



ADMINISTRATIVE OFFICE
10th Floor, 145 Eagle Street,
Brisbane, Queensland, Australia 4000
Postal Address:
GPO Box 2766, Brisbane 4001

Telephone: (07) 3224 1600
Facsimile: (07) 3832 6411
Email: magadmin@magpet.com.au
Website: www.magpet.com.au

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Announcement to ASX

Weekly Drilling Report Udacha-1

The Udacha-1 exploration well spudded in PEL 91 in the Cooper-Eromanga Basin of South Australia on 11 January 2006. Surface casing was set at 732 metres. At 06:00 hrs (CST) on 19 January the well was at a depth of 1428 metres in the Oodnadatta Formation. The primary objective of the well is the Patchawarra Formation with secondary potential in the Toolachee and Epsilon Formations as well as in the Tirrawarra Sandstone.

Magellan is participating in the drilling of the Udacha-1 well under a farmin arrangement with Great Artesian Oil and Gas Limited whereby Magellan will earn a 30% participating interest in any commercial hydrocarbon discovery and related Petroleum Production Licence.

Udacha-1 well Details:

Petroleum Title: PEL 91, South Australia
Location: 12 km northwest of the Moonanga gas field and 17 km east of the Sellicks oil field in the Cooper-Eromanga Basin
Co-ordinates: Latitude: 27° 57' 15.94" South
Longitude: 139° 40' 02.18" East (GDA94)
Drilling Rig: Century Rig No.3
Objectives: Primary – Patchawarra Formation; and Secondary – Toolachee Formation, Epsilon Formation and Tirrawarra Sandstone
Total Depth: 2775 metres programmed
Current operations: Drilling ahead in 8½" hole at 1428 metres
Progress for week: 960 metres

Participants in the Udacha-1 well are:

Great Artesian Oil and Gas Limited	32.5%
Magellan Petroleum (Southern) Pty Ltd (A wholly owned subsidiary of Magellan Petroleum Australia Limited)	30.0% *
Beach Petroleum Ltd (Operator)	15.0%
Enterprise Energy NL	12.5% *
Rawson Resources Limited	10.0% *
(* Subject to a commercial discovery)	

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