Magellan petroleum

A year of operational and value catalysts ahead

January 13, 2014

Sidoti & Company, LLC
member FINRA & SIPC

Forward Looking Statements

Statements in this presentation, including forecasts or projections, that are not historical in nature are intended to be, and are hereby identified as, forward looking statements for purposes of the Private Securities Litigation Reform Act of 1995. The words anticipate, assume, believe, budget, estimate, expect, forecast, initial, plan, project, will, and similar expressions are intended to identify forward looking statements. These forward looking statements about Magellan Petroleum Corporation and its subsidiaries (the "Company") appear in a number of places in this presentation and may relate to statements about their businesses and prospects, planned capital expenditures, availability of liquidity and capital resources, increases or decreases in oil and gas production, the ability to enter into acceptable farmout arrangements, revenues, expenses, operating cash flows, borrowings, and other matters that involve a number of risks and uncertainties that may cause actual results to differ materially from results expressed or implied in the forward looking statements. Additionally there are risks and uncertainties such as the following: the uncertainties associated with our planned CO_2-EOR program at Poplar, including uncertainties about drilling results from the recently initiated pilot project and our ability to acquire a long term CO_2 supply for the program; uncertainties related to whether we will be able to realize expected gas sales volumes in Australia under the Dingo GSPA and Palm Valley GSPA, including uncertainties about the ultimate level of demand under the agreements and the timing and cost of implementing a pipeline and gas treatment facilities for the Dingo GSPA; our ability to attract and retain key personnel; the likelihood of success of a water shut-off program at Poplar; our limited amount of control over activities on our operational properties; our reliance on the skill and expertise of third party service providers; the inability of our vendors to meet their contractual obligations; government regulation and oversight of drilling and completion activity in the UK; the uncertain nature of oil and gas prices in the US, Australia, and the UK; uncertainties inherent in projecting future rates of production from drilling activities; the uncertainty of drilling and completion conditions and results; the availability of drilling, completion, and operating equipment and services; the results of 2-D and 3-D seismic data related to the NT/P82 interest offshore Australia; and other matters discussed in the Risk Factors section of Company's most recent Annual Report on Form 10K and most recent Quarterly Report on Form 10Q. Any forward looking statements in this presentation should be considered with these factors in mind. The Company assumes no obligation to update any forward looking statements contained in this presentation, whether as a result of new information, future events or otherwise, except as required by securities laws.

Proved reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible - from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations - prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain. In this presentation, the Company also presents estimates of probable reserves and uses the term resources. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered. Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations (subject to other conditions). Resources are quantities of oil and gas and related substances estimated to exist in naturally occurring accumulations. Estimates of probable reserves are by their nature more uncertain than estimates of proved reserves and accordingly are subject to substantially greater risk of not actually being realized by the Company.

The Company

- Independent upstream oil and gas company
- Publicly listed – traded on the NASDAQ since 1972 (ticker **MPET**)
- Headquartered in Denver, Colorado
- 39 employees globally
- Under new management since 2011

CORE – Montana

- Oil production (~275 bopd)
- **50 MMbbls reserve potential from CO_2-EOR project**
- Other upside from stacked formations, including Bakken/Three Forks

UPSIDE – UK

- 125 k net acres over core Weald Basin unconventional play

LEGACY – Australia

- Offshore exploration license (NT/P82)
- Legacy onshore gas production – fully contracted

The Company

Market Cap[1]	$47 m
Cash[2]	$27 m
Debt	$1 m
Enterprise value[3]	$52 m

Shares outstanding	45.3 m
Institutional[4]	23%
Insider[4]	11%

Proved reserves[5]	9.2 MMboe
% Oil	80%
% PDP	23%
% Operated	100%

PV-10[5] proved reserves	$108 m
Net production[6]	336 boepd

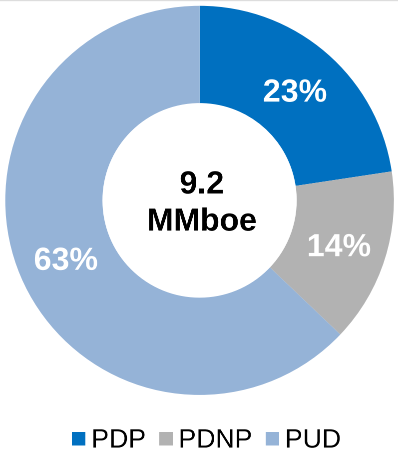
EV/BOE of proved reserves[5]	$6
EV/BOE of production[6]	$154 k

1. Based on basic shares outstanding and closing price of $1.03 on January 7, 2014.
2. Equal to cash as of September 30, 2013.
3. Includes impact of 19.7 m shares of Series A Preferred Stock and $7 m of asset retirement obligations as of September 30, 2013.
4. Per NASDAQ.
5. Reserves as of June 30, 2013.
6. Production equal to average boepd for quarter ending September 30, 2013.

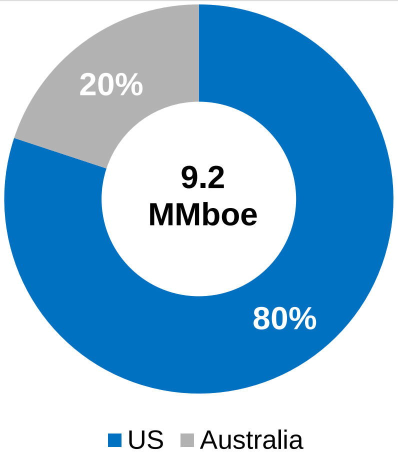
Proved Reserves[1]

EV/BOE: $6 | PV-10: $108 m

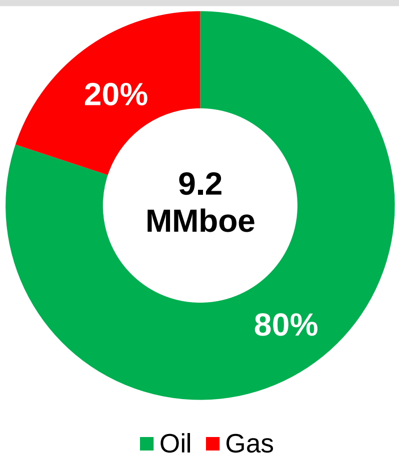
Proved Reserves



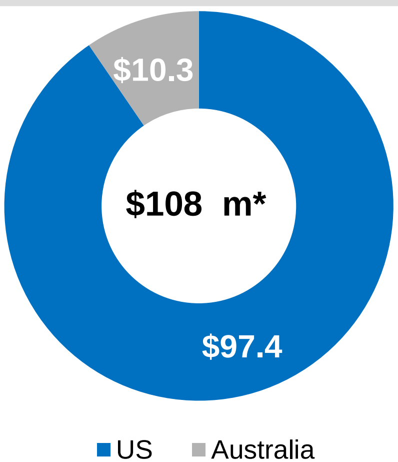
Proved Reserves by Geography



Oil / Gas Proved Reserves Ratio



PV-10 ($ m) by Geography



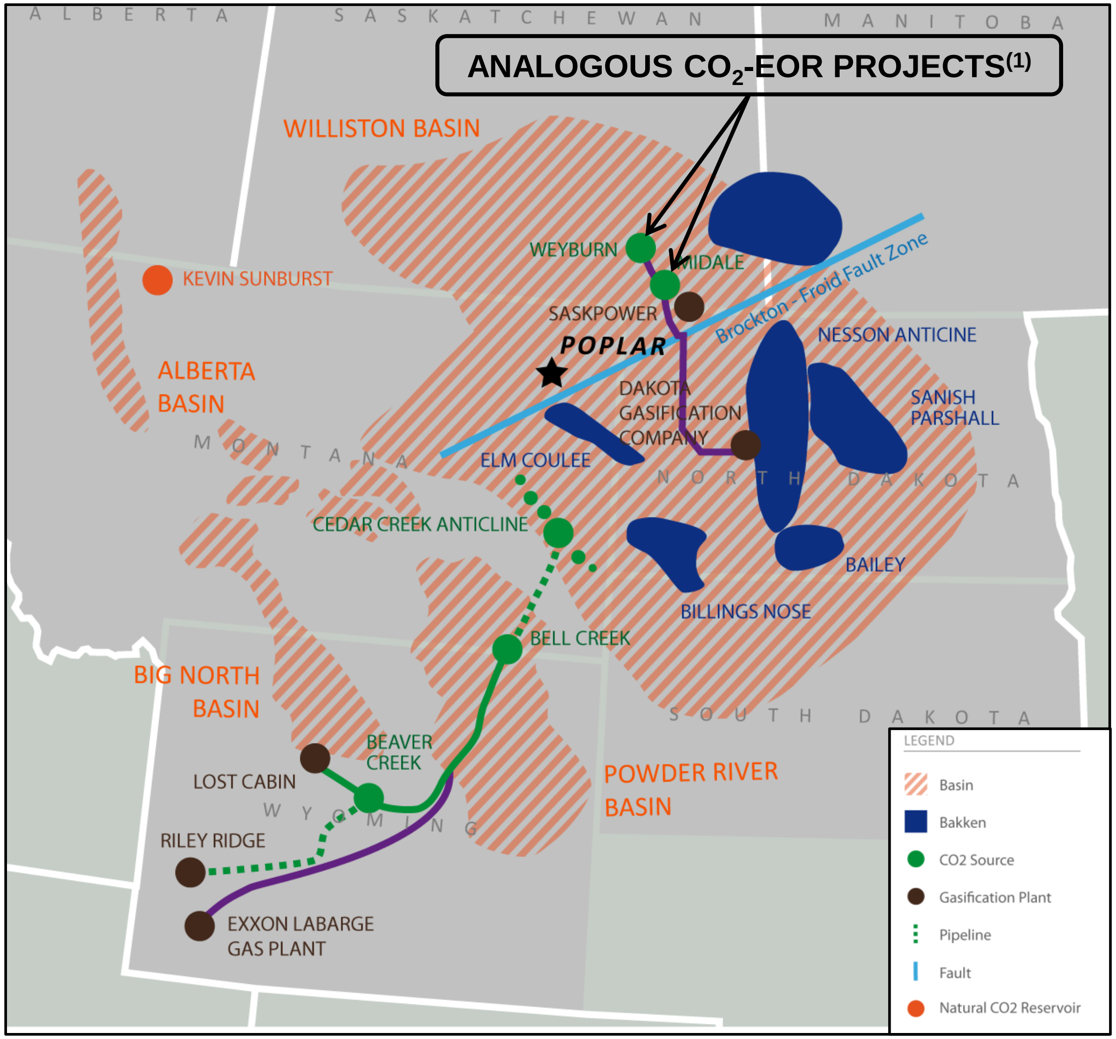
*Total is post tax.

1. As of June 30, 2013.

*Total is post-tax.

Poplar

CO_2 Enhanced Oil Recovery project in progress



- 22,000 net unitized acres
- Covers Poplar Dome, the largest geologic structure in the western Williston Basin
- Substantially all of the acreage held by production
- CO_2-enhanced oil recovery project in progress – 50 MMbbls reserve potential

1. Analogous CO_2-EOR projects are generally based upon formation, source rock type, and depth.

CO_2-EOR Analogs

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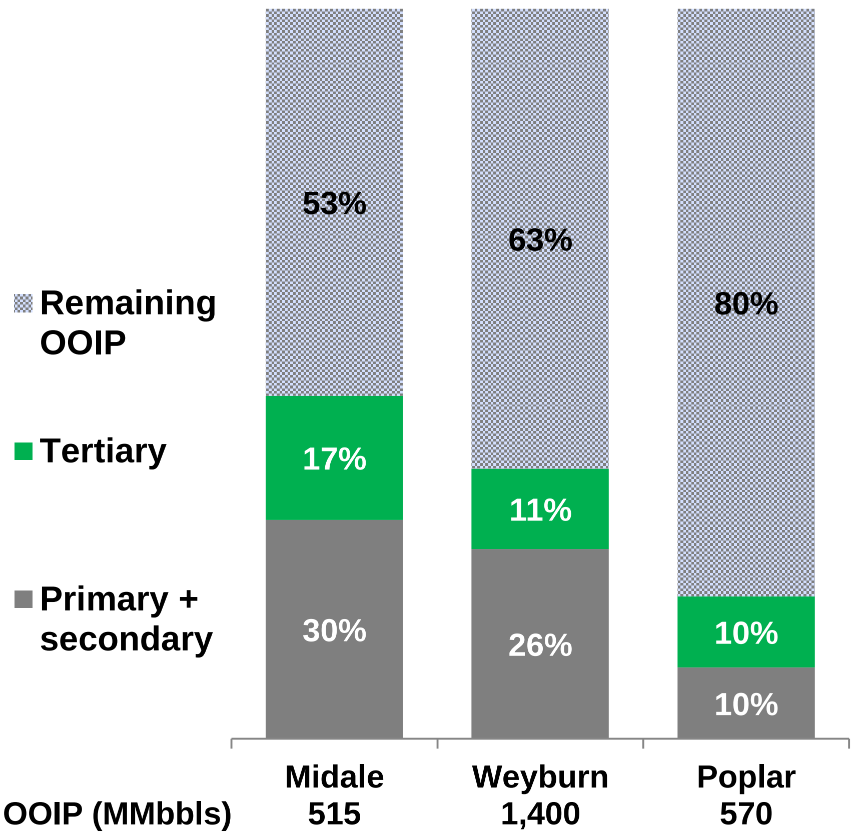
50 MMbbls incremental reserves in line with CO_2-EOR analogs

- Poplar is analogous to Midale and Weyburn, two oil fields with highly successful CO_2-EOR projects in the Williston Basin
- Poplar produced ~52 MMboe since 1950’s and with no production from a water flood[1]
- 50 MMbbls at Poplar (10% recovery) from CO_2-EOR in line with analogs
- 50 MMbbls recovery in line with industry rule of thumb that production from CO_2-EOR should equal primary production

Recovery potential[1]



1. Poplar recovery factor of 10% includes primary recovery methods only.

Source: Public documents and presentations issued or contributed to by Cenovus Energy (Weyburn) and Apache Corporation (Midale).

CO_2-EOR Development Milestones

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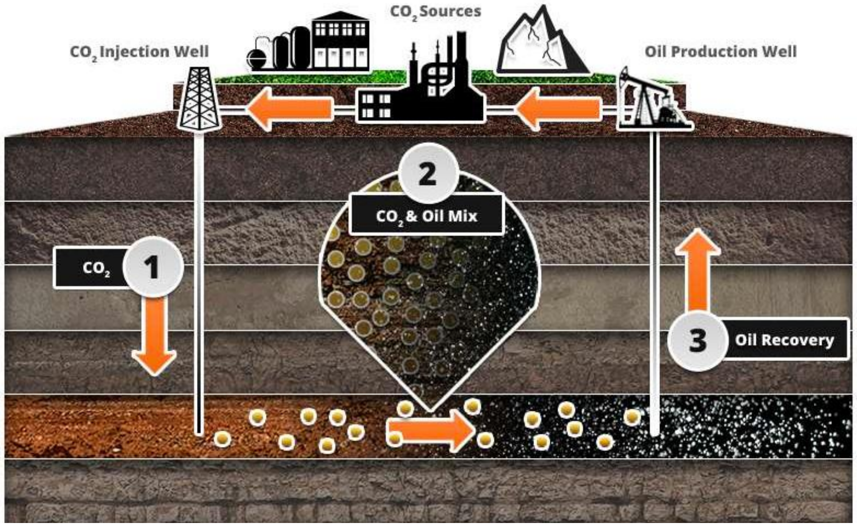
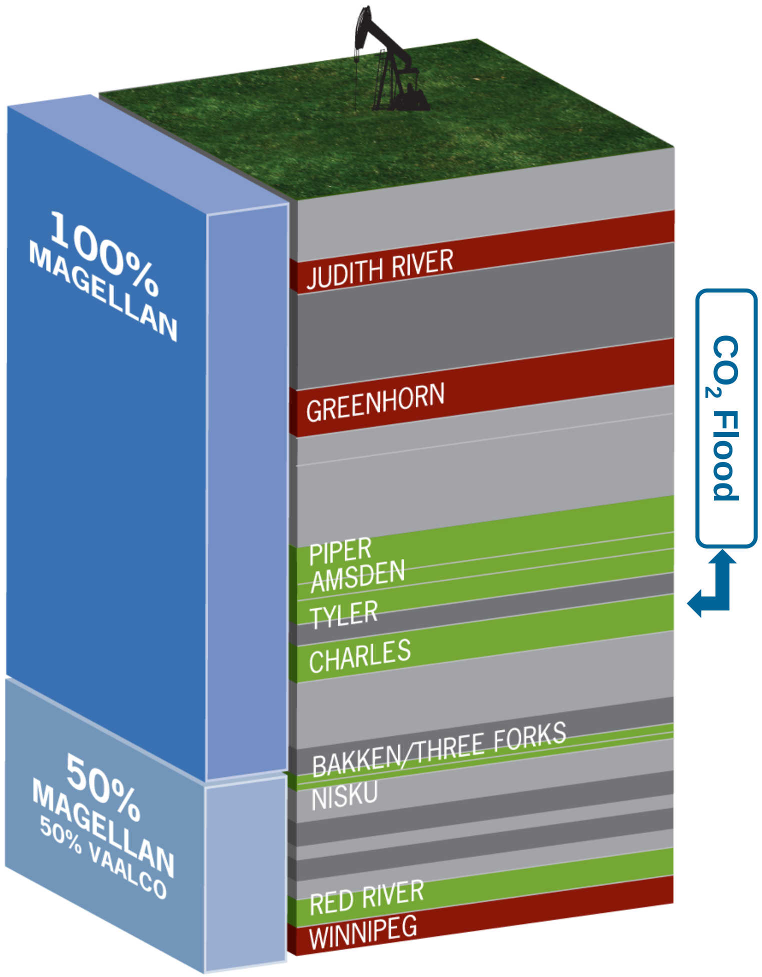
Summer 2012	**Core Laboratories confirms miscibility**
Summer 2013	**Pilot CO_2 source & well permits secured**
Fall 2013	**5 pilot wells drilled**
2014	**Pilot CO_2 injection**
End of 2014	**Announce pilot results**
2015	**Plan full field development**



Poplar Stacked Formations

Several reserve development opportunities



Charles

- Approximately 275 bbls/day
- CO_2-EOR: pilot project in 2013

Bakken / Three Forks / Nisku

- Prospective for oil production

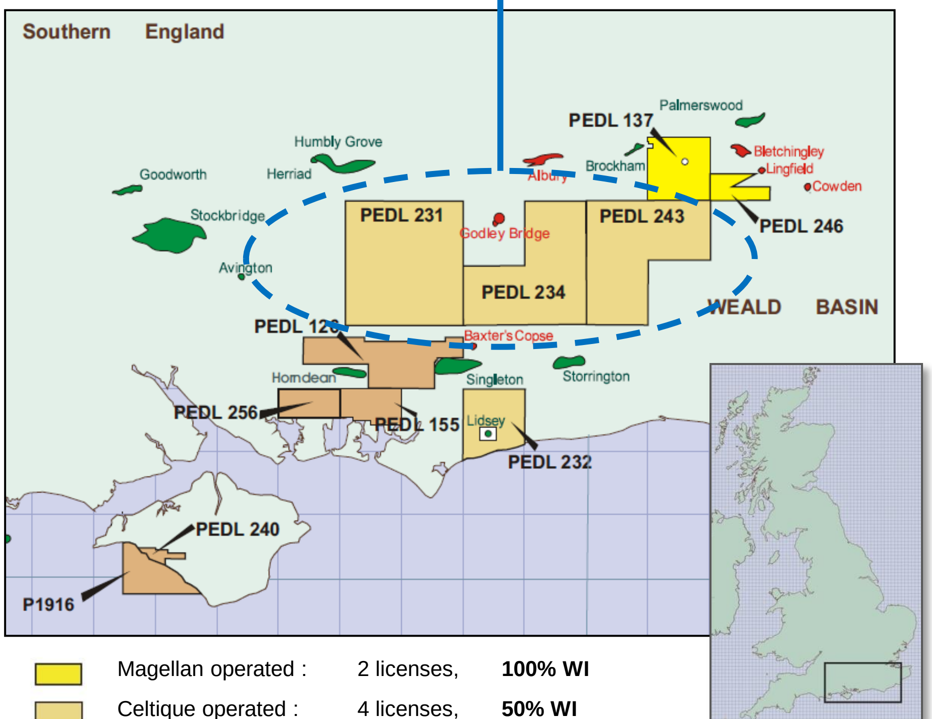
Other development opportunities

- Amsden: new oil pool discovery Jan '12
- Nisku: produced 200 Mbbls from 1 well between 1970 and 1990
- Tyler: 4 current wells with additional potential
- Greenhorn: formation is similar to Eagle Ford shale
- Judith River: shallow gas opportunity

UK Unconventional

Large potential from unconventional prospects

Center of Weald Basin
2 unconventional targets – Kimmeridge / Liassic



	Magellan operated :	2 licenses,	**100% WI**
	Celtique operated :	4 licenses,	**50% WI**
	Northern operated :	5 licenses,	**22.5%-40% WI**

3 Core licenses

- Celtique operated (50%)
- 125 k net acres with unconventional prospects
- Acquired 175 km 2D seismic in July 2011
- Conventional plays: shallow oil and deep gas
- Unconventional plays: oil and gas potential in Liassic and Kimmeridge formations
- Cuadrilla completed drilling of offset test well at Balcombe in Sep 2013 and reported hydrocarbon shows

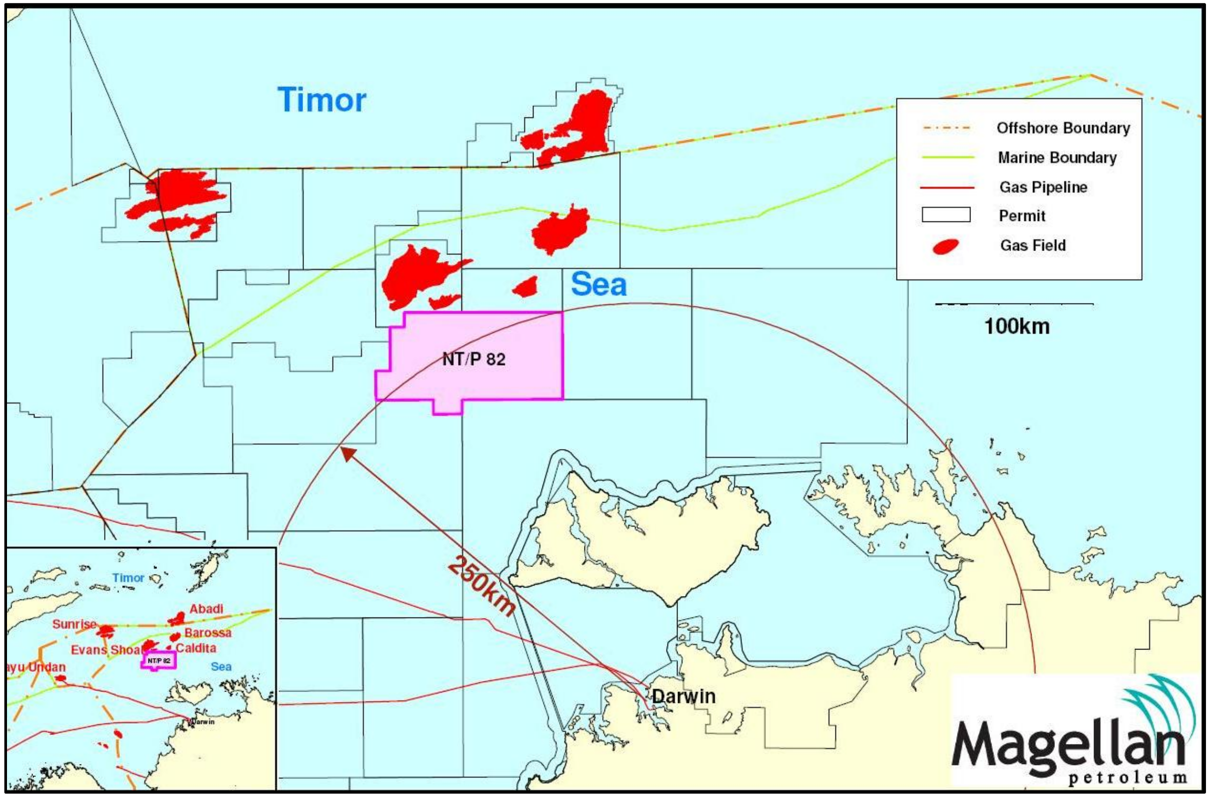
Peripheral licenses

- 75k net acres
- 2 licenses operated by Magellan with conventional gas prospect (Triassic)
- 5 legacy licenses operated by Northern

Australia Offshore – Bonaparte Basin

Large gas prospects to be farmed-out

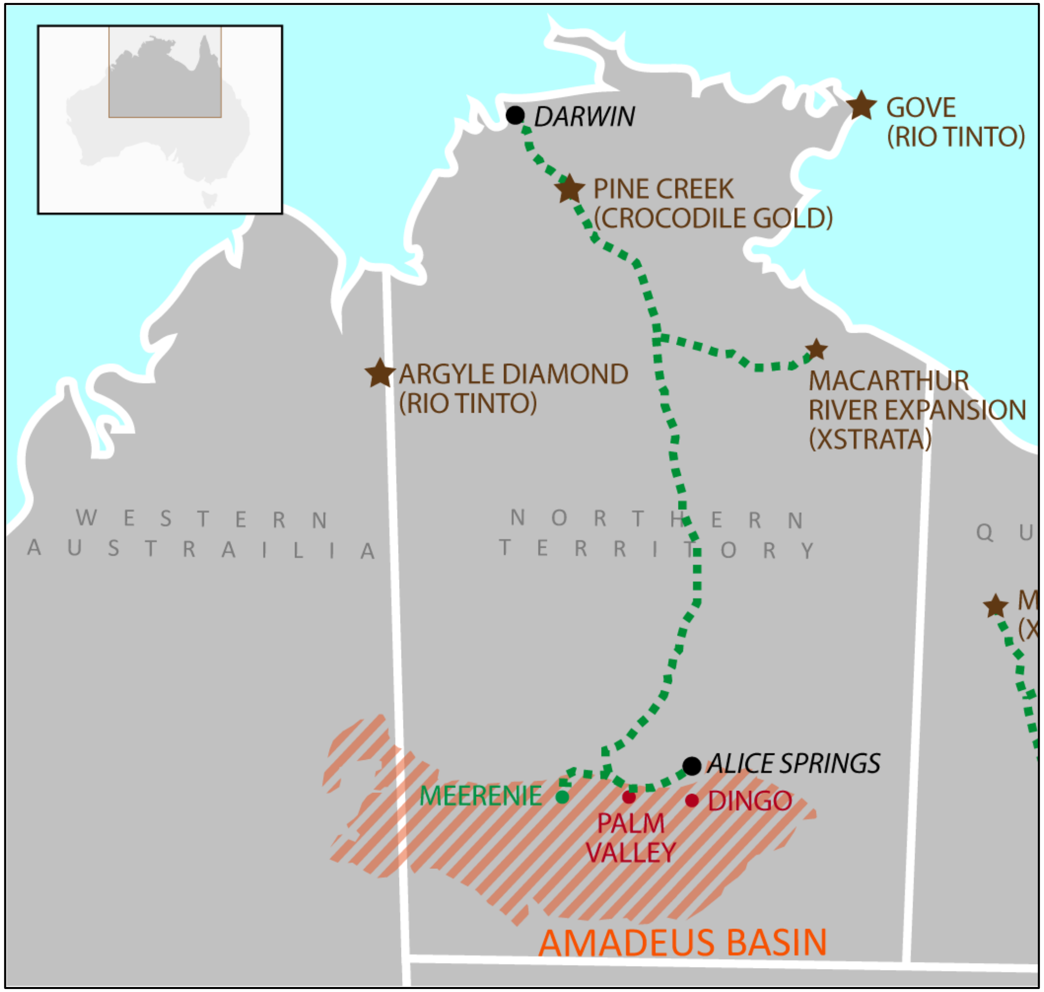
- 100% working interest
- 2 potential prospects
- 1-3 Tcf potential resource
- 3D seismic survey results expected Winter '14
- 1 exploration well required by 2015
- Shallow water – jack-up rig territory
- Active gas basin with recent history of successful farmouts



Australian Onshore Assets

Legacy assets

- Palm Valley and Dingo: gas fields with long-term gas supply contracts
- Mereenie: potential for up to A$17.5 m cash bonus following sale of asset in 2012
- 53 Bcf proved + probable reserves
  - Palm Valley: 11 Bcf proved + 13 Bcf probable
  - Dingo: 29 Bcf probable



Milestones

A year of operational and value catalysts ahead

	Mar 14	Jun 14	Sep 14	Dec 14	Mar 15
Poplar – CO2	CO_2 injection begins	Pilot CO_2 injection, monitoring, & analysis		Announce pilot results	
Weald Basin – UK	Participate in 1st exploratory well				
NT/P82 Offshore Australia	3D seismic completed	Run farm-out process			
Amadeus Basin Onshore Australia	Palm Valley gas sales ramp up		Dingo development and facilities construction		

Sources of Value

	Asset	Value Potential	Capex
	Cash	**$32 m[1]**	
US	Poplar (current)	P1 reserves PV-10 $97 m[1,2]	Ongoing work-overs
US	Poplar CO_2 Pilot	+50 MMbbls[3]	$20 m[4]
US	Poplar – Three Forks / Nisku		
UK	Weald/Wessex Basin	Net acres: 125 k[5]	$5 m[6]
Australia	Offshore: NTP/82	Potential for 1-3 Tcf	Incurred[7]
Australia	Onshore: Palm Valley	Proved/Probable: 11/13 Bcf[1]	
Australia	Onshore: Dingo	Probable: 29 Bcf[1]	Pipeline

1. As of June 30, 2013.
2. PV-10 value is post-tax.
3. Total potential reserves.
4. Estimated cost of pilot over next two years.
5. Total UK acreage is 200K net acres; 125k net acres with Celtique contain unconventional potential.
6. Net cost for drilling one exploratory well; excludes completion.
7. 3D seismic cost already incurred.

Why Invest Now?

Timing

- Various operational milestones expected to be achieved over the next 12 months

Value

- Several assets with large value potential
- Poplar could yield 50 MMbbls of incremental reserves

Execution

- New management executing according to the plan set forth

Appendices

Experienced Leadership

Robin West (66) – Chairman

- Founder, CEO of PFC Energy
- Former Reagan Administration Assistant Secretary of the Interior (1981-83), responsible for U.S. offshore oil policy
- Member of National Petroleum Council and Council on Foreign Relations
- Director of Key Energy Services and formerly of Cheniere Energy

Tom Wilson (61) – CEO

- Former President of KMOC and Anderman International
- Former First Vice President and director of Young Energy Prize
- Previously, led new international strategy for Apache and served as a Project Manager for Shell Oil

Antoine Lafargue (39) – CFO

- Former CFO of Falcon Gas Storage based in Houston, TX
- Previously, a principal with Arcapita, a private equity fund focused on the energy and infrastructure sectors
- Previously held investment banking positions with DLJ/Credit Suisse and Bank of America

Mark Brannum (47) – General Counsel & Secretary

- Former Deputy General Counsel of SM Energy Company
- Previously, a shareholder with Winstead P.C., a large business law firm based in Dallas, TX
- Over 17 years of in-house and outside counsel legal experience

One Stone Convertible Preferred

Allows to increase net asset value per share

- **On May 10, 2013, Magellan issued $23.5 m of convertible preferred stock to One Stone Energy Partners, a NY based private equity fund**

Rationale

- Allows Magellan to pursue strategy from position of financial strength, including:
  - CO_2-EOR pilot
  - UK exploratory well(s)
  - Dingo development
- Most appropriate financing option on attractive terms
  - Conversion price at 20% premium to 10-day avg
  - No warrants
  - No underwriting or capital advisory fees
  - Non-core assets not ready for divestiture
- New financial and strategic partner in One Stone
  - Extensive industry expertise
  - Appointed two industry veterans to board

Key Terms[(1)]

- *Conversion premium*: Conversion price of $1.22
  - 20% over 10 day moving average
  - 22% over Sopak repurchase price in Jan 2013
- *Dividend*: 7.0% per annum paid in cash or PIK
- *Conversion/Redemption:* After three years MPET can force conversion at $2.42 / share or repurchase in cash at 20% IRR
- *Board*: 2 board members not subject to common shareholder vote
- *Minority rights*: One Stone to hold veto rights with respect to capex outside of budget, related party transactions, and certain changes to board size

1. Full discussion of terms is available in the 8-K released by MPET on May 13, 2013.

Australia Offshore – Bonaparte Basin

Precedents for attracting farm-out partners

- The following farm-ins recently took place in exploration blocks near Magellan's NT/P82 block in Bonaparte Basin:

Date	Company	Asset	Terms
July 2013	Origin Energy & MEO Australia	WA-454	• Origin earns 50% WI by paying MEO A$5.6 m for reimbursement of permit related costs to date and carrying 80% of exploration costs up to A$35 m • MEO is currently farming out their 20% exploration exposure for 10-20% WI in permit
June 2012	SK Group & Santos	NT/P61 & NT/P69	• SK Group to pay $260 m to drill 3 appraisal wells in the **Barossa gas field** in NT/P61 and NT/P69 for the right to earn a 37.5% stake in both blocks • Pending well success, SK has option to pay $60 m to increase its stake to 49.5%, fund up to $90 m for engineering and design work for an LNG project, and pay for the first LNG cargo payments of up to $110 m
Oct 2011	Eni & Santos	NT/P48 (Evans Shoal)	• Eni to pay Santos $250 m and an additional $100 m contingent upon a positive final investment decision for 40% of the **Evans Shoal gas field** in NT/P48 • Eni concurrently sold 7.5% of its interest to Shell Development (Australia)
May 2011	Eni & MEO Australia	NT/P86	• Eni to pay $100 m, via a 2-well carry program, to MEO Australia to earn 50% of block NT/P68 which contains the **Blackwood and Heron gas fields** • Eni can elect not to drill the 2nd well