MAGELLAN PETROLEUM CORP /DE/
Form DEF 14A
December 07, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.   )
Filed by the Registrant þ
Filed by a Party other than the Registrant ¨
Check the appropriate box:
¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

MAGELLAN PETROLEUM CORPORATION
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
þ No fee required.
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2. Form, Schedule or Registration Statement No.:
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4. Date Filed:

1775 Sherman Street, Suite 1950
Denver, Colorado 80203

2012 ANNUAL MEETING OF SHAREHOLDERS
To be Held on January 16, 2013

December 7, 2012

Dear Shareholder:

On behalf of the Board of Directors and management of Magellan Petroleum Corporation ("Magellan"), we are pleased to invite you to attend the 2012 Annual Meeting of Shareholders ("Annual Meeting") to be held on Wednesday, January 16, 2013 at 10:00 A.M. MST at The Oxford Hotel, 1600 17th Street, Denver, Colorado 80202 (telephone: (303) 682-5400).

At the Annual Meeting, you and the other shareholders will be asked to vote on:

- The election of the two individuals named as Director nominees in the attached proxy statement to our Board of Directors;
- The removal of Nikolay V. Bogachev as a Director for cause;
- A non-binding advisory resolution to approve the compensation of our named executive officers;
- The approval of a new 2012 Omnibus Incentive Compensation Plan; and
- The ratification of the appointment of our independent registered public accounting firm.

The accompanying Notice of 2012 Annual Meeting of Shareholders and 2012 Annual Meeting Proxy Statement ("Proxy Statement") provide information concerning the business to be acted on at the meeting. In addition, management will review our results of operations and will be available to respond to questions during the meeting. Pursuant to U.S. Securities and Exchange Commission rules, we may provide you with access to our proxy materials via the Internet. As a result, we are mailing to most of our shareholders a Notice of Internet Availability of Proxy Materials (the "Notice") instead of a paper copy of the accompanying Proxy Statement, a proxy card, and our 2012 Annual Report to Shareholders. The Notice contains instructions on how to access those documents via the Internet. The Notice also contains instructions on how to request a paper copy of our proxy materials, including the accompanying Proxy Statement, our 2012 Annual Report to Shareholders, and a form of proxy card. All shareholders who do not receive a Notice should receive a paper copy of the proxy materials by mail. We believe that the Notice process will allow us to provide you with the information you need in a timelier manner, will save us the cost of printing and mailing documents to you, and will conserve natural resources.

Your vote is important, and we encourage you to vote even if you cannot attend the Annual Meeting in person. You may vote by Internet or by telephone using the instructions on the Notice, or, if you received a paper copy of the proxy card, by signing and returning it in the envelope provided. If your shares are held of record by a bank or broker, please vote by using the instruction form provided to you by or on behalf of the bank or broker.

We thank you for your continued support of Magellan and we look forward to seeing many of you at the Annual Meeting.

Sincerely yours,

/s/ J. Robinson West	/s/ J. Thomas Wilson
J. Robinson West	J. Thomas Wilson
Chairman of the Board of Directors	President and Chief Executive Officer

1775 Sherman Street, Suite 1950
Denver, Colorado 80203

NOTICE OF 2012 ANNUAL MEETING OF SHAREHOLDERS
To be Held on January 16, 2013

NOTICE IS HEREBY GIVEN that the 2012 Annual Meeting of Shareholders of Magellan Petroleum Corporation, a Delaware corporation (the "Company"), will be held on Wednesday, January 16, 2013 at 10:00 A.M. MST at The Oxford Hotel, 1600 17th Street, Denver, Colorado 80202 (telephone: (303) 628-5400), for the following purposes:

1. To elect the two individuals named as Director nominees in the attached proxy statement to the Board of Directors of the Company;
2. To remove Nikolay V. Bogachev as a Director for cause;
3. To vote on the non-binding advisory resolution for the approval of the compensation of our named executive officers;
4. To approve the Magellan Petroleum Corporation 2012 Omnibus Incentive Compensation Plan;
5. To ratify the appointment of Ehrhardt Keefe Steiner & Hottman PC as the independent registered public accounting firm for the Company for the fiscal year ending June 30, 2013; and
6. To transact such other business as may properly come before the meeting.

Only shareholders of record at the close of business on November 19, 2012 are entitled to receive notice of and to vote at the Annual Meeting.

Please vote by using the telephone or Internet voting systems described in the Notice of Internet Availability of Proxy Materials or the proxy card or, if the attached Proxy Statement and a proxy card were mailed to you, please sign, date, and return the proxy card in the enclosed envelope as soon as possible.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2012 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JANUARY 16, 2013:
The Proxy Statement for the 2012 Annual Meeting of Shareholders and the Annual Report to Shareholders for the fiscal year ended June 30, 2012 are available at: http://www.proxyvote.com.

By Order of the Board of Directors,

/s/ C. Mark Brannum
C. Mark Brannum
Vice President, General Counsel and Secretary

December 7, 2012

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1775 Sherman Street, Suite 1950
Denver, Colorado 80203

2012 ANNUAL MEETING PROXY STATEMENT

GENERAL INFORMATION

This 2012 Annual Meeting Proxy Statement (“Proxy Statement”) is furnished to shareholders of Magellan Petroleum Corporation, a Delaware corporation (the “Company”), in connection with the solicitation of proxies by the Board of Directors (“Board”) for use at the Company's Annual Meeting of Shareholders (“Annual Meeting”) to be held on Wednesday, January 16, 2013 at 10:00 A.M. MST at The Oxford Hotel, 1600 17th Street, Denver, Colorado 80202 (telephone: (303) 628-5400) and at any adjournments or postponements thereof. The proxy materials, including this Proxy Statement, the proxy card or voting instructions, and our 2012 Annual Report are first being distributed and made available on or about December 7, 2012.
In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (the "SEC"), we are providing our stockholders access to our proxy materials on the Internet. Accordingly, a Notice of Internet Availability of Proxy Materials ("Notice") will be mailed to a majority of our stockholders on or about December 7, 2012. Stockholders will have the ability to access the proxy materials on a web site referred to in the Notice or request a printed set of the proxy materials to be sent to them by following the instructions in the Notice.
The Notice also provides instructions on how to select your preference for receiving future proxy materials, whether electronically by e-mail or in printed form via the United States Postal Service. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail or printed form will remain in effect until you terminate it. Choosing to receive future proxy materials by e-mail will allow us to provide you with the information you need in a timelier manner, save us the cost of printing and mailing documents to you, and conserve natural resources.

Important Notice Regarding Internet Availability of Proxy Materials for the 2012 Annual Meeting to be held on January 16, 2013
This Proxy Statement and the Company's Annual Report to Shareholders for the fiscal year ended June 30, 2012 are available at: http://www.proxyvote.com.
You may vote your shares prior to the Annual Meeting by following the instructions provided in the Notice, this Proxy Statement, and the voter website, http://www.proxyvote.com. If you requested or otherwise received a paper copy of the proxy materials, voting instructions are also contained in the proxy card enclosed with those materials.

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The proxy may be revoked at any time before it is voted by (i) notifying the Company in writing; (ii) signing and dating a new and different proxy card of a later date; or (iii) voting of your shares by you in person or by your duly-appointed agent at the meeting.

The persons named in the enclosed form of proxy will vote the shares of common stock represented by such proxy in accordance with the specifications made by means of a ballot provided in the proxy and will vote the shares in their discretion on any other matters properly coming before the meeting or any adjournment or postponement thereof. As of the date of this Proxy Statement, the Board knows of no matters that will be properly presented for consideration at the meeting, in accordance with the Company's By-Laws including the notice provisions thereof, other than those matters referred to in this Proxy Statement.

The record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting has been fixed by the Board as of the close of business on November 19, 2012. On that date, there were 53,885,594 outstanding shares of common stock of the Company, par value $.01 per share (“Common Stock”). On November 19, 2012, there were 1,088,877 shares of our Common Stock outstanding in the form of CHESS depositary interests listed and traded on the Australian Securities Exchange ("ASX"). Each outstanding share of Common Stock is entitled to one vote.

VOTES REQUIRED FOR APPROVAL

Votes Required

Each outstanding share of Common Stock is entitled to one vote on each of Proposals 1, 2, 3, 4 and 5.

Approval of Proposal 1 - the election of the two Directors named in this Proxy Statement as nominees for election to the Board of Directors will require the affirmative vote of a plurality of the votes cast by the holders of shares of our Common Stock present in person or by proxy and voting at the Annual Meeting, provided that a quorum exists.

Approval of Proposal 2 - the removal of Nikolay V. Bogachev as a Director for cause will require the affirmative vote of at least a majority of the votes cast by the holders of our common stock who are present in person or by proxy at the Annual Meeting and entitled to vote on the matter, provided that a quorum exists.

Approval of Proposal 3 - the non-binding advisory resolution approving the compensation of the Company's named executive officers will require the affirmative vote of a majority of the votes cast by the holders of our Common Stock who are present in person or by proxy at the Annual Meeting and entitled to vote on the matter, provided that a quorum exists.

Approval of Proposal 4 - approval of the 2012 Omnibus Equity Compensation Plan will require the affirmative vote of a majority of the votes cast by the holders of our Common Stock who are present in person or by proxy at the Annual Meeting and entitled to vote on the matter, provided that a quorum exists.

Approval of Proposal 5 - the ratification of the appointment of Ehrhardt Keefe Steiner & Hottman PC as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2013, will require the affirmative vote of a majority of the votes cast by the holders of our Common Stock who are present in person or by proxy at the Annual Meeting and entitled to vote on the matter, provided that a quorum exists.

Discretionary Voting

If your shares of our Common Stock are held in street name through a broker, bank, or other holder of record, you should note that the Company believes that brokers, banks, and other holders of record who are members of the New York Stock Exchange (the "NYSE"), will be permitted under applicable NYSE

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rules to vote your shares in their discretion on the following matters to be presented at the Annual Meeting:
•Proposal 5 - the ratification of the appointment of Ehrhardt Keefe Steiner & Hottman PC as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2013; even if they do not receive voting instructions from you.

Important Information
There was an important change last year regarding broker non-votes and votes on executive compensation and certain other matters, including Proposal 3, the "Say-on-Pay" vote. This rule change, which was made effective through the new Dodd-Frank legislation, follows similar treatment of broker non-votes for director elections implemented for the 2010 proxy season. These rules do not permit brokers to vote in the advisory votes for executive compensation if the broker has not received instructions from its customer, the beneficial owner of the Company's shares. Consequently, your brokerage firm may not vote on Proposal 1 - the election of two Directors; Proposal 2 - the removal of Nikolay V. Bogachev as a Director for cause; Proposal 3 - the non-binding advisory resolution regarding approval of the compensation of the Company's named executive officers; or Proposal 4 - the approval of the 2012 Omnibus Equity Compensation Plan, absent instructions from you. Without your voting instructions on these proposals, your brokerage firm cannot vote, and therefore, your shares will not be represented on these proposals. See “Quorum Required, Withholdings; Broker “Non-Votes” and Abstentions” below.

Quorum Required; Withholdings; Broker “Non-Votes” and Abstentions
Quorum Required: The holders of 33 1/3% of the total number of shares entitled to be voted at the Annual Meeting, present in person or by proxy, shall constitute a quorum for the transaction of business. Under the Delaware General Corporation Law, abstentions and broker “non-votes” are counted as present and are, therefore, included for purposes of determining whether a quorum of shares is present at the Annual Meeting.
Withholding: Withholding authority to vote for a nominee for Director will have no effect on the results of the vote for Directors. Under the Delaware General Corporation Law, the nominees for Director who receive the most votes (also known as a “plurality” of the votes) will be elected.
Broker Non-Votes and Abstentions: If your broker holds your shares in its name and cannot vote your shares on a particular matter because the broker does not have instructions from you or discretionary voting authority on that matter, this is referred to as a “broker non-vote.” As noted above, your broker will not be entitled to vote your shares without your instructions on Proposals 1, 2, 3 and 4. Under Delaware law, an “abstention” represents a shareholder's affirmative choice to decline to vote on a proposal other than the election of directors.
Effects of “Broker-Non Votes” and Abstentions: For Proposal 1, in counting the number of shares voted, abstentions and broker non-votes will not be counted and will have no effect. For Proposals 2, 3, 4 and 5, which require the affirmative vote of a majority of the votes cast by the holders of our Common Stock who are present in person or by proxy at the Annual Meeting and entitled to vote on the matter, abstentions will be counted towards the vote total and will have the same effect as a vote “AGAINST” the Proposal, but broker non-votes (which are not “entitled to vote” on the matter) will not be counted and will have no effect.

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PROPOSAL 1
ELECTION OF TWO DIRECTORS

In accordance with the Company's By-Laws, two Directors are to be elected to hold office for a term of three years, expiring with the 2015 Annual Meeting of Shareholders. The Company's By-Laws provide for three classes of Directors who are to be elected for terms of three years each and until their successors shall have been elected and shall have been duly qualified. Of the two nominees for election at the Annual Meeting, Brendan S. MacMillan and Robert J. Mollah, Mr. MacMillan is a new nominee for election as a Director of the Company and Mr. Mollah is currently serving as a Director of the Company. Messrs. MacMillan and Mollah have consented to being named in this Proxy Statement and will serve as Directors, if elected.

Under the Delaware General Corporation Law, the election of Directors requires a plurality of the votes cast by the holders of shares present in person or by proxy and voting at the Annual Meeting. The term “plurality” means that the nominees receiving the greatest number of votes will be elected. Proxies may be voted only for the number of nominees named by the Board. The persons named in the accompanying proxy will vote properly-executed proxies for the election of the persons named above, unless authority to vote for one or more of the nominees is withheld.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE TO ELECT BRENDAN S. MACMILLAN AND ROBERT J. MOLLAH - PROPOSAL 1.

Background Information about Our Nominees and the Directors

The following table sets forth certain information about the Company's two nominees for Director and each Director whose term of office continues beyond the 2012 Annual Meeting. The information presented includes, with respect to each such person: (a) his business history for at least the past five years; (b) his age as of the date of this Proxy Statement; (c) Director positions, if any, held currently or at any time during the last five years with a company with a class of securities registered pursuant to section 12 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), or subject to the requirements of section 15(d) of the Exchange Act or any company registered as an investment company under the Investment Company Act of 1940, as amended; (d) information regarding involvement in certain legal or administrative proceedings, if applicable; (e) his other positions with the Company, if any; (f) the year during which he first became a Director of the Company; and (g) the experiences, qualifications, attributes, or skills that caused the Compensation, Nominating and Governance Committee (the “CNG Committee”) and the Board to determine that the person should serve as a Director for the Company.

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2012 Director nominees to hold office each with a term expiring at the 2015 Annual Meeting:
Name: Brendan S. MacMillan
Director Since: New Nominee
Other Positions Held with the Company: None
Age and Business Experience: Mr. MacMillan is the founder and operator of several private corporations and partnerships in the United States and Canada focused on energy and natural resource investments in private and public debt and equity. Mr. MacMillan has been engaged in these activities as a private equity principal since October 2008. Mr. MacMillan currently serves as President of Highlands Pacific LLC, the general partner of Highlands Pacific Partners LP, which he founded in June 2011. Mr. MacMillan is also the founder and a principal of CuVeras LLC, founded in November 2011, Bull River Security Holdings Ltd., founded in February 2012, and Bull River Lending Corp., founded in April 2012. Prior to starting these companies, from October 2004 until October 2008, Mr. MacMillan focused on the energy, natural resource, and industrial sectors in his role as Vice President for the Capital Group Companies, a group of investment management companies that serves as the manager of the American Funds, with over $1 trillion under management. Mr. MacMillan currently serves as a director of Bull River Lending Corp. and Bull River Security Holdings Ltd. Mr. MacMillan received a BA with High Honors from Wesleyan University in 1991 with a focus on subjects applicable to oil and gas, an MBA with a concentration in Finance from Stanford University's Graduate School of Business in 1995, and a Chartered Financial Analyst designation in 1999. Age 45.
Mr. MacMillan was selected to serve on our Board for his twenty years of consulting and investment experience in the energy and natural resource sectors, his experience as a director, and his expertise in finance and investment management.

Name: Robert J. Mollah
Director Since: 2006
Other Positions Held with the Company: Chairman of the Board of Directors of Magellan Petroleum Australia Limited ("MPAL"); Member of the CNG Committee.
Age and Business Experience: Mr. Mollah is a geophysicist with broad petroleum exploration experience, both within Australia and internationally. From 1995 until 2003, Mr. Mollah was the Australian Executive Director of the Timor Gap Joint Authority which covered the administration of petroleum exploration and production activities in the Timor Sea Joint Development Zone between Australia and Indonesia/East Timor. Prior to 1995, he served as a Petroleum Explorationist and Manager with broad experience in the oil and gas business in Australia and Asia. Mr. Mollah has been a Director of MPAL since November 2003 and was elected to serve as Chairman of the MPAL Board of Directors in September 2006. Age 71.
Mr. Mollah was selected to serve on our Board for his extensive business experience in the Australian and Asian oil and gas industry, particularly with respect to exploration, development, and production of offshore resources, his knowledge of Australian government matters, his Board and managerial experience, and his familiarity with Australian corporate governance standards.

Directors continuing in office with terms expiring at the 2014 Annual Meeting:
Name: Nikolay V. Bogachev
Director Since: 2009
Other Positions Held with the Company: Member of the Business Development Committee (“BDC”).

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Age and Business Experience: Mr. Bogachev serves as Chairman of the Board and Chief Executive Officer of Young Energy Prize S.A. (“YEP”), which he founded in 2007. From 2004 to 2007, Mr. Bogachev was the Chairman and CEO of two related natural gas companies located in Russia, JSC Tambeyneftegas and JSC Yamal LNG. He has been actively involved in the restructuring and financing of companies in the energy sector. He developed the Khantiy Mantsisk Oil Company ("KMOC"), which was purchased by Marathon Oil Company. He was the developer of Tambeyskoye, a major gas field located in Northwest Siberia, which was purchased by Gazprom-affiliated companies. He has partnered with major oil companies (RepsolYPF, Shell, and Petro-Canada) and has broad experience in the Middle East and Africa. Age 59.

Mr. Bogachev was selected to serve on our Board for his extensive business and operational experience with oil and gas projects worldwide, particularly in Russia, the Middle East, and Asia, his experience as Chairman and CEO of YEP, and his active involvement in the restructuring and financing of various private entities and ventures in the energy sector. For additional information, see "Proposal 2 - Removal of Nikolay V. Bogachev as a Director for Cause."

Name: Milam Randolph Pharo

Director Since: 2012

Other Positions Held with the Company: Former Vice President, General Counsel and Secretary.

Age and Business Experience: Mr. Pharo has over 30 years of experience in the oil and gas industry, with an emphasis in the Rocky Mountain region. He has served in private legal practice focusing on oil and gas matters and as general counsel to public oil and gas companies. He most recently served as the Company's Vice President, General Counsel and Secretary from November 30, 2011 until his retirement from that position on September 5, 2012. He was retired from January 1, 2011 to November 30, 2011. From 1996 through 2010, Mr. Pharo held various positions with SM Energy Company, including Vice President - Land and Legal and Senior Vice President and General Counsel. Mr. Pharo received his B.A. degree from the University of Texas at Austin and his Juris Doctorate degree from Southern Methodist University. Age 60.

Mr. Pharo was selected to serve on our Board for his extensive legal and related business and transaction experience in the oil and gas industry, and his knowledge of corporate governance standards for public companies.

Name: J. Thomas Wilson

Director Since: 2009

Other Positions Held with the Company: President and CEO; Member of the BDC.

Age and Business Experience: Mr. Wilson, a former senior consultant to the Company, was appointed President and CEO effective September 27, 2011. Previously, Mr. Wilson served as First Vice President of YEP from July 2009 to January 15, 2011. He also served on YEP's Board of Directors from 2007 to November 2008. He is a veteran in the energy sector with a strong geology and international business development background. During the late 1990s, Mr. Wilson, acting as an advisor, assisted Mr. Bogachev in building value for KMOC in partnership with Enterprise Oil (now Shell) and Marathon Oil. From 2003 to 2006, Mr. Wilson was also involved with developing Tambeyneftegas, possibly the first Russian LNG liquefaction project, ultimately sold to Gazprom. Earlier, he was a principal in development of new international and domestic projects for Anderman International in Denver, led new international strategy and development for Apache Corporation, and was a Project Manager for Shell Oil. Mr. Wilson has led our recent successful efforts in the transactions with Santos Limited for the sale of our interest in the Mereenie oil and gas field and our

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purchase of the Palm Valley and Dingo gas fields, all in Australia, and assisted in finalizing the terms of a farm-out arrangement with VAALCO Energy regarding a portion of our interests in the deep formations of the Poplar oil field in Montana. Age 60.
Mr. Wilson was selected to serve on our Board for his strong geology background, his extensive employment history with major companies in the energy field, his operational and business development skills with respect to projects such as LNG production and gas development in Europe and Asia, his experience as an investor and entrepreneur in various private oil and gas entities and ventures, and in light of his position as the Company's current President and CEO.

Directors continuing in office with terms expiring at the 2013 Annual Meeting:
Name: Walter McCann
Director Since: 1983
Other Positions Held with the Company: Independent Lead Director of the Board since December 2010; Former Chairman of the Board (2004-2010); Member of the Audit and CNG (Chairman) Committees; Director of MPAL.
Age and Business Experience: Mr. McCann, a former business school dean, was the Chief Executive Officer of Richmond, the American International University, located in London, England, from January 1993 until September 2002. From 1985 to 1992, he was President of Athens College in Athens, Greece. Mr. McCann has been a Director of MPAL since 1997. He is a retired member of the Massachusetts Bar. Age 75.
Mr. McCann was selected to serve on our Board for his career in leading non-profit, educational institutions, his broad knowledge of the Company and MPAL's management and operations, and his expertise in board leadership and corporate governance.

Name: Ronald P. Pettirossi
Director Since: 1997
Other Positions Held with the Company: Chairman of the Audit Committee; Member of the CNG Committee; Director of MPAL.
Age and Business Experience: Mr. Pettirossi has been President of ER Ltd., a consulting company since 1995. Mr. Pettirossi has been a Director of MPAL since August 2004. Mr. Pettirossi is a former audit partner of Ernst & Young LLP and worked with public and privately held companies for 31 years. Mr. Pettirossi served on the Board of Directors and as Chair of the Audit Committee of One IP Voice, Inc. (formerly, Farmstead Telephone) from 2003 to 2007. Age 69.
Mr. Pettirossi was selected to serve on our Board for his education, professional training, and skills in financial accounting and reporting, including his 31 years of practice with Ernst & Young LLP, his work as a financial consultant, and his status as both a CPA and as an “audit committee financial expert.”

Name: J. Robinson West
Director Since: 2010
Other Positions Held with the Company: Chairman of the Board; Chairman of the BDC.
Age and Business Experience: Mr. West is the Chairman, Founder, and Chief Executive Officer of PFC Energy, Inc. (“PFC”), a Washington, D.C.-based consulting firm serving oil and gas companies and governments with 14 offices around the world. Before founding PFC in 1984, Mr. West served in the Reagan Administration as Assistant Secretary of the Interior for Policy, Budget, and

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Administration (1981-83), with responsibility for U.S. offshore oil policy. Mr. West is currently a member of the National Petroleum Council and the Council on Foreign Relations. He also serves as a director of Key Energy Services, Inc., a rig-based well service company also based in Houston, Texas. Mr. West served as a director of Cheniere Energy, Inc., an operator of onshore LNG receiving terminals and natural gas pipelines based in Houston, Texas from 2001 to 2010 and as a director of Lambert Energy Advisors, a financial advisory firm to the energy industry, which is based in the U.K., from 2002 to 2010. Mr. West received his B.A. degree from the University of North Carolina at Chapel Hill and his J.D. from Temple University. Age 66.

Mr. West was selected to serve on our Board for his extensive experience as a consultant to companies in the international oil and gas industries, his U.S. government service related to energy policy matters, and his broad knowledge of board leadership and corporate governance.

All of the above named companies are engaged in oil, gas, or mineral exploration and/or development, except where noted.

No family relationships exist between any of the Company's Directors or officers.

Director Compensation and Related Matters

Director Compensation Table

The table below sets forth the compensation paid by the Company and by MPAL to our Directors during the fiscal year ended June 30, 2012.

Company Board Fees - fiscal year 2012 (all amounts shown are in U.S. Dollars ($))

Name	(1)(8) Fees Earned or Paid in Cash	(1)(9)(10)Stock Awards	(9)Option Awards	(11) All Other Compensation	Total ($)
Donald V. Basso (2)	$91,291	$25,200	$—	$9,000	$125,491
Nikolay V. Bogachev (3)	$70,000	$—	$—	$9,000	$79,000
Walter McCann (4)	$119,995	$25,200	$—	$11,343	$156,538
Robert J. Mollah (5)	$120,932	$25,200	$—	$9,000	$155,132
Ronald P. Pettirossi (6)	$124,195	$—	$—	$9,000	$133,195
J. Robinson West (7)	$69,800	$25,200	$—	$9,000	$104,000

(1) All Directors other than William H. Hastings, due to his compensation as President and Chief Executive Officer until September 27, 2011 and then as Senior Advisor for Business Development, and J. Thomas Wilson, subsequent to his appointment as President and Chief Executive Officer of the Company effective September 27, 2011, received an annual base retainer of $35,000 for their Board service during fiscal year 2012. The Company discontinued compensating Mr. Wilson for his services as a Director upon his appointment as President and Chief Executive Officer. Under the terms of the Board's compensation policy for non-employee Directors adopted on May 27, 2009, as amended and restated through July 1, 2011, each non-employee Director other than Mr. Bogachev may receive an annual award of shares of Common Stock under Section 9 of the Company's 1998 Stock Incentive Plan, as amended (the “1998 Stock Incentive Plan”), with a value equal to $35,000, with the determination of the exact number of shares to be made on July 1st or on the date of the subsequent annual shareholders meeting (“Stock Award”). Mr. Bogachev has been ineligible to receive such a Stock Award due

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to certain listing rules of the Australian Securities Exchange, on which the Company's stock has been traded in the form of CHESS Depository Interests. In either case, the number of shares to be awarded shall be determined using the fair value of the shares on July 1 as set forth in the 1998 Stock Incentive Plan. The number of shares for each Director award pursuant to such Section 9, however, will be subject to a maximum annual cap of 15,000 shares. Any difference between the value of the equity award shares and $35,000 will be added back to the amount of the Board member cash retainer paid each year ("Make-Up Payment"). On July 1, 2011, the CNG Committee recommended and the Board approved an amendment to the policy to provide an annual cash award alternative to the annual Stock Award, whereby a non-employee Director may elect to receive $35,000 in cash to exercise Common Stock options previously awarded under the Plan, the exercise price of which is at least equal in value to the Common Stock eligible for receipt by the Director pursuant to the Stock Award (with the difference in the value of the options and $35,000 to be paid in cash, also a Make-Up Payment). On November 6, 2012, the CNG Committee recommended and the Board approved an amendment to the policy to eliminate the maximum annual cap of 15,000 shares, such that the entire $35,000 annual base retainer may be paid through an annual Stock Award. Mr. Bogachev received an additional cash payment of $35,000 because, as discussed above, he is not eligible to receive an annual Stock Award under the 1998 Stock Incentive Plan. Pursuant to SEC reporting rules, the compensation amounts paid by the Company to Mr. Wilson for his services as a Director prior to his appointment as President and Chief Executive Officer effective September 27, 2011 are included in the Summary Compensation Table below for the Company's named executive officers, and are set forth and described in the footnotes thereto. In addition, the compensation amounts paid by the Company to Mr. Hastings are included in the Summary Compensation Table below for the Company's named executive officers.

(2) Amounts reported include: Mr. Basso's annual retainer of $35,000, a $10,000 fee for service on the Audit Committee, an $8,000 fee for service on the CNG Committee, a $9,800 Make-Up Payment under the Company's non-employee Directors' compensation policy, a $9,000 medical reimbursement, and $28,491 (or 27,600 Australian dollars ("AUD")) for MPAL Board of Directors' fees shown in the table contained in footnote (9) below. For purposes of this note, all AUD amounts referenced were converted into U.S. Dollars ($) using an exchange rate of 1 Australian dollar = $1.0323, which was the average AUD-to-USD exchange rate for the fiscal year ended June 30, 2012.

(3) Amounts reported include: Mr. Bogachev's annual retainer of $70,000 and a $9,000 medical reimbursement. Mr. Bogachev does not receive an annual Stock Award because he is not eligible to receive equity awards under the 1998 Stock Incentive Plan. The Company has also paid Mr. Bogachev $294,824 in additional compensation for the fiscal year ended June 30, 2012 (see "Certain Relationships and Related Person Transactions - U.S. Federal Tax Withholdings," below).

(4) Amounts reported include: Mr. McCann's annual retainer of $35,000, a $25,000 fee for service as Lead Independent Director for the fiscal year ended June 30, 2012, a $10,000 fee for service as Chair of the CNG Committee, a $10,000 fee for service on the Audit Committee, a $9,800 Make-Up Payment, a $9,000 medical reimbursement, $2,343 for office expenses, including phone, internet, supplies, and occasional secretarial assistance, and $30,195 (or AUD $29,250) for the MPAL Board of Directors' fees shown in the table contained in footnote (9) below. For purposes of this note, all AUD amounts referenced were converted into U.S. Dollars ($) using an exchange rate of 1 Australian dollar = $1.0323, which was the average AUD-to-USD exchange rate for the fiscal year ended June 30, 2012.

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(5) Amounts reported include: Mr. Mollah's annual retainer of $35,000, a $8,000 fee for service on the CNG Committee, a Make-Up Payment of $9,800, a $9,000 medical reimbursement, and the MPAL Board fees as follows: (i) $16,518 (or AUD $16,001) for services as an MPAL Director and as Chairman of MPAL's Board of Directors and (ii) MPAL's payment of $51,614 (or AUD $49,999) for Mr. Mollah's benefit to a superannuation fund in Australia selected by Mr. Mollah, which is similar to an individual retirement plan account. For purposes of this note, all AUD amounts referenced were converted into U.S. Dollars ($) using an exchange rate of 1 Australian dollar = $1.0323, which was the average AUD-to-USD exchange rate for the fiscal year ended June 30, 2012.

(6) Amounts reported include: Mr. Pettirossi's annual retainer of $35,000, a $16,000 fee for service as Chair of the Audit Committee, an $8,000 fee for service on the CNG Committee, a $35,000 payment in cash to exercise stock options on July 1, 2011, a $9,000 medical reimbursement, and $30,195 (or AUD $29,250) for the MPAL Board of Directors' fees shown in the table contained in footnote (9) below. For purposes of this note, all AUD amounts referenced were converted into U.S. Dollars using an exchange rate of 1 Australian dollar = $1.0323, which was the average AUD-to-USD exchange rate for the fiscal year ended June 30, 2012.

(7) Amounts reported include: Mr. West's annual retainer of $35,000, a $25,000 fee for service as the Chairman of the Board for the fiscal year ended June 30, 2012, a $9,800 Make-Up Payment, and a $9,000 medical reimbursement.

(8) Each of Messrs. Basso, McCann, Mollah and Pettirossi was paid, consistent with prior years, cash fees directly by MPAL for their service on the MPAL Board of Directors during the fiscal year. In addition, Messrs. Mollah and Pettirossi also served on the MPAL Audit Committee during fiscal year 2012. All AUD amounts shown in the table below have been included in the table above after having been converted to U.S. Dollars ($) using an exchange rate of 1 Australian dollar = $1.0323, which was the average AUD-to-USD exchange rate for the fiscal year ended June 30, 2012.

MPAL Board Fees - fiscal year 2012 (all amounts shown in this table are in AUD)

Name	Fees Earned or Paid in Cash	All Other Compensation	Total
Donald V. Basso	$27,600	$—	$27,600
Walter McCann	$29,250	$—	$29,250
Robert J. Mollah	$16,001	$49,999	$66,000
Ronald P. Pettirossi	$29,250	$—	$29,250

(9) The amounts shown in the “Stock Award” and “Option Award” columns represent the aggregate grant date fair value of the equity awards made during the fiscal year ended June 30, 2012, calculated in accordance with the Financial Accounting Standards Board's Accounting Standards Codification (“ASC”) Topic 718. As of June 30, 2012, our Directors held the following unexercised stock option awards (whether or not exercisable) and unvested restricted stock awards:

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Unexercised Stock Options and Unvested Restricted Stock Awards as of June 30, 2012.

Name	Unexercised Stock Options	Unvested Restricted Stock Awards
Donald V. Basso	125,000	—
Nikolay V. Bogachev	—	—
William H. Hastings	2,712,500	—
Walter McCann	175,000	—
Robert J. Mollah	125,000	—
Ronald P. Pettirossi	103,125	—
J. Robinson West	250,000	—

(10) On July 1, 2011, an annual Stock Award of 15,000 shares was awarded to each of Messrs. Basso, McCann, Mollah, and West under Section 9 of the 1998 Stock Incentive Plan. The fair market value of a share of Common Stock on July 1, 2011 was $1.68. In lieu of an annual Stock Award, Mr. Pettirossi elected to receive $35,000 to exercise 21,875 previously awarded stock options at an exercise price of $1.60 per share.

(11) Amounts reported include medical reimbursement payments. Under the Company's medical reimbursement plan for all outside Directors, the Company reimbursed certain Directors the cost of their medical premiums, up to $750 per month. During fiscal year 2012, the aggregate cost of this reimbursement plan was $56,250.

Non-Employee Directors' Compensation Policy

Non-employee Directors of the Board receive annual compensation as set forth in the table below. With the exception of the compensation for the Lead Independent Director, the following compensation amounts took effect on July 1, 2009, and reflect the results of the CNG Committee's compensation study undertaken in 2008. The CNG Committee and the Board created the position of Lead Independent Director at their December 7-8, 2010, meetings and approved an annual compensation amount of $25,000 for that position.

Compensation Type	Amount
Annual Board Member, cash retainer	$35,000
Annual Stock Award [(1)]	$35,000
Chairman of the Board, cash fee	$25,000
Lead Independent Director, cash fee	$25,000
Chairman of the Audit Committee, cash fee	$16,000
Chairman of the CNG Committee, cash fee	$10,000
Member of the Audit Committee, cash fee	$10,000
Member of the CNG Committee, cash fee	$8,000

[(1)] See Note 1 to the Director Compensation Table above.

Medical Reimbursement Plan

Under the Company's medical reimbursement plan for all outside Directors, the Company reimbursed certain Directors the cost of their medical premiums, up to $750 per month. During fiscal year 2012, the aggregate cost of this reimbursement plan was $56,250.

Share Ownership Guidelines

In conjunction with the revised compensation policy for non-employee Directors, the Board also adopted share ownership guidelines for the non-employee Directors. Under the guidelines, each non-

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employee Director will be required to own a minimum of 100,000 shares of the Company's Common Stock. For all Directors serving on the Board since 2009, the guidelines must be satisfied by July 1, 2013. Messrs. McCann, Pettirossi, and West are already in compliance with the share ownership guidelines. Shares purchased in the open market and shares received by Directors as annual equity awards under Section 9 of the 1998 Stock Incentive Plan may be credited toward the satisfaction of the ownership guideline.

CORPORATE GOVERNANCE

Director Independence

The Company's Common Stock is listed on the NASDAQ Capital Market under the trading symbol “MPET.” NASDAQ listing rules require that a majority of the Company's Directors be “independent directors” as defined by NASDAQ corporate governance standards. Generally, a Director does not qualify as an independent director if the Director has, or in the past three years has had, certain material relationships or affiliations with the Company, its external or internal auditors, or is an employee of the Company.

The Board is currently comprised of eight Directors: Donald V. Basso, Nikolay V. Bogachev, Walter McCann, Robert J. Mollah, Ronald P. Pettirossi, Milam Randolph Pharo, J. Robinson West, and J. Thomas Wilson. The Board has made its annual determination regarding the independence of its members, concluding that each of Messrs. Basso, McCann, Mollah, Pettirossi, and West are “independent” for purposes of NASDAQ listing standards, and that each of the three members of the Audit Committee are also “independent” for purposes of Section 10A(m)(3) of the Exchange Act. The Board also determined that Brendan S. MacMillan, a new nominee for election as a Director, would be "independent" for the purposes of NASDAQ listing standards. The Board has further determined that:

(i) Mr. Bogachev could not, in light of additional compensation of $294,824 paid to him for 2012, be considered an “independent director” under NASDAQ listing standards (see “Certain Relationships and Related Person Transactions - U.S. Federal Tax Withholdings”); (ii) Mr. Pharo could not, in light of his employment and compensation by the Company during the past three years, be considered an “independent director” under NASDAQ listing standards; and (iii) Mr. Wilson could not, in light of his current position as the Company's President and CEO, the February 2, 2009, award of 387,500 stock options, and his July 9, 2009 consulting agreement with the Company and payments made thereunder prior to his appointment as President and CEO, be considered an “independent director” under NASDAQ listing standards. The Board based these determinations primarily on a review of Company records and the responses of the Directors and executive officers to questions regarding employment and compensation history, affiliations, family, and other relationships, together with an examination of those companies with whom the Company transacts business. With respect to Mr. West, the Board considered the following factors in establishing his status as an independent director under NASDAQ listing rules: (i) the consulting relationship between Mr. West's firm, PFC Energy, Inc., and the Company during the fiscal years ended June 30, 2011, and 2012 (see “Certain Relationships and Related Person Transactions - Consulting Relationship with PFC Energy, Inc.,” below); and (ii) Mr. West's service as a non-employee director of Lambert Energy Advisors, a financial advisory firm to the energy industry, which is based in London, U.K., and which was retained by MPAL, the Company's subsidiary, in 2010 to conduct an advisory assignment with respect to certain of MPAL's assets owned in the U.K.

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Board Leadership Structure; Executive Sessions

From 2004 to December 2008, the Company employed a President/CEO who did not serve on the Board. The Company's prior President/CEO, William H. Hastings, was elected to the Board in December 2008, concurrent with his appointment as President/CEO. Mr. Hastings served as our President/CEO until stepping aside on September 27, 2011 due to the Board's decision to relocate the Company headquarters to Denver, Colorado, from Portland, Maine. The Company's current President and CEO, J. Thomas Wilson, a Director of, and former senior consultant to, the Company and a resident of Denver, Colorado, was appointed President/CEO effective September 27, 2011, the date that Mr. Hastings resigned from that position. Subject to the election of Mr. Mollah as Director pursuant to Proposal 1, Mr. Mollah will continue to serve on the Board.

J. Robinson West, who has served on our Board since 2010, has served as the independent Chairman of the Board since December 8, 2010. Walter McCann, a Board member since 1983, served as independent Chairman of the Board from July 1, 2004, through December 8, 2010. As of December 8, 2010, the Board elected Mr. McCann as the Board's Lead Independent Director. As Lead Independent Director, Mr. McCann is responsible for (i) presiding at meetings of the Board at which the Chairman is not present, including executive sessions of the independent Directors; (ii) serving as liaison between the Chairman and the independent Directors as appropriate; (iii) reviewing information and meeting agendas to be sent to the Board; (iv) calling meetings of the independent Directors, if appropriate; and (v) any other matters that may arise consistent with these responsibilities and effective corporate governance.

As set forth above, the separate roles of Chairman and of President/CEO are not held by the same person. The division of responsibilities between the roles of Chairman and President/CEO are based upon an ongoing understanding between President/CEO and the full Board. The Board exercises independent oversight over the Company. In accordance with NASDAQ listing rules, our independent Directors meet at least two times per year in executive session, without management present. The executive sessions are presided over by the Chairman of the Board, or in his absence, the Lead Independent Director.

The Board believes that having different personnel serving in the roles of President/CEO and Chairman, together with a strong Lead Independent Director, is in the best interest of shareholders because it provides the appropriate balance between Company and industry expertise in strategy development and independent oversight of management.

Mr. McCann, as the Lead Independent Director, also serves as the Chairman of the CNG Committee and as a member of the Audit Committee.

Board Role in Risk Oversight

The Board has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. The Board regularly receives reports from members of senior management on areas of material risk to the Company, including operational, financial, legal, regulatory, environmental, and strategic and reputational risks. The full Board or an appropriate committee receives these reports from the appropriate executive so that it may understand and oversee the strategies to identify, manage, and mitigate risks. When it is a committee receiving the report, the chairman of that committee makes a report on the discussion to the full Board of Directors at its next meeting. The Board's CNG Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Audit Committee oversees management of financial, legal, and regulatory risks. The CNG Committee manages risks associated with the independence of the Board of Directors and potential conflicts of interest, in conjunction with a special committee of Directors, if constituted from time to time.

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Code of Conduct and Business Ethics

We previously adopted a Code of Conduct for the Company (the “Code”), which was originally named the Standards of Conduct. The Board amended the Code in August 2004 and July 2012. A copy of the Code was filed as Exhibit 14.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012. The Code summarizes the compliance and ethical standards and expectations we have for all of our officers, Directors, and employees, including our President/CEO and senior financial officers, with respect to their conduct in connection with our business. Our Code constitutes our code of ethics within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the NASDAQ listing standards. Under the Code, all Directors, officers, and employees (“Employees”) must demonstrate a commitment to ethical business practices and behavior in all business relationships, both within and outside of the Company. All Employees who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose. Any waivers of or changes to the Code must be approved by the Board and appropriately disclosed under applicable law and regulation.

The Code is available on the Company's website, http://www.magellanpetroleum.com, under the heading “About Us - Corporate Governance.” We intend to provide disclosure regarding waivers of or amendments to the Code by posting such waivers or amendments to the website in the manner provided by applicable law.

Standing Board Committees

The standing committees of the Board are the Audit Committee, which is comprised of Messrs. Basso, McCann, and Pettirossi (Chairman), and the CNG Committee, which is comprised of Messrs. McCann (Chairman), Basso, Mollah, and Pettirossi. During fiscal year 2012 and currently, none of Messrs. Hastings, Bogachev, West, or Wilson serve as a member of any formal standing committee of the Board. As discussed below under the heading “Special and Ad Hoc Committees,” the Board authorized

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committees to perform certain specified functions during the fiscal year ended June 30, 2012.
The election of Messrs. Bogachev and Wilson to our Board became effective on July 9, 2009, in connection with the completion of YEP's strategic investment in the Company. During the fiscal year ended June 30, 2012, neither Mr. Bogachev nor Mr. Wilson were members of the two formal standing committees of the Board. Though not currently serving as a member of any standing committee of the Board, pursuant to YEP's Securities Purchase Agreement with the Company dated as of February 9, 2009, as amended, both Mr. Bogachev and Mr. Wilson may elect to be designated as members of the Board's Audit Committee and CNG Committee, respectively, provided that each of them, respectively, satisfies all established requirements for membership on these two Committees. Since the Board has determined that each of Messrs. Bogachev and Wilson are not independent, neither may serve on the Audit Committee or the CNG Committee.

Board and Committee Meetings Held During the 2012 Fiscal Year

Fourteen meetings of the Board of Directors, nine meetings of the Audit Committee, and fourteen meetings of the CNG Committee were held during the fiscal year ended June 30, 2012. During the fiscal year ended June 30, 2012, no Director attended fewer than 75% of (i) the total number of meetings of the Board, and (ii) the total number of meetings held by all committees of the Board on which he served.

Audit Committee

The Company's Board of Directors maintains an Audit Committee that is currently composed of the following Directors: Messrs. Basso, McCann, and Pettirossi (Chairman). The functions of the Audit Committee are set forth in its written charter, which was most recently amended in February 2011 (the “Audit Charter”). The Audit Charter is also posted on the Company's website, http://www.magellanpetroleum.com, under the heading “About Us - Corporate Governance.”
Under its charter, the Audit Committee is responsible for assisting the Board in overseeing the integrity of the Company's financial statements, including: (1) selecting, evaluating, and, where appropriate, replacing the Company's independent registered public accounting firm (the “Outside Auditor”); (2) approving the level of compensation of the Outside Auditor; (3) providing oversight of the work of the Outside Auditor (including resolution of disagreements between management and the Outside Auditor regarding financial reporting); (4) preapproving all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company (or its subsidiaries) by the Outside Auditor, subject to certain de minimis exceptions for non-audit services; (5) assessing the Outside Auditor's independence on an annual basis; and (6) reviewing with the Outside Auditor and management the adequacy and effectiveness of the accounting and internal controls over financial reporting of the Company. The Audit Committee has the authority to institute special investigations and to retain outside advisors as it deems necessary in order to carry out its responsibilities.
The Board has determined that all of the members of the Audit Committee are “independent,” as defined by the rules of the SEC and the NASDAQ Stock Market, Inc., that each of the members of the Audit Committee is financially literate, and that Mr. Pettirossi is an “audit committee financial expert”, as such term is defined under SEC regulations, by virtue of having the following attributes through relevant education and/or experience:

i. an understanding of generally accepted accounting principles and financial statements;

ii. the ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves;

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iii. experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;
iv. an understanding of internal controls and procedures for financial reporting; and
v. an understanding of audit committee functions.

As described in the Audit Committee's written charter, the Audit Committee maintains and oversees procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing, or other matters; and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting, auditing, or other matters.

Compensation, Nominating and Governance Committee

The CNG Committee is comprised of Messrs. McCann (Chairman), Basso, Mollah, and Pettirossi. The functions of the CNG Committee are set forth in its written charter, which was initially adopted on May 27, 2009, and revised on December 9, 2009 (the “CNG Charter”). The CNG Charter is posted on the Company's website, http://www.magellanpetroleum.com, under the heading “About Us - Corporate Governance.”

Under its charter, the CNG Committee is responsible for assisting the Board in overseeing the Company's management compensation policies and practices, including: (a) determining and recommending to the Board for its approval the compensation of Mr. Wilson, our President/CEO, and the Company's other executive officers; (b) reviewing and recommending to the Board for its approval management incentive compensation policies and programs and exercising discretion in the administration of such programs; and (c) reviewing and recommending to the Board for its approval equity compensation programs for Directors, officers, employees, and consultants and exercising discretion in the administration of such programs, including the 1998 Stock Incentive Plan. The CNG Committee's governance and nominating duties include, among other things: (i) developing and recommending to the Board the criteria for membership on the Board and identifying, screening, and reviewing individuals qualified to serve as Directors, based on such membership criteria; (ii) recommending to the Board candidates for nomination for election or re-election by the shareholders; (iii) reviewing annually with the Board the composition of the Board as a whole, including whether the Board reflects the appropriate balance of independence, sound judgment, business specialization, technical skills, diversity, and other desired qualities