

MAGELLAN PETROLEUM CORP /DE/
Form DEFM14A
June 06, 2016

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 ☒ x

Filed by a Party other than the Registrant ☐ o

Check the appropriate box:

☐ o Preliminary Proxy Statement

☐ o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ x Definitive Proxy Statement

☐ o Definitive Additional Materials

☐ o Soliciting Material under §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):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Magellan Petroleum Corporation
1775 Sherman Street, Suite 1950
Denver, Colorado 80203
June 6, 2016

Dear Magellan Stockholders:

Magellan Petroleum Corporation (“Magellan” or the “Company”) has signed an Exchange Agreement (the “Exchange Agreement”) with One Stone Holdings II LP (“One Stone”) pursuant to which One Stone will transfer to the Company 100% of the outstanding shares of Magellan Series A convertible preferred stock, par value \$0.01 per share (the “Preferred Stock”), in consideration for the assignment to and assumption by One Stone of 100% of the outstanding membership interests in Nautilus Poplar LLC, a wholly owned subsidiary of the Company, and 51% of the outstanding common units in Utah CO2 LLC, a majority-owned subsidiary of the Company, as adjusted by the Cash Amount (as defined in the Exchange Agreement) (the “Exchange”). The Exchange, if consummated, will result in a sale to One Stone of all of Magellan’s interests in the Poplar field in Montana, which is owned by Nautilus Poplar LLC, in consideration for the Preferred Stock and the Cash Amount.

Magellan believes the Exchange will be beneficial to its stockholders. In order to complete the transactions contemplated by the Exchange Agreement, the Magellan stockholders must approve the Exchange and the other transactions contemplated by the Exchange Agreement at an annual and special meeting of stockholders to be held on Wednesday, July 13, 2016, at 10:00 a.m. local time in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203. In addition, at the annual and special stockholders’ meeting, you and the other stockholders will be asked to vote on (i) the election of the individual named as a director nominee in the enclosed proxy statement to the Company’s Board of Directors for a three-year term; (ii) a non-binding advisory resolution to approve the compensation of the Company’s named executive officers; and (iii) the ratification of the appointment of EKS&H LLLP as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2016.

This letter and the enclosed proxy statement are being furnished to you in connection with the solicitation of proxies by the Magellan Board of Directors. Only stockholders who hold shares of Magellan common stock or Preferred Stock at the close of business on May 17, 2016, the record date for the annual and special meeting, are entitled to vote at the meeting. Attached to this letter is an important document, a proxy statement, containing detailed information about Magellan, One Stone, the proposed Exchange and the other transactions contemplated by the Exchange Agreement, as well as the other matters to be considered at the annual and special stockholders’ meeting. Magellan urges you to read this document carefully and in its entirety.

Magellan’s Board of Directors recommends that you vote (1) “FOR” the approval of the Exchange and the other transactions contemplated by the Exchange Agreement; (2) “FOR” the election of the individual named as a director nominee in the enclosed proxy statement to the Company’s Board of Directors for a three-year term; (3) “FOR” the approval, on a non-binding advisory basis, of the compensation of the Company’s named executive officers; and (4) “FOR” the ratification of the appointment of EKS&H LLLP as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2016.

Your vote is very important. Whether or not you plan to attend the annual and special meeting, please take the time to complete, sign, date, and return the enclosed proxy card. If you hold your shares in “street name,” you should instruct your broker how to vote in accordance with your voting instruction card.

Please review the proxy statement carefully. In particular, please carefully consider the matters discussed under “Risk Factors” beginning on page 18 of the proxy statement. You can also obtain other information about Magellan from documents it has filed with the U.S. Securities and Exchange Commission.

Sincerely yours,

MAGELLAN PETROLEUM CORPORATION

/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

Magellan Petroleum Corporation
1775 Sherman Street, Suite 1950
Denver, Colorado 80203

NOTICE OF ANNUAL AND SPECIAL MEETING OF STOCKHOLDERS

To be held on Wednesday, July 13, 2016

To the Stockholders of Magellan Petroleum Corporation:

We will hold an annual and special meeting of the stockholders of Magellan Petroleum Corporation (“Magellan” or the “Company”), a Delaware corporation, on Wednesday, July 13, 2016, at 10:00 a.m. local time in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203, for the following purposes:

1. To approve the Exchange (as defined below) and the other transactions contemplated by the Exchange Agreement dated as of March 31, 2016 (the “Exchange Agreement”), between Magellan and One Stone Holdings II LP, a Delaware limited partnership (“One Stone”). Under the Exchange Agreement, One Stone will transfer to the Company 100% of the outstanding shares of Magellan Series A convertible preferred stock, par value \$0.01 per share (the “Preferred Stock”), in consideration for the assignment to and assumption by One Stone of 100% of the outstanding membership interests in Nautilus Poplar LLC, a Montana limited liability company and wholly owned subsidiary of the Company, and 51% of the outstanding common units in Utah CO2 LLC, a Delaware limited liability company and majority-owned subsidiary of the Company, as adjusted by the Cash Amount (as defined in the Exchange Agreement) (the “Exchange”);
2. To elect the individual named as a director nominee in the enclosed proxy statement to the Company’s Board of Directors for a three-year term;
3. To approve, on a non-binding advisory basis, the compensation of the Company’s named executive officers;
4. To ratify the appointment of EKS&H LLLP as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2016; and
5. To transact any other business as may properly come before the annual and special meeting or any adjournments or postponements of the meeting.

Only holders of record of Magellan common stock or Preferred Stock at the close of business on May 17, 2016, the record date for the annual and special meeting, are entitled to notice of and to vote at the meeting or any adjournment or postponement of the meeting. The Exchange and the other proposed transactions contemplated by the Exchange Agreement cannot be completed unless Magellan stockholders approve the Exchange Agreement.

Proposal 1 will require the affirmative vote of the majority of the outstanding shares of Magellan common stock and Preferred Stock, voting together as a single class. Proposal 2 will require the affirmative vote of the plurality of the shares of Magellan common stock and Preferred Stock, voting together as a single class. Each of Proposals 3 and 4 will require the affirmative vote of a majority of the shares of Magellan common stock and Preferred Stock, voting together as a single class, present in person or represented by proxy at the annual and special meeting and entitled to vote on the matter.

Magellan's Board of Directors recommends that you vote (1) "FOR" the proposal to approve the Exchange and the other transactions contemplated by the Exchange Agreement; (2) "FOR" the proposal to elect the individual named as a director nominee in the enclosed proxy statement to the Company's Board of Directors for a three-year term; (3) "FOR" the approval, on a non-binding advisory basis, of the compensation of the Company's named executive officers; and (4) "FOR" the proposal to ratify the appointment of EKS&H LLLP as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2016.

To ensure your representation at the annual and special meeting, please complete and promptly mail your proxy card in the return envelope enclosed, or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card or voting instruction card. This will not prevent you from voting in person, but will help to secure a quorum for the annual and special meeting and avoid added solicitation costs. If your shares are held in "street name" by your broker or other nominee, only that holder can vote your shares, and the vote cannot be cast on any matter other than Proposal 4 unless you provide instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Your proxy may be revoked at any time before it is voted. Please review the proxy statement accompanying this notice for more complete information regarding the annual and special meeting.

By Order of the Board of Directors,

/s/ Antoine Lafargue

Antoine Lafargue, Corporate Secretary

June 6, 2016

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Exchange or the Exchange Agreement or passed upon the fairness or merits of the Exchange, the Exchange Agreement or upon the accuracy or adequacy of the information contained in this proxy statement. Any representation to the contrary is a criminal offense.

YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL AND SPECIAL MEETING, PLEASE VOTE ALL PROXIES YOU RECEIVE. STOCKHOLDERS OF RECORD CAN VOTE ANY ONE OF THREE WAYS:

BY TELEPHONE: CALL THE TOLL-FREE NUMBER ON YOUR PROXY CARD TO VOTE BY PHONE;

VIA INTERNET: VISIT THE WEBSITE ON YOUR PROXY CARD TO VOTE VIA THE INTERNET; OR

BY MAIL: MARK, SIGN, DATE, AND MAIL YOUR PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

THE METHOD BY WHICH YOU DECIDE TO VOTE WILL NOT LIMIT YOUR RIGHT TO VOTE AT THE ANNUAL AND SPECIAL MEETING. IF YOU LATER DECIDE TO ATTEND THE ANNUAL AND SPECIAL MEETING IN PERSON, YOU MAY VOTE YOUR SHARES EVEN IF YOU HAVE PREVIOUSLY SUBMITTED A PROXY.

IF YOU HOLD YOUR SHARES THROUGH A BANK, BROKER OR OTHER NOMINEE, YOU MUST FOLLOW THE VOTING INSTRUCTIONS PROVIDED BY THE NOMINEE. IN ADDITION, YOU MUST OBTAIN A PROXY, EXECUTED IN YOUR FAVOR, FROM THE NOMINEE TO BE ABLE TO VOTE AT THE MEETING. YOU MAY BE ABLE TO VOTE VIA THE INTERNET OR BY TELEPHONE IN ACCORDANCE WITH THE INSTRUCTIONS THE NOMINEE PROVIDES.

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Magellan Petroleum Corporation
1775 Sherman Street, Suite 1950
Denver, Colorado 80203

PROXY STATEMENT

Annual and Special Meeting of Stockholders to be Held on Wednesday, July 13, 2016

The Magellan Petroleum Corporation (“Magellan” or the “Company”) Board of Directors (the “Board”) is soliciting the accompanying proxy for use in connection with an annual and special meeting of stockholders (the “Meeting”) to be held on Wednesday, July 13, 2016, at 10:00 a.m. local time in the Lobby Conference Room of the Denver Financial Center, located at 1775 Sherman Street, Denver, Colorado 80203. The Board is soliciting the proxy in connection with the transactions contemplated by the Exchange Agreement (the “Exchange Agreement”), dated March 31, 2016, between Magellan and One Stone Holdings II LP, a Delaware limited partnership (“One Stone”) and certain other matters to be proposed at the Meeting as discussed below. The Board is seeking the Magellan stockholders’ approval of the proposals set forth in the accompanying letter and notice of annual and special meeting of stockholders, and in this proxy statement.

QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES
AND THE MEETING

The following questions and answers highlight only selected procedural information from this proxy statement. Magellan urges you to read carefully the remainder of this proxy statement because the questions and answers below do not contain all of the information that might be important to you with respect to the proposals that will be considered at the Meeting. Additional important information is also contained in the annexes to this proxy statement.

Q: Why am I receiving this proxy statement?

Magellan has entered into an Exchange Agreement with One Stone under which One Stone will transfer to Magellan 100% of the outstanding shares of Magellan Series A convertible preferred stock, par value \$0.01 per share (the “Preferred Stock”), in consideration for the assignment to and assumption by One Stone of 100% of the outstanding membership interests (the “Poplar Membership Interests”) in Nautilus Poplar LLC (“Poplar”), a Montana limited liability company and wholly owned subsidiary of Magellan, and 51% of the outstanding common units (the “Purchased Utah CO2 Common Units” and together with the Poplar Membership Interests, the “CO2 Business”) A: in Utah CO2 LLC (“Utah CO2”), a Delaware limited liability company and majority-owned subsidiary of Magellan, as adjusted by the Cash Amount (as defined in the Exchange Agreement) (the “Exchange”). The Exchange, if consummated, will result in a sale to One Stone of all of Magellan’s interest in the Poplar field, which is owned by Poplar, in consideration for the Preferred Stock and the Cash Amount. Magellan’s interest in the Poplar field may be considered to comprise substantially all of its assets. Therefore, in accordance with Delaware law, Magellan stockholders are being asked to vote to approve the Exchange and the other transactions contemplated by the Exchange Agreement.

In addition, Magellan stockholders are being asked at the Meeting to elect a director nominee, to vote on a non-binding proposal to approve the compensation of the Company’s named executive officers (“NEOs”) and to ratify the appointment of the Company’s independent registered public accounting firm.

Q: What are the principal conditions of the proposed Exchange?

The Exchange and the other transactions contemplated by the Exchange Agreement require the approval of A: Magellan stockholders. Magellan is holding the Meeting to obtain the requisite approval. The other principal conditions of the Exchange include the absence of any governmental injunction, judgment or ruling preventing

consummation of the transactions contemplated by the Exchange Agreement, the consent of West Texas State Bank to release a guaranty provided by Magellan of certain indebtedness of Poplar, the accuracy of each party's representations and warranties contained in the Exchange Agreement (subject to certain materiality qualifiers), and each party's compliance with its covenants and agreements contained in the Exchange Agreement in all material respects. For a description of the other terms and conditions of the Exchange, please see "The Exchange Agreement" beginning on page 43 of this proxy statement. A copy of the Exchange Agreement is attached to this proxy statement as Annex A.

Q: Will the proposed transactions result in a change in control of Magellan?

No. Magellan is transferring to One Stone substantially all of Magellan's interest in the Poplar field, which is owned A: by Poplar, in consideration for the Preferred Stock and the Cash Amount, but the ownership interests in Magellan are not changing hands (other than the transfer to Magellan of the Preferred Stock).

Q: