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ANNOUNCEMENT TO ASX

Kiana-2 Plugged and Abandoned and Forward Drilling Plans

Magellan Petroleum Corporation advises that DST 3 conducted over the Patchawarra Formation interval 1878 to 1892m in Kiana-2 recovered 60 barrels of muddy water and 4 barrels of mud, with no hydrocarbons. As a result of this DST and further wireline log evaluation it is concluded that the Kiana oil field does not extend west of a fault traversing between the Kiana-1 and Kiana-2 locations. Kiana-2 was designed to obtain more information on the areal extent of the Kiana oil field by testing a sub-culmination approximately 600 m to the west-southwest of Kiana-1; future development plans will now focus on the area east of the fault.

Two additional DSTs were conducted in the well: DST 1 conducted over the interval 1116-1127 metres recovered 6 bbls of muddy water and DST 2 conducted over the interval 1409.5-1419.0 metres resulted in no flow to surface and no recovery in the drill pipe.

Kiana-2 will now be plugged and abandoned and Rig 3 will move to the Keeley-1 location, approximately 8 km to the west-northwest.

Under the terms of a farmin agreement with Great Artesian Oil and Gas, Magellan Petroleum Corporation will participate in the upcoming drilling program in PEL 107. Magellan will fund 60% of the Keeley-1 and Cabbots-1 drilling costs in order to earn a 30% interest in any subsequent production licence in the event of a commercial discovery. By participating in these two wells Magellan will earn a 20% interest in permit PEL 107 and it will participate in Talia-1 at its 20% working interest in the permit. (See attached map for location of wells.)

Keeley-1 is an exploration well that will test a combined Permian anticlinal closure and stratigraphic trap in the southern Patchawarra Trough in PEL 107. The Keeley prospect is considered prospective because of its similarities with the Raven gas field, located 10 km to the northwest. The Keeley prospect is a robust closure. Volumetric estimates put its potential mean recoverable reserves at approximately 10 Bcf of gas. It has a maximum potential of approximately 29 Bcf of gas if stratigraphic trapping is also involved.

The primary reservoir objectives in Keeley-1 are the Patchawarra Formation reservoirs, similar to those which produce gas at Raven and in which gas has been discovered in the recent Udacha-1 and Middleton-1 wells. Keeley-1 will take about 16 days to drill and is planned to have a total depth of approximately 3023 m. Subject to completing current operations at Kiana-2, the well is expected to spud early next week.

Interests in Kiana-2 and Keeley-1 are as follows :

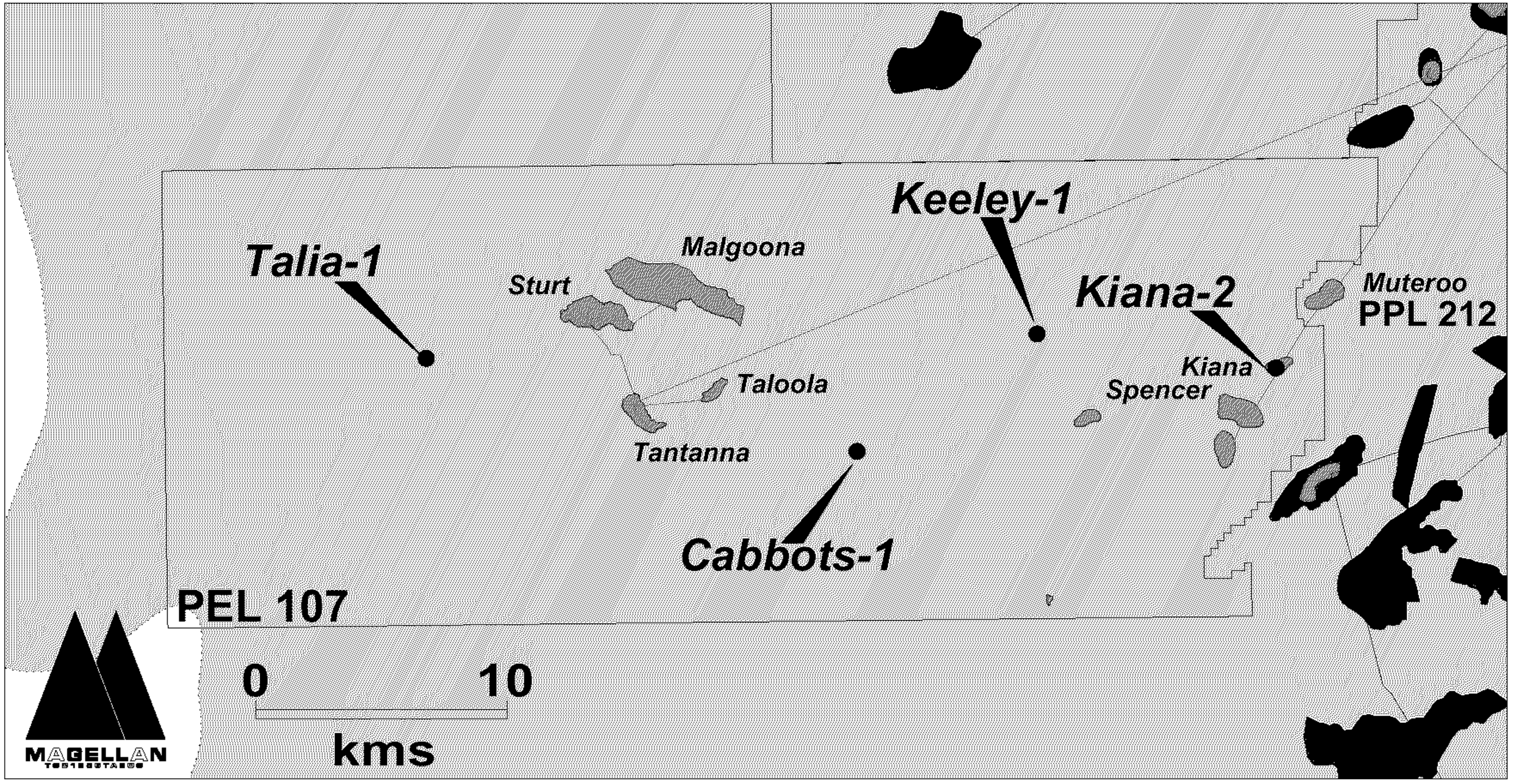
Magellan Petroleum Corporation	30.0%
Beach Petroleum Ltd (Operator)	40.0%
Great Artesian Oil and Gas Limited	30.0%

Magellan will issue routine weekly drilling reports during its 2006 Cooper Basin drilling program.

Forward Looking Statements

Statements in this release which are not historical in nature are intended to be, and are hereby identified as, forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. These statements about Magellan and MPAL may relate to their businesses and prospects, revenues, expenses, operating cash flows, and other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Among these risks and uncertainties are pricing and production levels from the properties in which Magellan and MPAL have interests, the extent of the recoverable reserves at those properties, the future outcome of the negotiations for gas sales contracts for the remaining uncontracted reserves at both the Mereenie and Palm Valley gas fields in the Amadeus Basin, including the likelihood of success of other potential suppliers of gas to the current customers of Mereenie and Palm Valley production. In addition, MPAL has a large number of exploration permits and faces the risk that any wells drilled may fail to encounter hydrocarbons in commercially recoverable quantities. Any forward-looking information provided in this release should be considered with these factors in mind. Magellan assumes no obligation to update any forward-looking statements contained in this release, whether as a result of new information, future events or otherwise.

For further information, please contact Dr Gwynn Davies, General Manager, Magellan Petroleum Australia Limited on telephone (07) 3224 1600.



Keeley-1
Talia-1
Malgoona
Sturt
Kiana-2
Muteroo
PPL 212
Kiana
Taloola
Spencer
Tantanna
Cabbots-1
PEL 107
0
10
kms
MAGELLAN