however, that the Participant has not experienced a Termination of Service prior to the applicable vesting dates:

(i) Divestiture. [] shares of the Restricted Stock (the “**Divestiture Restricted Stock**”) shall vest upon divestiture of the activities operated by Impact Natural Resources LLC, to the satisfaction of the Chief Executive Officer of the Company in her sole discretion (“**Divestiture**”).

(ii) FID. [] shares of the Restricted Stock (the “**FID Restricted Stock**”) shall vest upon the affirmative final investment decision by the Board with respect to the Driftwood LNG project (“**FID**”).

(iii) Reserves. [] shares of the Restricted Stock (the “**Reserves Restricted Stock**”) shall vest upon the acquisition(s) of natural gas reserves sufficient to support the production of 10.4 mtpa of LNG, consistent with the expected financing, construction and operating requirements as determined by the Chief Executive Officer of the Company and confirmed by the Board (“**Acquisition of Reserves**”), and together with Divestiture and FID, the “**Performance Goals**”).

(c) **Terminations without Cause or due to Death or Disability**. In the event the Participant is terminated by the Company without Cause, or due to his death or Disability, all unvested shares of Restricted Stock shall remain open and continue to vest on achievement of the applicable Performance Goal to which each share is based, as if the Participant had not experienced a Termination of Service; provided, however, that the Plan Administrator will have the ability, in its sole discretion, to accelerate the vesting of some or all of the Restricted Stock even if the Performance Goals to which the respective shares relate have not yet been achieved. Notwithstanding anything contained in the Plan, for purposes of this Agreement, “Cause” shall mean a Termination of Service with the Participant’s Employer under any of the following circumstances: (i) the indictment for, the conviction of, or the pleading of guilty or *nolo contendere* to, any felony or any crime involving fraud, dishonesty or moral turpitude; (ii) the Participant’s gross negligence with regard to the Company or any Subsidiary in respect of the Participant’s duties for the Company or any Subsidiary; (iii) the Participant’s willful misconduct having or, which in the good faith discretion of the Board could have, an adverse impact on the Company or any Subsidiary economically or reputation wise; (iv) the Participant’s material breach of this Agreement, any employment or consulting agreement entered into with the Company or any Subsidiary or material breach of any code of conduct or ethics or any other policy of the Company, which breach (if curable in the good faith discretion of the Board) has remained uncured for a period of ten (10) days following the Company’s delivery of written notice to the Participant specifying the manner in which the agreement or policy has been materially breached; or (v) the Participant’s failure to perform his or her reasonably assigned duties to the Company or Subsidiary, including by reason of the Participant’s habitual absenteeism or due to the Participant’s insubordination (other than such failure resulting from the Participant’s incapacity due to physical or mental illness), which failure has continued for a period of at least ten (10) days following the Company’s delivery of written notice to the Participant specifying the manner in which the Company believes the Participant has not performed his or her duties.

(d) **Terminations for all other Reasons**. In the event the Participant experiences a Termination of Service for any reason other than those set forth in Section 2(c), the Participant shall forfeit to the Company, without compensation, any Restricted Stock that is unvested and that cannot vest in accordance with Section 2(b) immediately upon the Participant’s Termination of Service.

(e) **Section 83(b).** If the Participant properly elects (as permitted by Section 83(b) of the Code) within thirty (30) days after the issuance of the Restricted Stock to include in gross income for federal income tax purposes in the year of issuance the fair market value of such Restricted Stock, the Participant shall deliver to the Company a signed copy of such election within 10 days after the making of such election, and shall pay to the Company or make arrangements satisfactory to the Company to pay to the Company upon such election, any federal, state, local or other taxes of any kind that the Company is required to withhold with respect to the Restricted Stock. **The Participant acknowledges that it is his or her sole responsibility, and not the Company's, to file timely and properly the election under Section 83(b) of the Code and any corresponding provisions of state tax laws if he or she elects to utilize such election.**

(f) **Certificates.** If, after the Grant Date, certificates are issued with respect to the shares of Restricted Stock, such issuance and delivery of certificates shall be made in accordance with the applicable terms of the Plan.

3. **Delivery Delay.** The delivery of any certificate representing the Restricted Stock may be postponed by the Company for such period as may be required for it to comply with any applicable foreign, federal, state or provincial securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such Shares shall constitute a violation by the Participant or the Company of any provisions of any applicable foreign, federal, state or provincial law or of any regulations of any governmental authority or any national securities exchange. If the Participant is currently a resident or is likely to become a resident in the United Kingdom at any time during the period that the Shares are subject to restriction, the Participant acknowledges and understands that the Company intends to meet its delivery obligations in Common Stock with respect to the shares of Restricted Stock, except as may be prohibited by law or described in this Agreement or supplementary materials.

4. **Certain Legal Restrictions.** The Plan, this Agreement, the granting and vesting of the Restricted Stock, and any obligations of the Company under the Plan and this Agreement, shall be subject to all applicable federal, state and local laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required, and to any rules or regulations of any exchange on which the Common Stock is listed.

5. **Change of Control.** The provisions in the Plan regarding Change of Control shall apply to the Restricted Stock.

6. **Withholding of Taxes.** The Company shall have the right to deduct from any payment to be made pursuant to this Agreement and the Plan, or to otherwise require, prior to the issuance, delivery or vesting of any shares of Common Stock, payment by the Participant of, any federal, state or local taxes required by law to be withheld. Unless otherwise agreed to in writing by the Participant and the Company, or pursuant to the establishment by the Plan Administrator of an alternate procedure, (i) if the Participant is an "officer" under Section 16 of the Exchange Act at the time of vesting, required withholding will be implemented through a net settlement of shares or (ii) if the Participant is not an "officer" under Section 16 of the Exchange Act at the time of vesting, required withholding will be required to be implemented through the Participant executing a "sell to cover" transaction through a broker designated or approved by the Company.

7. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such

rules, regulations and interpretations relating to the Plan as may be adopted by the Plan Administrator and as may be in effect from time to time. The Plan is incorporated herein by reference. If and to the extent that any provision of this Agreement conflicts or is inconsistent with the terms set forth in the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly.

8 . **Restrictions on Transfer.** The Participant shall not sell, transfer, pledge, hypothecate, assign or otherwise dispose of the Shares, except as permitted in the Plan or Agreement. Any attempted sale, transfer, pledge, hypothecation, assignment or other disposition of the Shares in violation of the Plan or this Agreement shall be void and of no effect and the Company shall have the right to disregard the same on its books and records and to issue “stop transfer” instructions to its transfer agent.

9 . **Recoupment Policy.** The Participant acknowledges and agrees that the Restricted Stock shall be subject to the terms and provisions of any “clawback” or recoupment policy that may be adopted by the Company from time to time or as may be required by any applicable law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and rules and regulations thereunder).

10 . **No Right to Employment or Consultancy Service.** This Agreement is not an agreement of employment or to provide consultancy services. None of this Agreement, the Plan or the grant of the Restricted Stock hereunder shall (a) guarantee that the Company will employ or retain the Participant as an employee or consultant for any specific time period or (b) modify or limit in any respect the Company’s right to terminate or modify the Participant’s employment, consultancy arrangement or compensation. Moreover, this Agreement is not intended to and does not amend any existing employment or consulting contract between the Participant and the Company or any of its Affiliates.

11 . **Section 409A.** Section 20.2 of the Plan with regard to Code Section 409A shall apply to this Award Agreement.

12 . **Notices.** Any notice or communication given hereunder shall be in writing or by electronic means and, if in writing, shall be deemed to have been duly given: (i) when delivered in person or by electronic means; (ii) three days after being sent by United States mail; or (iii) on the first business day following the date of deposit if delivered by a nationally recognized overnight delivery service, to the appropriate party at the following address (or such other address as the party shall from time to time specify): (i) if to the Company, to Tellurian Inc. at its then current headquarters; and (ii) if to the Participant, to the address on file with the Company.

13 . **Mode of Communications.** The Participant agrees, to the fullest extent permitted by applicable law, in lieu of receiving documents in paper format, to accept electronic delivery of any documents that the Company or any of its Affiliates may deliver in connection with this grant of Restricted Stock and any other grants offered by the Company, including, without limitation, prospectuses, grant notifications, account statements, annual or quarterly reports, and other communications. The Participant further agrees that electronic delivery of a document may be made via the Company’s email system or by reference to a location on the Company’s intranet or website or the online brokerage account system.

14 . **Governing Law.** All matters arising out of or relating to this Agreement and the transactions contemplated hereby, including its validity, interpretation, construction, performance and enforcement, shall be governed by and construed in accordance with the internal laws of the State of

Delaware, without giving effect to principles of conflict of laws which would result in the application of the laws of any other jurisdiction.

15. **Successors.** The Company will require any successors or assigns to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. The terms of this Agreement and all of the rights of the parties hereunder will be binding upon, inure to the benefit of, and be enforceable by, the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

16. **WAIVER OF JURY TRIAL.** EACH PARTY TO THIS AGREEMENT, FOR ITSELF AND ITS AFFILIATES, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE ACTIONS OF THE PARTIES HERETO OR THEIR RESPECTIVE AFFILIATES PURSUANT TO THIS AGREEMENT OR IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT OF THIS AGREEMENT.

17. **Construction.** All section titles and captions in this Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend or describe the scope or intent of any provisions of this Agreement. Wherever any words are used in this Agreement in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply. As used herein, (i) "or" shall mean "and/or" and (ii) "including" or "include" shall mean "including, without limitation." Any reference herein to an agreement in writing shall be deemed to include an electronic writing to the extent permitted by applicable law.

18. **Severability of Provisions.** If at any time any of the provisions of this Agreement shall be held invalid or unenforceable, or are prohibited by the laws of the jurisdiction where they are to be performed or enforced, by reason of being vague or unreasonable as to duration or geographic scope or scope of the activities restricted, or for any other reason, such provisions shall be considered divisible and shall become and be immediately amended to include only such restrictions and to such extent as shall be deemed to be reasonable and enforceable by the court or other body having jurisdiction over this Agreement, and the Company and the Participant agree that the provisions of this Agreement, as so amended, shall be valid and binding as though any invalid or unenforceable provisions had not been included.

19. **No Waiver.** No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

20. **Entire Agreement.** This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

21. **Counterparts.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile or other electronic signature is legal, valid and binding for all purposes.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

TELLURIAN INC.

By: _____

Name:

Title:

PARTICIPANT

By: _____

Name: [INSERT NAME]

[Signature Page to Restricted Stock Agreement]



Dear Khaled,

On behalf of Tellurian Services LLC ("Tellurian" or "Company"), I am very pleased to offer you a position with us as Chief Accounting Officer. This is an exempt position under the FLSA. The terms of your employment are as follows:

Start Date

Your start date as an employee will be on or before January 16, 2017.

Work Location and Supervisor

You will be based in Houston. Depending on the Company's needs, you may work from time to time from other locations for short- to medium-term durations, but you will always remain based in Houston.

You will report to Antoine Lagargue, CFO.

Compensation

Salary	Your base salary will be \$11,875.00, paid semi-monthly, which is equivalent to a \$285,000 annual base salary. You will be eligible for an annual merit increase on January 1, 2018.
Benefits	We offer a benefits plan at no cost to our employees that includes health, dental, vision, short-term and long-term disability coverage, and 6 percent 401(k) matching. Details of these benefits will be provided to you in separate documents.
Annual Review	You will have a performance review in Q1 of each year of your employment with us at which time we will review your salary, bonus structure, and other company and performance issues.
Equity incentives	You will be granted 405,000 restricted shares of Tellurian Investments, Inc. stock, which will vest at FID. You will also receive 45,000 restricted shares of Tellurian Investments, Inc. stock, which will vest at the later of the close of the merger with Magellan Petroleum or your first day of employment. You agree to sign a restricted share agreement with respect to these restricted shares.

Other Compensation

You will receive a company-provided parking space, and you will be reimbursed (via a documented expense report) for: (1) your cell phone usage for company business; and (2) mileage at the standard IRS rate for any business travel or travel outside of the office that you are requested to perform.

Vacation

WWW.TELLURIANINVESTMENTS.COM

Your annual vacation or "PTO" allowance will be 5 weeks (twenty-five working days, or 200 hours), which shall accrue to you at a rate of 50 hours per calendar quarter. This PTO is the only allowance for vacation, sickness, or personal time that will be allowed; however, you may use PTO in any way you see fit. Any unused PTO during a calendar year will be paid out to you at your hourly wage during the first calendar month of the following year.

Other terms and conditions

This offer of employment is contingent on your presenting proof of your identity and employment eligibility in the United States within three days of your start date.

In the course of performing your duties, you will have access to sensitive and confidential information relating to Tellurian, its partners, its affiliates, its customers, products, and technology, as well as confidential business plans and financial data of other companies and third parties, all of which are valuable, special, and unique assets (collectively, the "Confidential Information"). You agree that you will not, during or after the term of your employment with Tellurian, disclose any Confidential Information to any third party. You also agree that you shall not make use of any Confidential Information for your own purposes or for the benefit of any third party. You agree to sign a separate nondisclosure or confidentiality agreement that further memorializes these obligations.

By signing this letter, you are confirming that your employment with us will not conflict with any existing agreements to which you are subject and you are not subject to any non-competition agreements.

This letter constitutes the terms of your employment and supersedes any prior discussion. Nothing in this offer letter is to be construed either as an employment contract or a guarantee of employment for any specified time, and

all payments described in this letter are contingent upon your continued employment with the Company. You are employed on an at-will basis.

The Company retains the sole right to terminate your employment for any reason and without notice, and nothing in this letter is meant to imply that the Company is relinquishing any of those rights.

Khaled, we look forward to you joining our team and participating in this unique opportunity.

If you agree to the terms of this letter, please indicate your acceptance by signing below and returning a copy via email or in person by close of business on Friday, December 16, 2016. please don't hesitate to contact me if you have any questions.

All the best, and we look forward to your response.

/s/ Lisa Aimone
Lisa Aimone
Director of Talent

AGREED AND ACCEPTED:

/s/ Khaled Sharafeldin
Khaled Sharafeldin

01/09/2017
Date

WWW.TELLURIANINVESTMENTS.COM

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT**

I, Meg A. Gentle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tellurian Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2017

/s/ Meg A. Gentle

Meg A. Gentle

Chief Executive Officer

(as Principal Executive Officer)

Tellurian Inc.

**CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT**

I, Antoine J. Lafargue, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tellurian Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2017

/s/ Antoine J. Lafargue

Antoine J. Lafargue

Senior Vice President and Chief Financial Officer

(as Principal Financial Officer)

Tellurian Inc.

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Tellurian Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Meg A. Gentle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2017

/s/ Meg A. Gentle

Meg A. Gentle

Chief Executive Officer

(as Principal Executive Officer)

Tellurian Inc.

**CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Tellurian Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Antoine J. Lafargue, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2017

/s/ Antoine J. Lafargue

Antoine J. Lafargue

Senior Vice President and Chief Financial Officer

(as Principal Financial Officer)

Tellurian Inc.