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MAGELLAN

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Announcement to ASX

Kiana -1 Production Testing Update and Future Drilling Plans

Kiana-1 Update

Magellan Petroleum Australia Limited is pleased to announce that the production testing of the recent Kiana-1 oil discovery in PEL 107, in which Magellan will hold a 30% interest, commenced on 12 November. To date (as at 18:00 hours 16 November) some 1,711 barrels of crude oil (513 barrels net to Magellan) has been produced from the Kiana-1 production test and is being delivered by tanker to Moomba for transportation to market.

The purpose of the production test is to evaluate the productive capacity and potential of the Patchawarra Formation oil discovery, which, on open hole Drill Stem Test (DST), flowed 1,100 barrels of oil per day (BOPD) and 2.8 million cubic feet of gas per day (MMcf/D) on a ½" choke. Significantly, the current production test has yielded a lower gas to oil ratio compared to the DST and there has been no water produced to date from the production test.

Whilst the production test at Kiana-1 is testing the upper hydrocarbon zone within the Patchawarra Formation that was tested by DST 4, a lower Patchawarra Formation reservoir was identified using wireline sampling at the time of drilling. This zone was not validly tested with the drilling rig at the time and there is now potential to better assess this zone subject to operational considerations at the conclusion of the current production test.

In addition, and subject to sustained and encouraging production from the zone currently being tested, consideration will be given to the drilling of an appraisal well, Kiana-2, in the near term, subject to joint venture process and approval and rig availability.

Participants in the Kiana-1 production test are:

Magellan Petroleum Australia Limited	30.0%
Beach Petroleum (Operator)	40.0%
Great Artesian Oil And Gas Limited	30.0%

PEL 106 Udacha-1 Well

Magellan has taken up its option under the agreement with Great Artesian Oil and Gas (GOG) to farm into the Udacha-1 well to earn a 30% interest in any petroleum production licence resulting from a commercial discovery.

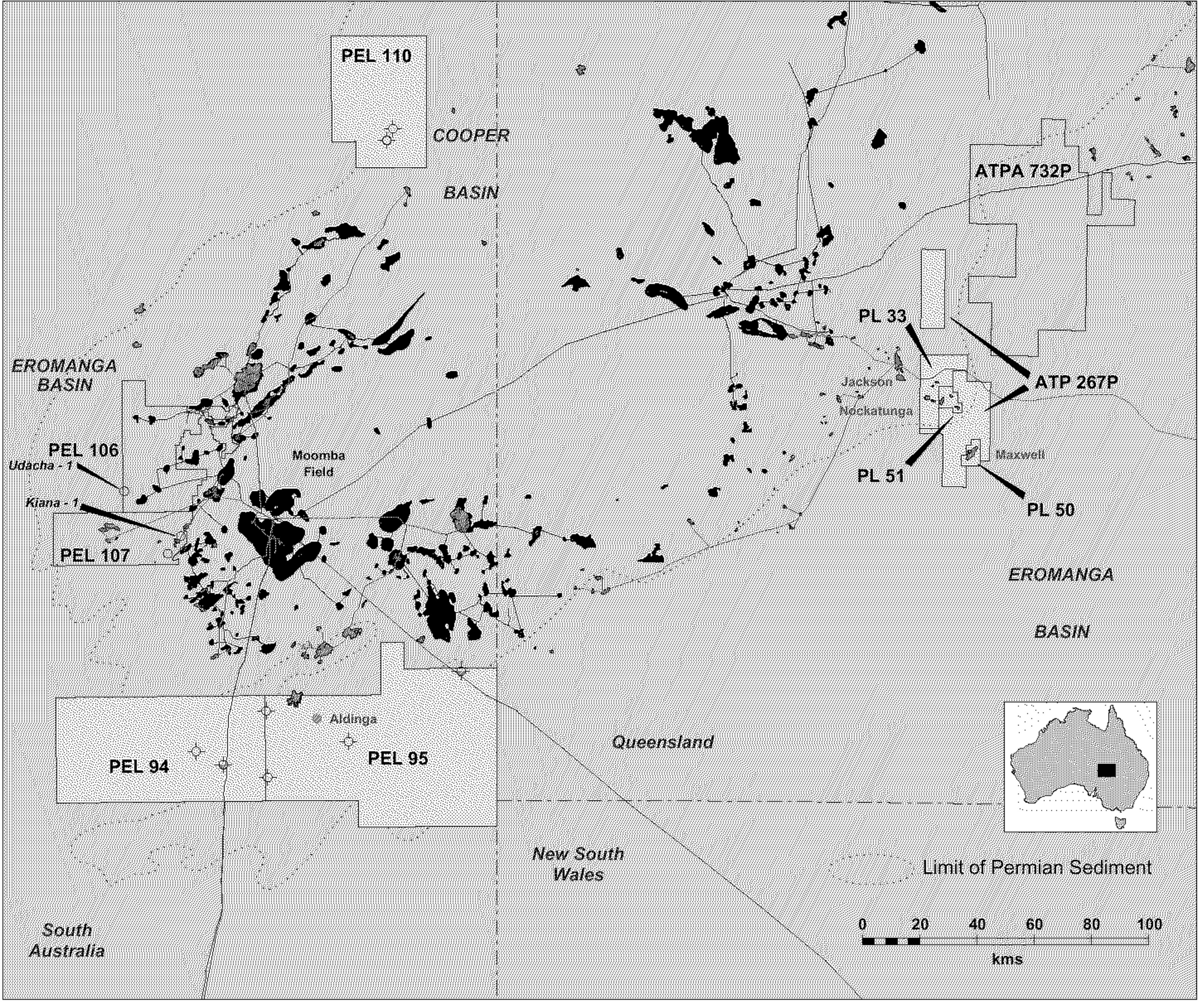
GOG estimates that the Udacha prospect has the potential to accommodate up to 2.3 million barrels of recoverable oil or some 10.5 BCF of gas (both at a P10 level of confidence) with the Patchawarra Formation providing the primary reservoir target. The Toolachee and Epsilon Formations and Tirrawarra Sandstone represent secondary reservoir targets. Drilling of the Udacha-1 well will commence in January 2006.

Under its agreement with GOG, Magellan has the option to earn an interest in PEL 106 and/or 107 by funding additional drilling in these permits.

Participants in the Udacha-1 Well are:

Magellan Petroleum Australia Limited	30.0%
Great Artesian Oil and Gas Limited	32.5%
Beach Petroleum (Operator)	15.0%
Enterprise Energy NL	12.5%
Rawson Resources Ltd	10.0%

For further information, please contact Dr Gwynn Davies on (07) 3224 1600.



PEL 110
COOPER
BASIN
ATPA 732P
EROMANGA
BASIN
PL 33
ATP 267P
Jackson
Nockatunga
PEL 106
Udacha - 1
Moomba
Field
PL 51
Maxwell
PL 50
Kiana - 1
PEL 107
EROMANGA
BASIN
Aldinga
Queensland
PEL 94
PEL 95
New South
Wales
Limit of Permian Sediment
South
Australia
0
20
40
60
80
100
kms