

MAGELLAN PETROLEUM CORPORATION

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

**(Originally adopted October 29, 1999, revised July 22, 2004,
Amended February 8, 2011)**

This charter (the "Charter") governs the operations of the audit committee (the "Committee") of the board of directors (the "Board") of Magellan Petroleum Corporation, a Delaware corporation (the "Company").

Purpose of the Audit Committee

The Committee shall provide assistance to the Board in fulfilling its oversight responsibility relating to the integrity of the Company's financial statements and the accounting and financial reporting process, the systems of internal accounting and financial controls, the engagement of the Company's independent registered public accounting firm (the "Outside Auditor"), the evaluation of the Outside Auditor's qualifications, independence and performance, and the annual independent audit of the Company's financial statements. In performing its duties, it is the responsibility of the Committee to maintain free and open communication between the directors, the Outside Auditor and the members of management of the Company.

Composition of the Committee

The Committee shall be comprised of three or more directors as determined by the Board, each of whom shall: (a) satisfy the independence and experience requirements of the NASDAQ Stock Market LLC, the listing standards of any other securities exchange or association on which the Company's securities are traded, the Securities Exchange Act of 1934 (the "Exchange Act"), and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") adopted thereunder, and (b) be free from any relationship which, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

Committee members may not be an affiliated person of the Company or any subsidiary thereof. The Committee members may have no direct or indirect financial relationship whatsoever with the Company or any subsidiary and may not accept any consulting, advisory or other compensatory fee from the Company or any subsidiary other than compensation for serving on the Board or any Board committee. In addition, Committee members shall not have participated in the preparation of the fiscal statements of the Company or any current subsidiary of the Company within three years prior to serving on the Committee. Committee members may not serve on more than two (2) other public company audit committees unless the Board determines that such simultaneous service would not impair the ability of the member to serve effectively on the Committee.

At the time of their appointment to the Committee, all members of the Committee must be able to read and understand fundamental financial statements, including, but not limited to, the Company's balance sheet, income statement and cash flow statement. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the member's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. To the extent reasonably feasible, at least one member of the Committee shall qualify as an "audit committee financial expert" as defined by the SEC, as determined annually by the Board.

Appointment to the Committee, the determination of the "independence" of each Committee member, and the designation of one or more Committee members as "audit committee financial experts", shall be made on an annual basis by the Board. The Board shall also fill any vacancies as they occur, and may remove any member of the Committee at any time. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

If a Committee member ceases to be independent for reasons outside the member's reasonable control, the member may remain on the Committee until the earlier of the next annual shareholders' meeting or one year from the occurrence of the event that caused the failure to comply with the independence requirement. If a member remains on the Committee after that member ceases to be independent, the Company must provide notice to NASDAQ immediately upon learning of the event or circumstance that caused the noncompliance.

If the Company fails to comply with the Committee composition requirement due to a vacancy on the Committee, the Company will have until the earlier of the next annual shareholders' meeting or one year from the occurrence of the event that caused the vacancy to regain compliance; provided, however, that if the annual shareholders' meeting occurs no later than 180 days following the event that caused the vacancy, the Company shall instead have 180 days from such event to regain compliance. A Company relying on this provision must provide notice to NASDAQ immediately upon learning of the event or circumstance that caused the noncompliance.

Meetings; Organization

The Committee shall meet at least four times annually, or more frequently as the Chairman or Committee deems appropriate, or at the request of the Company's Outside Auditor, and at such times and places as the Committee shall determine. As part of its responsibilities to foster open communication, the Committee should meet at least annually with management and with the Outside Auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. The Committee may ask members of Company management, legal counsel, representatives of the Outside Auditor or others to attend its meetings and provide information to the Committee.

The operations of the Committee shall be subject to the provisions of the Company's Certificate of Incorporation and Bylaws, as each shall be in effect from time to time. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter; (b) any provision of the Certificate of Incorporation or Bylaws or (c) the laws of the state of Delaware or any other applicable law.

The Committee shall keep minutes of each meeting, which shall be approved by the Committee members and shall be given to the corporate Secretary for filing with the corporate records. The Committee shall also submit the minutes of all meetings of the Committee to, or discuss the matters discussed at each Committee meeting with, the full Board. The Chairman shall report to the Board from time to time and as requested by the Board.

Committee Authority and Responsibilities

In assisting the Board in its oversight role, the Committee shall have full access to all books, records, facilities, and personnel of the Company and shall have the authority, to the extent it deems necessary or appropriate, to retain independent counsel and other advisors and approve their retention terms. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation (a) to the Outside Auditor for the purpose of rendering or issuing an audit report or related work, (b) to any outside advisors employed by the Committee, and (c) to the Committee for the payment of the ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its duties.

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality. In carrying out these responsibilities, the Committee shall, to the extent it deems necessary and appropriate, perform the following functions:

- The Committee shall have a clear understanding with management and the Outside Auditor that the Outside Auditor is accountable to the Committee and to the Board, as representatives of the Company's shareholders. The Committee shall have the sole authority and responsibility to select, evaluate and, where appropriate, replace the Outside Auditor. The Committee shall be directly responsible for approving the level of compensation of the Outside Auditor and the oversight of the work of the Outside Auditor (including resolution of disagreements between management and the Outside Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The Outside Auditor shall report directly to the Committee.
- The Committee shall annually review and evaluate the qualifications, performance and independence of the lead partner of the Outside Auditor and assure regular rotation of the lead audit partner and reviewing partner as required by law.
- The Committee shall preapprove 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 the de minimis exceptions for non-audit services described in the Exchange Act which are approved by the Committee prior to the completion of the audit. The Committee shall consider whether the Outside Auditor's provision of permissible non-audit services is compatible with the Outside Auditor's independence. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the Committee at its next scheduled meeting.
- On an annual basis, the Committee shall obtain from the Outside Auditor a written communication delineating all their relationships and professional services as required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committee. In addition, the Committee shall review with the Outside Auditor the nature and scope of any disclosed relationships or professional services and take any appropriate action to ensure the continuing independence of the Outside Auditor.
- The Committee shall meet with the Outside Auditor and management of the Company to review the scope of the proposed audit and timely quarterly reviews for the current year and the procedures to be utilized, the adequacy of the Outside Auditor's compensation, and at the conclusion thereof review such audit or review, including any comments or recommendations of the Outside Auditor.
- The Committee shall provide sufficient opportunity for the Outside Auditor to meet with the members of the Committee without members of management present. Among the items to be discussed in these meetings are the Outside Auditor's evaluation of the Company's financial, accounting, and auditing personnel, and the cooperation that the Outside Auditor received during the course of the audit.

- The Committee shall review with the Outside Auditor and management the adequacy and effectiveness of the accounting and internal controls over financial reporting of the Company, and elicit any recommendations for the improvement of such internal controls or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper. The Committee shall also review and discuss with management and the Outside Auditors (i) the annual report prepared by management with respect to the Company's internal control over financial reporting and (ii) the attestation report pertaining thereto to be delivered by the Outside Auditor. The Committee shall also obtain from the Outside Auditor periodic assurances that the Outside Auditor is complying with all provisions of applicable law which require the Outside Auditor, if it detects or becomes aware of any illegal act, to ensure that the Committee is adequately informed and to provide a report if the Outside Auditor has reached specified conclusions with respect to such illegal acts.
- The Committee shall discuss in advance with management the Company's practices with respect to the types of information to be disclosed and the types of presentations to be made in earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information (if any), and financial information and earnings guidance; and shall also discuss with management and the Outside Auditors the effect of off-balance sheet structures, if any, and aggregate contractual obligations on the Company's financial statements.
- The Committee shall review and discuss the quarterly financial statements with management and the Outside Auditor prior to the filing of the Form 10-Q (and prior to the press release of results, if possible) to determine that the Outside Auditor does not take exception to the disclosure and content of the financial statements, and shall also discuss any other matters required to be communicated to the Committee by the Outside Auditor under the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). The chairman of the Committee may represent the entire Committee for purposes of this review.
- The Committee shall review and discuss with management and the Outside Auditor the financial statements to be included in the Company's annual report on Form 10-K, to determine that the Outside Auditor is satisfied with the disclosure and content of the financial statements to be presented to the shareholders. The Committee shall also review and discuss with financial management and the Outside Auditor: (a) the results of their timely analysis of significant financial reporting issues and practices including changes in, or adoptions of, accounting principles and disclosure practices; (b) the Outside Auditor's judgment about the quality, not just the acceptability, of accounting principles and the clarity of the financial disclosure practices used or proposed to be used, and particularly, the degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates, and other significant decisions made in preparing the financial statements; and (c) any matters required to be communicated to the Committee by the Outside Auditor under Statement of

Auditing Standards (SAS) No. 114, The Auditor's Communication with Those Charged with Governance, or under the standards of the PCAOB, or any other reports of the Outside Auditor required by law or professional auditing standards, including reports on: critical accounting policies and practices used in preparing the financial statements; alternative treatments of financial information discussed with management, ramifications of such alternative disclosures and treatments, and the treatment preferred by the Outside Auditors; and other significant written communications between the Outside Auditors and the management of the Company, such as any management letter issued or proposed to be issued, and a schedule of unadjusted differences, if any.

- The Committee shall report the results of the annual audit to the full Board, and if requested by the Board, invite the Outside Auditor to attend the full Board meeting to assist in reporting the results of the annual audit or to answer other directors' questions (alternatively, the other directors, particularly the other independent directors, may be invited to attend the Committee meeting during which the results of the annual audit are reviewed).
- The Committee shall review disclosures, if any, made by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Company's periodic reports regarding: (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.
- The Committee shall prepare and publish a Committee report for inclusion in the Company's annual proxy statement and provide any additional disclosures in the proxy statement or the Company's annual report on Form 10-K required to be made under SEC rules and regulations.
- The Committee shall review reports received from regulators and other legal and regulatory matters that may have a material effect on the financial statements or related Company compliance policies.
- The Committee shall inquire of management and the Outside Auditor about significant risks or exposures and assess the steps management has taken to minimize such risks to the Company.
- The Committee shall review accounting and financial human resources and succession planning within the Company.
- The Committee shall review and approve any "related-party" transactions (as defined in SEC regulations) involving the Company and officers, directors or shareholders beneficially owning more than 10% of any class of equity security of the Company.

- The Committee shall investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.
- The Committee shall perform any other duties consistent with this Charter, the Company's Certificate of Incorporation, Bylaws, and governing laws as the Committee or the Board deems necessary.
- The Committee shall obtain the Board's approval of this Charter, shall annually review and reassess the adequacy of this Charter as conditions dictate, and shall publish the Charter as an appendix to the Company's proxy statement as required by applicable law. The Committee shall recommend any proposed changes to the Charter to the Board for approval.
- The Committee shall annually review the Committee's own performance and present a report to the Board of the performance evaluation of the Committee.

Receipt and Treatment of Complaints

The Committee shall establish and oversee procedures for: (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing, or other matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting, auditing, or other matters.

Limitation of Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. Management is responsible for the financial reporting process, including the system of internal controls, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles. The Company's Outside Auditor is responsible for auditing those financial statements and expressing an opinion as to their conformity with generally accepted accounting principles. The Committee's responsibility is to oversee and review these processes. The members of the Committee are not, however, professionally engaged in the practice of accounting or auditing and do not provide any expert or other special assurance as to such financial statements concerning compliance with laws, regulations or generally accepted accounting principles or as to auditor independence. Each member of the Committee shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data prepared or presented by officers and employees of the Company, legal counsel, the Outside Auditor or other persons with professional or expert competence.