

MAGELLAN PETROLEUM CORP /DE/
Form PRRN14A
October 27, 2008

**REVISED PRELIMINARY COPY– SUBJECT TO COMPLETION
DATED OCTOBER 27, 2008**

**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 ..
Filed by a Party other than
the Registrant x

Check the appropriate box:

- x Revised Preliminary Proxy Statement
- .. Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- .. Definitive Proxy Statement
- .. Definitive Additional Materials
- .. Soliciting Material Pursuant to §240.14a-12

MAGELLAN PETROLEUM CORPORATION

(Name of Registrant as Specified In Its Charter)

**ANS INVESTMENTS LLC
JONAH M. MEER**

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(8) Filing Party:

(9) Date Filed:

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**2008 ANNUAL MEETING OF THE STOCKHOLDERS
OF
MAGELLAN PETROLEUM CORPORATION**

**PROXY STATEMENT
OF
ANS INVESTMENTS LLC
AND
JONAH M. MEER**

To Fellow Stockholders:

This proxy statement (the “Proxy Statement”) and the accompanying BLUE proxy card are being furnished to the stockholders of Magellan Petroleum Corporation, a Delaware corporation (“Magellan Petroleum” or the “Company”), by ANS Investments LLC, a Delaware limited liability company (“ANS Investments”) and Jonah M. Meer, in connection with the solicitation of proxies by ANS Investments and Mr. Meer (collectively, “we” or “us”) to be used at the 2008 Annual Meeting of Stockholders of Magellan Petroleum, including any adjournments, postponements, reschedulings or continuations thereof and any meeting which may be called in lieu thereof (the “2008 Annual Meeting”). The 2008 Annual Meeting is scheduled to be held at _____ on _____, 2008, at _____, Eastern Time. This proxy statement and the accompanying BLUE proxy card are first being furnished to stockholders on or about _____, 2008.

We have a significant amount of our capital invested in Magellan Petroleum and, as of the date hereof, are, in the aggregate, the beneficial holder of 876,175 shares of the common stock, par value \$.01 per share (the “Magellan Common Stock” or the “Shares”), of Magellan Petroleum, representing approximately 2.1% of the issued and outstanding Shares, based upon the 41,500,325 shares of Magellan Common Stock reported to issued and outstanding as of September 25, 2008 in the Magellan Petroleum Annual Report on Form 10-K for the fiscal year ended June 30, 2008 as filed with the U.S. Securities and Exchange Commission (the “SEC” or the “Commission”) on September 25, 2008 (the “Magellan Petroleum 2008 Form 10-K”). See “Annex I” for more information about our beneficial ownership.

THIS SOLICITATION IS BEING MADE BY ANS INVESTMENTS AND NOT ON BEHALF OF THE BOARD OF DIRECTORS OF MAGELLAN PETROLEUM (THE “MAGELLAN PETROLEUM BOARD”).

We are soliciting your proxy for the 2008 Annual Meeting regarding the following proposals:

1. To elect our nominee, Jonah M. Meer (the “Nominee”), to serve until Magellan Petroleum’s 2011 Annual Meeting of Stockholders and until his successor is duly elected and qualified (“Proposal One”);
2. Resolution urging the Magellan Petroleum Board to take the necessary steps to eliminate its classified nature so that all directors are required to stand for election on an annual basis (“Proposal Two”); and
3. To repeal each provision of the Amended and Restated Bylaws of Magellan Petroleum (the “Magellan Petroleum Bylaws”) and any and all amendments to the Magellan Petroleum Bylaws adopted (whether effected by supplement to, deletion from or revision of the Magellan Petroleum Bylaws) since April 18, 2007 (the last date of reported changes) and before the effectiveness of the foregoing Proposals and the seating of the Nominee on the Magellan Petroleum Board, other than those provisions which were duly adopted by the stockholders of Magellan Petroleum and those provisions which under Delaware law cannot be repealed by the stockholders of Magellan Petroleum, and to provide that, without the affirmative vote of the holders of a majority of the stock of Magellan Petroleum having voting power, the Magellan Petroleum Board may not thereafter amend any section of the Magellan Petroleum Bylaws affected by such repeal or adopt any new Bylaw provision in a manner which serves to reinstate any repealed provision or adopt any provision having a similar effect as the repealed provision (“Proposal Three,” and collectively with Proposal One and Proposal Two, the “Proposals”).

OUR NOMINEE, JONAH M. MEER, IS COMMITTED TO ACTING IN THE BEST INTEREST OF ALL STOCKHOLDERS OF MAGELLAN PETROLEUM. WE BELIEVE THAT ELECTING OUR HIGHLY QUALIFIED AND EXPERIENCED NOMINEE TO THE MAGELLAN PETROLEUM BOARD AND THE APPROVAL OF OUR OTHER PROPOSALS WILL HAVE A POSITIVE EFFECT ON THE FUTURE OF MAGELLAN PETROLEUM. ACCORDINGLY, WE STRONGLY URGE YOU TO VOTE YOUR BLUE PROXY CARD FOR OUR NOMINEE AND IN ACCORDANCE WITH OUR RECOMMENDATIONS WITH RESPECT TO THE OTHER PROPOSALS DESCRIBED IN THIS PROXY STATEMENT.

WE STRONGLY URGE YOU NOT TO SIGN ANY PROXY CARD SENT TO YOU BY MAGELLAN PETROLEUM. IF YOU HAVE ALREADY RETURNED A WHITE PROXY CARD FURNISHED BY MAGELLAN PETROLEUM’S MANAGEMENT, YOU MAY REVOKE THAT PROXY BY SIGNING, DATING AND RETURNING THE ENCLOSED BLUE PROXY CARD. THE LATEST DATED PROXY IS THE ONLY ONE THAT COUNTS. ANY PROXY MAY BE REVOKED AT ANY TIME PRIOR TO IT BEING VOTED AT THE 2008 ANNUAL MEETING (I) BY EITHER DELIVERING A WRITTEN NOTICE OF REVOCATION OR A LATER-DATED BLUE PROXY CARD FOR THE 2008 ANNUAL MEETING IN THE ENVELOPE PROVIDED, (II) BY DELIVERING TO MAGELLAN PETROLEUM (ATTENTION: CORPORATE SECRETARY) A WRITTEN NOTICE STATING THAT YOUR PROXY IS REVOKED, OR (III) BY VOTING IN PERSON AT THE 2008 ANNUAL MEETING.

WE STRONGLY URGE HOLDERS OF SHARES AS OF THE RECORD DATE TO SUBMIT A BLUE PROXY CARD EVEN IF YOUR SHARES WERE SOLD AFTER THE RECORD DATE.

IF YOUR SHARES ARE HELD IN THE NAME OF A BROKERAGE FIRM, BANK OR OTHER NOMINEE ON THE RECORD DATE, ONLY THAT NOMINEE CAN VOTE THOSE SHARES AND ONLY UPON RECEIPT OF YOUR SPECIFIC INSTRUCTIONS. ACCORDINGLY, PLEASE RETURN YOUR BLUE PROXY CARD AT YOUR FIRST OPPORTUNITY. PLEASE DO SO FOR EACH ACCOUNT YOU MAINTAIN AND CONTACT THE PERSON RESPONSIBLE FOR YOUR ACCOUNT AND INSTRUCT THAT PERSON TO SIGN AND RETURN ON YOUR BEHALF THE BLUE PROXY CARD AS SOON AS POSSIBLE.

A BLUE PROXY CARD THAT IS RETURNED TO US WILL BE VOTED IN ACCORDANCE WITH YOUR INSTRUCTIONS MARKED THEREON. IF YOU HAVE SIGNED THE BLUE PROXY CARD AND NO MARKING IS MADE, YOU WILL BE DEEMED TO HAVE GIVEN A DIRECTION TO VOTE ALL OF YOUR SHARES (I) FOR THE ELECTION OF OUR NOMINEE; (II) "FOR" OUR RESOLUTION URGING THE MAGELLAN PETROLEUM BOARD TO TAKE THE NECESSARY STEPS TO ELIMINATE THE CLASSIFIED NATURE OF THE MAGELLAN PETROLEUM BOARD SO THAT ALL DIRECTORS ARE REQUIRED TO STAND FOR ELECTION ON AN ANNUAL BASIS; AND (III) "FOR" OUR PROPOSAL TO REPEAL ANY AMENDMENTS TO THE MAGELLAN PETROLEUM BYLAWS ADOPTED BY THE MAGELLAN PETROLEUM BOARD SINCE APRIL 18, 2007.

IMPORTANT

Only holders of record of shares of Magellan Petroleum Common Stock as of the close of business on _____, 2008 (the "Record Date") are entitled to notice of, and to attend and to vote at, the 2008 Annual Meeting. According to the proxy statement that Magellan Petroleum has filed with the SEC on _____, 2008 with respect to the 2008 Annual Meeting (the "Magellan Petroleum Proxy Statement"), as of the Record Date, there were _____ Shares issued and outstanding and entitled to vote at the 2008 Annual Meeting.

As of the Record Date, we may be deemed to beneficially own (as beneficial ownership is defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), in the aggregate, 876,175 Shares, representing approximately 2.1% of the issued and outstanding Shares (based upon the 41,500,325 Shares reported to be issued and outstanding in the Magellan Petroleum 2008 Form 10-K as of September 25, 2008). See "Annex I" for more information about our beneficial ownership.

As of the most recent practicable date prior to the filing of this Proxy Statement, we may be deemed to beneficially own (as beneficial ownership is defined in Rule 13d-3 under the Exchange Act), in the aggregate, 876,175 Shares, representing approximately 2.1% of the issued and outstanding Shares (based upon the 41,500,325 Shares reported to be issued and outstanding in the Magellan Petroleum 2008 Form 10-K as of September 25, 2008). See "Annex I" for more information about our beneficial ownership.

WE INTEND TO VOTE OUR SHARES: (I) “FOR” THE ELECTION OF OUR NOMINEE, JONAH M. MEER; (II) “FOR” OUR RESOLUTION URGING THE MAGELLAN PETROLEUM BOARD TO TAKE THE NECESSARY STEPS TO ELIMINATE THE CLASSIFIED NATURE OF THE MAGELLAN PETROLEUM BOARD SO THAT ALL DIRECTORS ARE REQUIRED TO STAND FOR ELECTION ON AN ANNUAL BASIS; AND (III) “FOR” OUR PROPOSAL TO REPEAL ANY AMENDMENTS TO THE MAGELLAN PETROLEUM BYLAWS ADOPTED BY THE MAGELLAN PETROLEUM BOARD SINCE APRIL 18, 2007.

Each of the aforementioned proposals is described in more detail in this Proxy Statement. None of our proposals is conditioned on stockholder approval of any other matter to be voted on at the 2008 Annual Meeting.

The election of our Nominee requires (i) the affirmative vote of a majority of the shares voted, and (ii) the affirmative vote of the majority of the stockholders present in person or by proxy at the 2008 Annual Meeting and voting thereon, provided that a quorum exists. However, if no one candidate for a directorship receives the affirmative vote of a majority of both the shares voted and of the stockholders present in person or by proxy at the Annual Meeting and voting thereon, then the candidate who receives the majority in number of the stockholders present in person or by proxy and voting at the 2008 Annual Meeting thereon shall be elected. The vote required to approve the other proposals to be voted upon at the 2008 Annual Meeting is described elsewhere in this Proxy Statement. See “REQUIRED VOTE.”

We intend to deliver a proxy statement and form of proxy to holders of at least the percentage of the Shares required to approve the Proposals.

YOUR VOTE IS IMPORTANT, NO MATTER HOW FEW SHARES THAT YOU OWN. WE STRONGLY URGE YOU TO MARK, SIGN, DATE, AND RETURN TODAY THE ENCLOSED BLUE PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED TO VOTE:

(I) “FOR” THE ELECTION OF OUR NOMINEE;

(II) “FOR” OUR RESOLUTION URGING THE MAGELLAN PETROLEUM BOARD TO TAKE THE NECESSARY STEPS TO ELIMINATE THE CLASSIFIED NATURE OF THE MAGELLAN PETROLEUM BOARD SO THAT ALL DIRECTORS ARE REQUIRED TO STAND FOR ELECTION ON AN ANNUAL BASIS; AND

(III) “FOR” OUR PROPOSAL TO REPEAL ANY AMENDMENTS TO THE MAGELLAN PETROLEUM BYLAWS ADOPTED BY THE MAGELLAN PETROLEUM BOARD SINCE APRIL 18, 2007.

We have retained The Altman Group, Inc. (the “Altman Group”) for advisory and consulting services and to assist in communicating with stockholders in connection with the proxy solicitation and to assist in our efforts to obtain proxies. If you have any questions, require assistance in executing your BLUE proxy card, need additional information concerning these proxy materials or need additional copies of this Proxy Statement, please contact:

**The Altman Group, Inc.
1200 Wall Street West
Lyndhurst, NJ 07071**

**Stockholders Call Toll-Free: (866) 340-6685
Banks and Brokerage Firms Call Collect: (201) 806-7300**

REASONS FOR THE PROXY SOLICITATION

We are significant stockholders of Magellan Petroleum. We currently beneficially own in the aggregate a total of 876,175 Shares, representing approximately 2.1% of the issued and outstanding Shares (based upon the 41,500,325 Shares reported to be issued and outstanding in the Magellan Petroleum 2008 Form 10-K as of September 25, 2008). All of our Shares were purchased in the open market. See “Annex I” for more information about our beneficial ownership. As significant stockholders of Magellan Petroleum, we have one simple goal - **to enhance value for all stockholders.**

We believe that we have nominated a highly successful, qualified and experienced nominee, Jonah M. Meer, who will bring to the Magellan Petroleum Board a firm commitment to, and a very high respect for, corporate governance and a commitment to positioning Magellan Petroleum for long-term growth, profitability, market leadership and increasing returns for investors.

While the summary biographical information provided herein for the Nominee speaks for itself, our Nominee is highly successful, qualified and experienced. We believe that the election of our Nominee, an individual with a strong background as a senior executive and director of public companies, will strengthen the Magellan Petroleum Board by adding an independent director with a stockholder orientation and focus, extensive accounting and financial expertise, and a firm and unwavering commitment to enhancing stockholder value, improving operating performance, improving oversight of management, holding management accountable and enhancing corporate governance. He understands the role of a board of directors is to set the direction for, and guide, the management of a company and hold management accountable for executing on board-approved strategic and operational plans. He understands the need for the application of rigorous financial discipline. If elected, our Nominee will be a strong and vocal advocate for the changes that are necessary to position Magellan Petroleum for future growth and enhance stockholder value. He will be committed to helping Magellan Petroleum enter an exciting new era of revenue growth, profitability and increased stockholder returns.

Our Nominee provides the stockholders with the opportunity to register their lack of confidence in the ability of the Magellan Petroleum Board to enhance stockholder value and their disappointment with Magellan Petroleum’s handling of its Australian tax debacle that resulted in Magellan Petroleum and its subsidiaries being required to pay to the Australian tax authorities the sum of (AUS) \$14.6 million (U.S. \$13.1 million) as well as with the accounting issues that caused Magellan Petroleum to announce in early September that stockholders could no longer rely on the financial information contained in its three most recent quarterly financial reports filed with the SEC.

Our Nominee recognizes his fiduciary obligations to all stockholders and will not permit any person to hinder him in complying strictly with his fiduciary duties under applicable law. He intends to not only hold management accountable, but also to hold the other members of the Magellan Petroleum Board accountable for compliance with their fiduciary duties. He intends to take all actions necessary or desirable to make informed and thoughtful decisions and exercise effective oversight. Our Nominee’s greatest loyalty will be to the stockholders of Magellan Petroleum and not to any individual director or stockholder and he will not be hesitant to challenge the authority of any director, including any person selected to serve as Chairman or Lead Director, if he believes that such director is interfering with the exercise of his fiduciary duties under applicable law.

We believe that our Nominee, if elected, would enhance the overall independence of the Magellan Petroleum Board and cause independent directors to play an increased role in the governance of Magellan Petroleum. Not only do we believe that our Nominee qualifies for consideration as an independent director under the definition of independent director adopted by Nasdaq, but we also believe that he would be considered independent under the definitions of independent director adopted by the New York Stock Exchange, the RiskMetrics Group, the National Association of Corporate Directors and the Council of Institutional Investors.

As much as we would have liked to have avoided the time and expense of a costly, disruptive and distracting proxy contest, the events of the past year have convinced us that this proxy solicitation is not only inevitable but absolutely necessary to improve operating performance, enhance oversight of management, enhance corporate governance and enhance value for all stockholders. Indeed, for the past year, we have made numerous attempts to engage the Board and senior management of Magellan Petroleum in a constructive and meaningful dialogue concerning a host of issues relating how best to collaborate and work together to enhance and grow stockholder value, including our thoughts and suggestions on changes in strategy, operations, focus and use of capital that we believe, if implemented, would have the potential to improve stockholder returns. We believe that there are clearly a number of untapped opportunities to improve value at Magellan Petroleum through, among other things, sharper strategic focus, better operational execution, more efficient uses of capital and enhanced oversight of management. Through constructive engagement, we had hoped to be a productive catalyst for enhancing stockholder value.

Unfortunately, the Magellan Petroleum Board has repeatedly spurned our overtures, and we have found the Magellan Petroleum Board to be unapproachable, unwilling to listen to our ideas and suggestions and unresponsive to our concerns with respect to, among other things, the Australian tax debacle (discussed further herein), operating performance, corporate governance and other issues affecting, or which could have the potential to affect, stockholder value. As recently as this past July, we received a letter from Magellan Petroleum's outside counsel requesting that we immediately cease all further direct communications with the members of the Magellan Petroleum Board and Magellan Petroleum's Chief Executive Officer, Daniel J. Samela, and to funnel all of our future correspondence through such counsel for his prior review. The outside counsel indicated that he was making such request at Magellan Petroleum's direction. As a result of such request, and our perception that this meant that the Magellan Petroleum Board was not interested in constructively engaging with us, we concluded that the only viable alternative to effect constructive change at Magellan Petroleum was to take our concerns directly to the attention of our fellow stockholders.

We believe that the Magellan Petroleum Board has had ample opportunity to take steps to enhance stockholder value and it has failed. **IT IS TIME FOR A CHANGE.** Among our reasons for conducting this proxy solicitation are the following:

**THE AUSTRALIAN TAX DEBACLE HAS RESULTED IN
MAGELLAN PETROLEUM AND
ITS SUBSIDIARIES BEING REQUIRED TO PAY
(AUS) \$14.6 MILLION (U.S. \$13.1 MILLION) TO
THE AUSTRALIAN TAX AUTHORITIES**

In February of this year, Magellan Petroleum settled its tax dispute with the Australian tax authorities relating to an audit that found that Magellan Petroleum's Australian subsidiary had claimed substantial tax deductions to which it was not entitled. That settlement required Magellan Petroleum and its subsidiaries to pay the Australian tax authorities, in the aggregate, (AUS) \$14.6 million (U.S. \$13.1 million) and caused Magellan Petroleum to report a net loss for its fiscal year ended June 30, 2008 of approximately \$8.9 million. Rather than take responsibility and hold someone in management accountable for claiming these disallowed deductions, in its public communications, Magellan Petroleum attributes the tax dispute to aggressive actions taken by the Australian tax authorities and attempts to "sell the settlement" as necessary to avoid "a protracted and costly legal battle" with the Australian tax authorities.

**MAGELLAN PETROLEUM HAS ADMITTED THAT IT HAS PREVIOUSLY RELEASED UNRELIABLE
FINANCIAL INFORMATION**

In early September of this year, Magellan Petroleum publicly announced that stockholders can no longer rely on the financial information contained in its quarterly reports on Form 10-Q filed with the SEC for the quarterly periods ended September 30, 2007, December 31, 2007 and March 31, 2008 due to certain miscalculations that caused certain expenses to be understated. Magellan Petroleum disclosed its accounting problems in a Current Report on Form 8-K filing made with the SEC on September 3, 2008. Interestingly, that same Form 8-K indicated that disclosure of these accounting issues and the need for corrections was made to the Australian Securities and Investments Commission and the Australian Stock Exchange on Friday, August 29, 2008. For reasons that are not clear to us, Magellan Petroleum then waited until Wednesday, September 3, 2008, to make the required filings with the SEC on a Form 8-K to disclose these accounting issues. The aforementioned accounting issues are also discussed by Magellan Petroleum in an "explanatory note" included at the beginning of the Magellan Petroleum 2008 Form 10-K.

**THE MAGELLAN PETROLEUM BOARD HAS OVERSEEN A DETERIORATION
OF THE FINANCIAL PERFORMANCE OF MAGELLAN PETROLEUM
CULMINATING IN THE COMPANY REPORTING A LOSS
FOR ITS FISCAL YEAR ENDED JUNE 30, 2008**

According to the Magellan Petroleum 2008 Form 10-K, Magellan Petroleum had a net loss for its fiscal year ended June 30, 2008 of approximately \$8.9 million caused by, among other factors, its settlement with the Australian tax authorities. This is the first time that Magellan Petroleum has reported a net loss since its fiscal year ended June 30, 1992. In addition, there has been a significant increase in Magellan Petroleum's operating expenses during the fiscal year ended June 30, 2008, including auditing, accounting and legal expenses which have increased 75% (due in part to the Australian tax debacle) and other administrative expenses which have increased 33%, in each case when compared to the fiscal year ended June 30, 2007.

**MAGELLAN PETROLEUM'S STOCK PRICE HAS
FALLEN SIGNIFICANTLY FROM ITS 52-WEEK HIGH AND,
AT LESS THAN \$1.00 PER SHARE, MAGELLAN PETROLEUM
COMMON STOCK IS CURRENTLY AT RISK OF BEING DELISTED
FROM THE NASDAQ CAPITAL MARKET**

We believe that a company's stock price is the ultimate report card of its management and its board of directors. As the stockholders of Magellan Petroleum know too well, the market performance of Magellan Petroleum Common Stock has been less than impressive over the past twelve months and it has recently fallen below \$1.00 per share. At its current stock price of \$.86 (closing price reported on Nasdaq on October 24, 2008), Magellan Petroleum's stock price has tumbled approximately 58% from its 52-week high of \$2.05 which was reached on May 21, 2008. If the share price of Magellan Common Stock remains below \$1.00, there is a risk that Magellan Common Stock would be delisted from trading on the Nasdaq Capital Market which could adversely affect its liquidity and value. In the Magellan Petroleum 2008 Form 10-K, Magellan Petroleum included the following disclosure regarding the potential risk that would result from its share price falling below \$1.00:

"In order for us to maintain the listing of our shares of common stock on the Nasdaq Capital Market, the Company's shares must maintain a minimum bid price of \$1.00 as set forth in Marketplace Rule 4310(c)(4). If the bid price of the Company's shares trade below \$1.00 for 30 consecutive trading days, then the bid price of the Company's shares must trade at \$1.00 or more for 10 consecutive trading days during a 180 day grace period to regain compliance with the rule. . . If the Company shares were to be delisted from trading on the Nasdaq Capital Market, then most likely the shares would be traded on the Electronic Bulletin Board, or OTC-BB. The delisting of the Company's shares from NASDAQ could adversely impact the liquidity and value of the Company's shares."

At Magellan Petroleum's 2007 Annual Meeting of Stockholders held on December 6, 2007 (the "2007 Annual Meeting"), at the request of the Magellan Petroleum Board, stockholders approved a stockholder resolution to authorize the Magellan Petroleum Board, in its sole and absolute discretion without further action of the stockholders, to amend the Magellan Petroleum Charter to implement a reverse stock split of Magellan Common Stock, at a ratio of not less than 1-for-2 and not greater than 1-for-10 at any time prior to December 31, 2009, with the exact ratio to be determined by the Magellan Petroleum Board of Directors (the "Reverse Split"). Among the reasons given by the Company in its proxy statement for the 2007 Annual Meeting for seeking stockholder approval of the Reverse Stock Split was to reduce Magellan Petroleum's risk of not continuing to meet Nasdaq's listing requirement that if it could not maintain a minimum bid price of \$1.00 as set forth in Nasdaq Marketplace Rule 4310(c)(4). While stockholders did approve the Reverse Stock Split, more than eight million shares, representing approximately 20% of the issued and outstanding shares, of Magellan Common Stock were voted against the Reverse Stock Split. We were opposed to the Reverse Stock Split and believe that it is detrimental to Magellan Petroleum and not in the best interests of stockholders. As Magellan Petroleum itself conceded in its proxy statement for the 2007 Annual Meeting in discussing the various risks that stockholders needed to be aware of in deciding whether to approve the Reverse Stock Split:

“A reverse stock split is often viewed negatively by the market and, consequently, can lead to a decrease in our overall market capitalization.”

Accordingly, given that the price of Magellan Common Stock has fallen below \$1.00 per share, not only are we concerned with the possibility that Nasdaq may decide to initiate a delisting of Magellan Common Stock, but also we are concerned with the possible adverse effects that implementation of the Reverse Stock Split could have on stockholder value.

On October 16, 2008, Nasdaq announced that, given the current extraordinary market conditions, it was temporarily suspending the enforcement of its rules requiring a minimum bid price of \$1.00 until Friday, January 16, 2009. While, as shareholders, we are relieved that Nasdaq has “saved” Magellan Petroleum from the near-term risk of being delisted, such relief is only temporary. Less than ninety days from now when the temporary relief given by Nasdaq is expect to expire, unless the Magellan Petroleum Board takes action to increase stockholder value or the price of Magellan Common Stock otherwise increases and maintains a minimum bid price of \$1.00 as set forth in Nasdaq Marketplace Rule 4310(c)(4), Magellan Petroleum stockholders will once again be faced with the prospect of either a potential delisting of Magellan Common Stock or the possible adverse effects that implementation of the Reverse Stock Split could have on stockholder value.

**WE BELIEVE THAT THE INTERESTS OF THE
MAGELLAN PETROLEUM BOARD ARE NOT SUFFICIENTLY
ALIGNED WITH THE INTERESTS OF STOCKHOLDERS**

ANS Investments and its Nominee are significant stockholders of Magellan Petroleum, beneficially owning, in the aggregate, approximately 2.1% of the outstanding Magellan Common Stock (based on the 41,500,325 shares reported in the Magellan Petroleum 2008 Form 10-K to be issued and outstanding as of September 25, 2008). See “Annex I” for more information about our beneficial ownership. As such, our interests are aligned with the interests of all stockholders.

The following table has been extracted from Magellan Petroleum’s Proxy Statement for its 2007 annual meeting of stockholders and sets forth information as to the number of shares of Magellan Common Stock owned beneficially as of September 22, 2007 by each director of Magellan Petroleum and each “named executive officer” listed in the Summary Compensation Table contained in such Proxy Statement and by all directors and executive officers of Magellan Petroleum as a group:

Name of Individual or Group	Amount and Nature of Beneficial Ownership*		Percent of Class
	Shares	Options	
Donald Basso	11,000	100,000	**
Dr. T. Gwynn Davies	—	—	**
Timothy L. Largay	6,000	100,000	**
Walter McCann	59,368	100,000	**
Robert Mollah	—	—	**
Ronald P. Pettirossi	6,500	100,000	**
Daniel J. Samela	—	30,000	**
Directors and Executive Officers as a Group (a total of 7)	82,868	430,000	

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

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

Except for a Form 4 filed on behalf of Robert Mollah on February 19, 2008 to indicate that he had been granted 100,000 stock options with respect to Magellan Common Stock, we are not aware of any other filings made with the SEC, pursuant to Section 16 of the Exchange Act, by any director or executive officer of Magellan Petroleum (“Section 16 Filings”) since the 2007 Annual Meeting. Accordingly, except for the 100,000 stock options granted to Mr. Mollah, and based solely on our review of the Section 16 Filings, we believe that the share ownership reflected in the above table continues to be accurate. Based on our review of Section 16 Filings, we are also not aware of any purchases of Magellan Common Stock by any current member of the Magellan Petroleum Board or executive officer of Magellan Petroleum in the past five years.

We not only beneficially own more shares of Magellan Common Stock than any current member of the Magellan Petroleum Board but we also beneficially own more shares of Magellan Common Stock than the ownership of the entire Magellan Petroleum Board combined. Daniel J. Samela, a member of the Magellan Petroleum Board and the current Chief Executive Officer of Magellan Petroleum, does not own one single share outright. See “Annex I” for more information about our beneficial ownership.

As the above table shows, the most shares of Magellan Common Stock owned outright by any member of the Magellan Petroleum Board is 59,368 held by Walter McCann, the Chairman of the Magellan Petroleum Board. Based upon the closing share price of Magellan Common Stock as of October 24, 2008 which was \$.86, Mr. McCann’s current investment in Magellan Common Stock (excluding stock options) is valued at \$51,056.

We believe that, due to the lack of any significant stock ownership by any members of the Magellan Petroleum Board, their interests are not sufficiently aligned with the interests of stockholders. We have previously discussed our concern with the lack of any significant stock ownership by any member of the Magellan Petroleum Board.