

MILLER ENERGY RESOURCES, INC.

Form 424B3

October 22, 2012

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-184315

PROSPECTUS

12,784,408 SHARES

This prospectus relates to periodic offers and sales of 12,784,408 shares of our common stock by the selling security holders some of whom are our affiliates, including up to 8,847,847 shares which are presently outstanding and up to 3,936,561 shares issuable upon the exercise of outstanding warrants.

We will not receive any proceeds from the sale of the shares by the selling security holders. To the extent the warrants or options are exercised, we will receive proceeds of the exercise price. The shares of common stock are being offered for sale by the selling security holders at prices established on the NYSE during the term of this offering. These prices will fluctuate based on the demand for the shares of common stock.

For a description of the plan of distribution of these shares, please see page 9 of this prospectus.

Our common stock is quoted on the NYSE under the symbol **MILL** . On October 3, 2012 the last reported sale price for our common stock was \$4.35 per share.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 2 of this prospectus to read about the risks of investing in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 16, 2012

ABOUT THIS PROSPECTUS

You should only rely on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS SUMMARY

The following is a general summary of the information contained in this prospectus. It does not include all of the information that you should consider before investing in our securities. You should read this entire prospectus, the documents incorporated by reference into this prospectus and any accompanying prospectus supplement before making an investment decision.

Our company

We are an independent exploration and production company that utilizes seismic data, and other technologies for geophysical exploration and development of oil and gas wells in the Appalachian region of eastern Tennessee and the Cook Inlet Basin in south central Alaska. In addition to our engineering and geological capabilities, we provide land drilling services on a contract basis to customers primarily engaged in natural gas exploration and production.

Our principal executive offices are located at 9721 Cogdill Road, Suite 302, Knoxville, TN 37932, and our telephone number is (865) 223-6575. Our fiscal year end is April 30. We maintain a corporate web site at www.millerenergyresources.com. The information which appears on this web site is not part of this prospectus.

Unless specifically set forth to the contrary, when used in this prospectus, the terms Miller Energy Resources, Miller, we, us, ours, and similar terms refers to our Tennessee corporation Miller Energy Resources, Inc., formerly known as Miller Petroleum, Inc., and our subsidiaries.

THE OFFERING

Common stock offered by the selling security holders Up to 12,784,408 shares of our common stock representing 8,847,847 shares of our common stock which

Common stock outstanding prior to the offering
Common stock to be outstanding after the offering
Use of Proceeds

are presently outstanding and 3,936,561 shares underlying outstanding options and warrants with exercise prices ranging from \$1.00 to \$5.94 per share.

43,361,694 at October 3, 2012

47,298,255⁽¹⁾

We will not receive any proceeds from the sales of shares of common stock by the selling security holders.

NYSE Symbol

MILL

(1)

Assumes the issuance of 3,936,561 shares of our common stock upon exercise of the options and warrants held by the selling security holders.

USE OF PROCEEDS

We will not receive any proceeds from the sales of the common stock offered by this prospectus. To the extent the options or warrants are exercised, we will receive proceeds of the exercise price. Any proceeds we receive from the exercise of the options or warrants will be used by us for general corporate purposes.

RISK FACTORS

Investing in our securities involves risk. Our business, financial condition, operating results and cash flows can be impacted by a number of factors, any of which could cause our results to vary materially from recent results or from our anticipated future results. See the risk factors described in our Annual Report on Form 10-K for fiscal 2012, as amended, together with any material changes contained in subsequent filed Quarterly Report on Form 10-Q, and those contained in our other filings with the SEC for our most recent fiscal year, which are incorporated by reference in this prospectus and any accompanying prospectus supplement. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus and any prospectus supplement. These risks could materially affect our business, results of operations or financial condition and cause the value of our securities to decline. You could lose all or part of your investment.

CAUTIONARY STATEMENTS REGARDING FORWARD LOOKING INFORMATION

We have made forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 concerning our operations, economic performance and financial condition in our Annual Report on Form 10-K for fiscal 2012, as amended, and our other filings with the Securities and Exchange Commission (SEC), and may make other forward-looking statements from time to time in other public filings, press releases and discussions with our management. These forward-looking statements include information concerning future production and reserves, schedules, plans, timing of development, contributions from oil and gas properties, marketing and midstream activities, and also include those statements preceded by, followed by or that otherwise include the words may, could, believes, expects, anticipates, intends, estimates, projects, tar objective, should or similar expressions or variations on such expressions. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that our expectations will prove to be correct. We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. These forward-looking statements involve risk and uncertainties. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following risks and uncertainties:

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the potential for Miller to experience additional operating losses;

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high debt costs under our existing senior credit facility;

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potential limitations imposed by debt covenants under our senior credit facility on our growth and our ability to meet our business objectives;

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our need to enhance our management, systems, accounting, controls and reporting performance;

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litigation risks;

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our ability to perform under the terms of our oil and gas leases, and exploration licenses with the Alaska Department of Natural Resources, including meeting the funding or work commitments of those agreements;

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our ability to successfully acquire, integrate and exploit new productive assets in the future;

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our ability to recover proved undeveloped reserves and convert probable and possible reserves to proved reserves;

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risks associated with the hedging of commodity prices;

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our dependence on third party transportation facilities;

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concentration risk in the market for the oil we produce in Alaska;

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the impact of natural disasters on our Cook Inlet Basin operations;

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adverse effects of the national and global economic downturns on our profitability;

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the imprecise nature of our reserve estimates;

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drilling risks;

fluctuating oil and gas prices and the impact on our results from operations;

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the need to discover or acquire new reserves in the future to avoid declines in production;

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differences between the estimated present value of cash flows from proved reserves and the market value of those reserves;

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the existence within the industry of risks that may be uninsurable;

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constraints on production and costs of compliance that may arise from current and future environmental, Federal Energy Regulatory Commission and other statutes, rules and regulations at the state and federal level;

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the impact that future legislation could have on access to tax incentives currently enjoyed by Miller;

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that no dividends may be paid on our common stock for some time;

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cashless exercise provisions of outstanding warrants;

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market overhang related to restricted securities and outstanding options and warrants;

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the impact of non-cash gains and losses from derivative accounting on future financial results; and

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risks to non-affiliate shareholders arising from the substantial ownership positions of affiliates.

Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements, and readers should carefully review our Annual Report on Form 10-K for fiscal 2012, as amended, in its entirety, including the risks described in Item 1A. Risk Factors, and our other filings with the Securities and Exchange Commission. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. These forward-looking statements speak only as of the date of this prospectus, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business.

SELLING SECURITY HOLDERS

Under this prospectus, the selling security holders listed below may offer and sell up to 12,784,408 shares of our common stock which are either presently outstanding or which are issuable upon the exercise of outstanding options and warrants with exercise prices ranging from \$1.00 to \$5.94 per share. These securities include:

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312,500 shares of our common stock issuable upon the exercise of warrants with an exercise price of \$1.00 per share which expire in November and December 2014. These warrants were issued by us between November 2009 and December 2009 as part of a unit offering by our controlled entity Miller Energy Income 2009-A, L.P., or MEI,

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1,000,000 shares of our common stock issuable upon the exercise of our Series PPA warrants with an exercise price of \$5.28 per share which expire in April 2015. These warrants were issued by us in April 2012 as part of a unit offering by us of our Series A redeemable preferred stock,

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128,750 shares of our common stock issuable upon the exercise of our Series PPB warrants with an exercise price of \$5.28 per share which expire in April 2015. These warrants were issued by us in September 2012 as part of a unit offering by us of our Series B redeemable preferred stock,

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450,000 shares of our common stock issuable upon the exercise of warrants with exercise prices ranging from \$2.50 to \$5.28 per share which expire in March 2015 and September 2017 issued as partial compensation under the terms of a consulting agreement with Bristol Capital, LLC,

1,191,000 shares of our common stock issuable upon the exercise of warrants with exercise prices ranging from \$1.00 to \$2.00 per share which expire in December 2013 issued to Mr. David Hall as partial consideration for our purchase in December 2009 of the membership interests of Cook Inlet Energy, LLC, or CIE,

85,400 shares of our common stock issuable upon the exercise of warrants with exercise prices ranging from \$1.35 to \$1.815 per share which expire in December 2014 issued as compensation to Sutter Securities Incorporated in connection with our \$1.00 private placement of securities in December 2009 and subsequently assigned to two employees of Sutter Securities Incorporated.

98,911 shares of our common stock issuable upon the exercise of warrants with an exercise price of \$5.28 per share which expire in March 2016 issued as compensation to Sutter Securities Incorporated in connection with our \$3.50 private placement of securities in December 2009, part of which was subsequently assigned to two employees of Sutter Securities Incorporated.

350,000 shares of our common stock underlying options with exercise prices ranging from \$5.53 to \$5.94 per share granted to an employee and a consultant,

320,000 shares of our common stock issuable upon the exercise of warrants with an exercise price of \$2.00 per share which expire in December 2013 issued to Mr. Walter J. Wilcox II as partial consideration for our purchase in December 2009 of the membership interests of CIE, and

8,847,847 shares of our common stock which are presently outstanding.

At October 3, 2012 there were 43,361,694 shares of our common stock issued and outstanding. This prospectus relates to periodic offers and sales by the selling security holders listed below who are our affiliates and their pledgees, donees and other successors in interest. The following table sets forth:

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the name of each selling security holder,

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the number of shares owned, and

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the number of shares being registered for resale by the selling security holder.

We may amend or supplement this prospectus from time to time to update the disclosure set forth in this prospectus.

All of the securities owned by the selling security holders may be offered hereby. Because the selling security holders may sell some or all of the securities owned by them, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the securities, no estimate can be given as to the number of securities that will be held by the selling security holders upon termination of any offering made hereby. If all the securities offered hereby are sold, the selling security holders will not own any securities after the offering.

We have agreed to pay full costs and expenses, incentives to the issuance, offer, sale and delivery of the shares, including all fees and expenses in preparing, filing and printing the registration statement and prospectus and related exhibits, amendments and supplements thereto and mailing of those items. We will not pay selling commissions and expenses associated with any sale by the selling shareholders.

The amounts listed in Number of Shares of Common Stock Owned Prior to Offering in the table below are based on our record list of shareholders and other records in our possession. These amounts may not include all stock owned by entities or individuals who hold stock in street name.

| Name of Selling Shareholder | Number of Shares of Common Stock Owned Prior to Offering | Maximum Number of Shares of Common Stock to be Sold Pursuant to This Prospectus | Number of Shares of Common Stock Owned After Offering | Percentage to be Owned After Offering |
|--|---|--|--|--|
| American Pension Services Administrator FBO Aaron V. Barson, Jr, Roth IRA ⁽¹⁾ | 50,000 | 50,000 | - | - |
| Jack E. Arms ⁽²⁾ | 10,000 | 10,000 | - | - |
| Charlotte A. Ballance | 4,000 | 1,000 | 3,000 | <1% |
| T.S. Ballance | 7,000 | 2,000 | 5,000 | <1% |
| David Bemoras ⁽²⁾ | 69,415 | 15,000 | 54,415 | <1% |
| Scott Boruff ⁽³⁾ | 5,440,395 | 3,488,000 | 1,952,395 | 4.50% |
| Todd Boruff & Lara Boruff | 25,000 | 25,000 | - | - |
| Todd S. Boruff & Lora L. Boruff JT Ten | 10,000 | 10,000 | - | - |
| Nancy J. Bottom TTEE Nancy Jane Bottom 1980 Trust UAD 8/12/80 ⁽⁴⁾ | 22,573 | 22,573 | - | - |
| Earl Edward Breazeale, Jr. ⁽⁵⁾ | 162,500 | 162,500 | - | - |
| Bristol Capital, LLC ⁽⁶⁾ | 862,500 | 862,500 | - | - |
| Rabel Burdge and Joyce Burdge Revocable Living Trust ⁽⁷⁾ | 50,000 | 50,000 | - | - |
| Kathleen M. Cahill Irrevocable Trust of 2012 ⁽⁸⁾ | 25,000 | 25,000 | - | - |
| Charles F. Carver ⁽⁹⁾ | 175,909 | 175,909 | - | - |
| Steven Chulik ⁽¹⁰⁾ | 50,000 | 50,000 | - | - |
| Stephen C. Davis ⁽¹¹⁾ | 140,000 | 140,000 | - | - |

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|--|-----------|-----------|---------|-------|
| Emerald Estock, LLC ⁽¹²⁾ | 2,150,000 | 2,150,000 | - | - |
| Jordon Estra ⁽¹³⁾ | 17,000 | 17,000 | - | - |
| Hugo Florido ⁽¹⁴⁾ | 182,500 | 182,500 | - | - |
| Hugo Florido and Lorraine Florido ⁽¹⁵⁾ | 10,000 | 10,000 | - | - |
| William T. Francis ⁽¹⁶⁾ | 15,000 | 15,000 | - | - |
| William H. Freeman ⁽¹⁷⁾ | 521,250 | 31,250 | 490,000 | 1.13% |
| Martin Funderlic ⁽¹⁸⁾ | 100,000 | 100,000 | - | - |
| Laurie Lynne Gaylor | 50,000 | 50,000 | - | - |
| Robert L. Gaylor ⁽¹⁹⁾ | 166,667 | 250,000 | - | - |
| Roy Y. Gaylor, Jr. ⁽²⁰⁾ | 15,000 | 15,000 | - | - |
| Herman Gettelfinger ⁽²¹⁾ | 842,579 | 476,537 | 366,042 | <1% |
| David M. Hall ⁽²²⁾ | 1,648,451 | 1,503,000 | 145,451 | <1% |
| Gerald Hannahs and Lynette Hannahs ⁽²³⁾ | 328,297 | 328,297 | - | - |
| Hillary Blake Hannahs | 5,000 | 5,000 | - | - |
| Whitney Madison Hannahs | 9,000 | 9,000 | - | - |
| William T. Horner ⁽²⁴⁾ | 100,000 | 50,000 | 50,000 | <1% |

| | | | | |
|--|-----------|-------------------|-----------|-------|
| GMP Securities LP ITF Antonio Cruz ⁽²⁵⁾ | 15,000 | 15,000 | - | - |
| Michael R. Jacks ⁽²⁶⁾ | 219,637 | 131,637 | 88,000- | <1% |
| Saunders Kohn, Jr. and Diana Kohn | 250,000 | 125,000 | 125,000 | <1% |
| Lawrence P. Leibowitz | 93,851 | 39,100 | 54,751 | <1% |
| Jerome J. Lombardo and Rosanne T. Lombardo ⁽²⁷⁾ | 10,000 | 10,000 | - | - |
| William McBee and Maria McBee ⁽²⁸⁾ | 5,000 | 5,000 | - | - |
| Deloy Miller ⁽²⁹⁾ | 2,388,134 | 456,597 | 1,931,537 | 4.45% |
| Deloy Miller and Sharon Miller | 100 | 100 | - | - |
| Kenneth N. Powell Family Trust ⁽³⁰⁾ | 25,000 | 25,000 | - | - |
| Raymond James & Assoc., Inc. CSDN fbo Don G. Raper IRA ⁽³¹⁾ | 12,229 | 5,000 | 7,229 | <1% |
| Jay Rifkin Trustee FBO Jay Rifkin SEP Prop Trust ⁽³²⁾ | 10,000 | 10,000 | - | - |
| Phillip J. Rodriguez and Kathleen M. Rodriguez ⁽³³⁾ | 15,000 | 15,000 | - | - |
| William A. Roquemore Jr. ⁽²⁾ | 10,000 | 10,000 | - | - |
| Samuel C. Sailer ⁽³⁴⁾ | 28,000 | 6,000 | 22,000 | <1% |
| Michael Springer ⁽¹⁰⁾ | 5,000 | 5,000 | - | - |
| Sutter Securities Incorporated ⁽³⁵⁾ | 29,674 | 29,674 | - | - |
| William M. Thomas ⁽³⁶⁾ | 100,000 | 100,000 | - | - |
| Walter J. Wilcox II ⁽³⁷⁾ | 827,333 | 794,000 | 33,333 | <1% |
| David B. Wright ⁽³⁸⁾ | 131,334 | 10,000 | 121,334 | <1% |
| WRWRLT ⁽³⁹⁾ | 710,234 | <u>710,234</u> | - | - |
| Total | | <u>12,784,408</u> | | |

(1)

The number of shares owned and offered by American Pension Services Administrator FBO Aaron V. Barson Jr. Roth IRA includes 50,000 shares underlying common stock purchase warrants with an exercise price of \$1.00 per share, which expire in December 2014. Mr. Aaron V. Barson, Jr. is the administrator of the IRA and as such has voting and investment control over the securities held by the IRA.

(2)

The number of shares owned and offered by Messrs. Arms, Bemoras and Roquemore includes shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015.

(3)

Mr. Boruff is an executive officer and member of our board of directors. The number of shares owned by him includes 8,000 shares owned for the benefit of his minor children, 11,428 shares of our common stock held in his late wife's name, 250,000 shares of our common stock underlying options with an exercise price of \$0.33 per share, 300,000 shares of our common stock underlying options with an exercise price of \$5.94 per share, 33,334 shares of our common stock underlying options with an exercise price of \$6.534 per share, 625,000 shares of our common stock underlying options with an exercise price of \$6.00 per share, and 83,333 shares of our common stock underlying options with an exercise price of \$5.89 per share. The number of shares owned by Mr. Boruff excludes options to purchase an additional 150,000 shares of our common stock exercisable at \$5.94, options to purchase an additional 16,666 shares exercisable at \$6.534, options to purchase an additional 1,875,000 shares exercisable at \$6.00 per share, and options to purchase an additional 166,667 shares exercisable at \$5.89 per share which have not yet vested. The number of shares offered includes 8,000 shares held for the benefit of his minor children over which Mr. Boruff has voting and dispositive control.

(4)

Ms. Nancy J. Bottom is the trustee of the Nancy J. Bottom TTEE Nancy Jane Bottom 1980 Trust UAD 8/12/80 and as such has voting and investment control over the securities held by the trust.

(5)

The number of shares owned and offered by Earl Edward Breazeale, Jr. includes 50,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015, and 12,500 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in September 2015.

(6)

Bristol Capital, LLC has been a consultant to us since March 2010. The number of shares owned and offered by Bristol Capital, LLC includes 300,000 shares of common stock underlying a warrant with an exercise price of \$2.50 per share expiring in March 2015 and 150,000 shares of common stock underlying a warrant with an exercise price of \$5.28 per share expiring in September 2017. Mr. Paul Kessler is the manager of Bristol Capital, LLC and as such has voting and investment control over the securities held by Bristol Capital, LLC. Mr. Kessler disclaims beneficial ownership of these securities.

(7)

Mr. Rabel Burdge is the trustee of the Rabel Burdge and Joyce Burdge Revocable Living Trust and as such has voting and investment control over the securities held by the trust.

(8)

The number of shares owned and offered by the Kathleen M. Cahill Irrevocable Trust of 2012 includes 25,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share, which expire in May 2015.

Mr. Elias Patoucheas is the trustee of the trust and as such has voting and investment control over the securities held by the trust.

(9)

The number of shares owned and offered by Charles F. Carver includes 20,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share, which expire in May 2015 and 15,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in September 2015.

(10)

The number of shares owned and offered by Messrs. Chulik and Springer includes shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in September 2015.

(11)

The number of shares owned and offered by Stephen C. Davis includes 30,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share, which expire in May 2015 and 10,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share, which expire in September 2015.

(12)

The number of shares owned and offered by Emerald Estock, LLC includes 700,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015. Mr. Kenneth R. Martin is the managing member of Emerald Estock, LLC and as such has voting and investment control over the securities held by Emerald Estock, LLC.

(13)

The number of shares owned and offered by Jordan Estra includes an aggregate of 17,000 shares underlying common stock purchase warrants with exercise prices ranging from \$1.35 to \$1.815 per share issued as compensation to Sutter Securities Incorporated in connection with our \$1.00 private placement of securities in December 2009 and subsequently assigned by that firm to Mr. Estra, who was then an employee of Sutter Securities Incorporated. The warrants expire in December 2014.

(14)

The number of shares owned and offered by Hugo Florido includes 162,500 shares underlying common stock purchase warrants with an exercise price of \$1.00 per share which expire in October 2014 and 10,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in September 2015.

(15)

The number of shares owned and offered by Hugo Florido and Lorraine Florido includes 10,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share, which expire in May 2015.

(16)

The number of shares owned and offered by William T. Francis includes 10,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015 and 5,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in September 2015.

(17)

The number of shares owned and offered by William H. Freeman includes 25,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015, and 6,250 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in September 2015.

(18)

Mr. Funderlic served as a consultant to us from 2008 to 2011. The number of shares owned and offered by Mr. Funderlic includes 100,000 shares of common stock underlying options with an exercise price of \$5.53 per share which expire in October 2020.

(19)

Mr. Gaylor is an employee of our company. The number of shares beneficially owned by Mr. Gaylor includes 100,000 shares of common stock underlying a warrant with an exercise price of \$2.00 per share expiring in January 2015, 33,334 shares of common stock underlying options with an exercise price of \$5.94 expiring in April 2020, and 33,333 shares of common stock underlying options with an exercise price of \$5.89 expiring in May 2021, but excludes an option to purchase 16,666 shares at an exercise price of \$5.94 per share which have not yet vested and options to purchase 66,667 shares at an exercise price of \$5.89 per share which have not yet vested. The number of shares offered by Mr. Gaylor includes 100,000 shares of our common stock underlying a warrant held by Mr. Gaylor with an exercise price of \$2.00 per share expiring in January 2015, 50,000 shares of our common stock underlying options with an exercise price of \$5.94 per share which expire in April 2020, and 100,000 shares of our common stock

underlying options with an exercise price of \$5.89 per share which expire in May 2021.

(20)

The number of shares owned and offered by Roy Y. Gaylor, Jr. includes 10,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015, as well as 5,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share, which expire in September 2015.

(21)

Mr. Gettelfinger is a member of our board of directors. The number of shares owned by him includes 225,000 shares held of record by his wife over which he has power of attorney and 4,000 shares owned by a partnership over which he exercises voting and dispositive control, together with options to purchase 66,666 shares of our common stock at an exercise price of \$5.94 per share, and options to purchase 40,000 shares of our common stock at \$5.89 per share. The number of shares owned by Mr. Gettelfinger excludes options to purchase 33,334 shares of common stock at an exercise price of \$5.94 per share and options to purchase 40,000 shares of common stock at an exercise price of \$3.84 per share which have not yet vested. The number of shares offered includes 100,000 shares held of record by his wife over which he has power of attorney.

(22)

Mr. Hall is an executive officer and member of our board of directors. The number of shares owned by him includes 711,000 shares underlying warrants with an exercise price of \$1.00 per share, 480,000 shares of our common stock underlying warrants with an exercise price of \$2.00 per share, 66,668 shares of our common stock underlying options with an exercise price of \$5.94 per share, and 58,333 shares of common stock underlying options with an exercise price of \$5.89 per share. The number of shares owned by Mr. Hall excludes options to purchase an additional 33,332 shares of our common stock exercisable at \$5.94 per share, and options to purchase 116,667 shares of our common stock at \$5.89 per share which have not yet vested. The number of shares offered includes 711,000 shares underlying warrants with an exercise price of \$1.00 per share expiring in December 2014 and 480,000 shares of our common stock underlying warrants with an exercise price of \$2.00 per share expiring in December 2014.

(23)

Mr. Hannahs is a member of our board of directors. The number of shares owned excludes options to purchase 100,000 shares of our common stock exercisable at \$3.84 per share which have not yet vested.

(24)

The number of shares owned and offered by William T. Horner includes 50,000 shares underlying common stock purchase warrants with an exercise price of \$1.00 per share which expire in December 2014.

(25)

The number of shares owned and offered by GMP Securities LP ITF Antonio Cruz includes 15,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015. Mr. Antonio Cruz is the administrator of the entity and as such has voting and investment control over the securities held.

(26)

The number of shares offered by Mr. Jacks includes an aggregate of 131,637 shares underlying common stock purchase warrants with exercise prices ranging from \$1.69 to \$5.28 per share. The warrants were issued as compensation to Sutter Securities Incorporated in connection with our \$1.00 private placement of securities in December 2009 and subsequently assigned to Mr. Jacks, an employee of Sutter Securities Incorporated. The warrants expire in December 2014 and March 2016.

(27)

The number of shares owned and offered by Jerome J. Lombardo and Rosanne T. Lombardo includes 10,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015.

(28)

The number of shares owned and offered by William McBee and Maria McBee includes 5,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015.

(29)

Mr. Miller is an executive officer and member of our board of directors. The number of shares owned by him includes 100 shares of our common stock held jointly with his wife, 200,000 shares of common stock underlying options with an exercise price of \$5.94 per share, 33,333 shares of common stock underlying options with an exercise price of \$6.534 per share, and 83,333 shares of common stock underlying options with an exercise price of \$5.89 per share. The number of shares owned by Mr. Miller excludes options to purchase 100,000 shares of our common stock exercisable at \$5.94 per share, options to purchase 16,666 shares of our common stock at \$6.543 per share, and options to purchase 116,667 shares of our common stock at \$5.89 per share which have not yet vested. The number of shares offered includes 456,597 shares of common stock held individually and 100 shares held jointly with his wife.

(30)

The number of shares owned and offered by Kenneth N. Powell Family Trust includes 15,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015 and 10,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in September 2015. Mr. Kenneth N. Powell is the trustee of the trust and as such has voting and investment control over the securities held by the trust.

(31)

The number of shares owned and offered by Raymond James & Assoc., Inc. CSDN fbo Don G. Raper IRA includes 5,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015. Mr. Don G. Raper, an employee of our company, is the administrator of the IRA and as such has voting and investment control over the securities held by the IRA.

(32)

The number of shares owned and offered by Jay Rifkin Trustee FBO Jay Rifkin SEP Prop. Trust includes 10,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015. Mr. Jay Rifin is the trustee of this trust and as such has voting and investment control over the securities held by the trust.

(33)

The number of shares owned and offered by Phillip J. Rodriguez and Kathleen M. Rodriguez includes 15,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share which expire in May 2015.

(34)

The number of shares offered by Samuel C. Sailer includes 6,000 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share. The warrants were issued as compensation to Sutter Securities Incorporated in connection with our \$3.50 private placement of securities in March 2010 and subsequently assigned to Mr. Sailer, an employee of Sutter Securities Incorporated. The warrants expire in March 2016.

(35)

The number of shares offered by Sutter Securities Incorporated includes 29,674 shares underlying common stock purchase warrants with an exercise price of \$5.28 per share. The warrants were issued as compensation to Sutter Securities Incorporated in connection with our \$3.50 private placement of securities in March 2010. The warrants expire in March 2016. Mr. Robert Muh is the Chief Executive Officer of Sutter Securities Incorporated and as such has voting and investment control over the securities held by Sutter Securities Incorporated. Mr. Muh disclaims beneficial ownership of these securities.

(36)

The number of shares owned and offered by William M. Thomas includes 50,000 shares underlying common stock purchase warrants with an exercise price of \$1.00 per share which expire in November 2014.

(37)

Mr. Wilcox is an employee of our company. The number of shares beneficially owned by him includes 33,333 shares of common stock underlying options with an exercise price of \$5.89 per share and 320,000 shares underlying a common stock purchase warrant with an exercise price of \$2.00 per share. The number of shares owned excludes options to purchase an additional 66,667 shares of common stock with an exercise price of \$5.89 per share, and a restricted stock grant of 15,000 shares which have not yet vested. The number of shares offered includes 320,000 shares underlying a common stock purchase warrant with an exercise price of \$2.00 per share.

(38)

Mr. Wright is an employee of our company. The number of shares owned by Mr. Wright includes 25,000 shares of common stock underlying options with an exercise price of \$2.52, 10,000 shares of common stock underlying a warrant with an exercise price of \$5.28 per share expiring in May 2015, and 33,334 shares of common stock underlying options with an exercise price of \$5.94 per share expiring in April 2020. The number of shares owned by Mr. Wright excludes options to purchase 16,666 shares of our common stock exercisable at \$5.94 and a restricted stock grant of 3,000 shares which have not yet vested. The number of shares offered includes 10,000 shares of common stock underlying a warrant with an exercise price of \$5.28 per share expiring in May 2015.

(39)

Mr. William R. Weakley is the managing member of WRWRLT and as such has voting and investment control over