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ANNOUNCEMENT TO ASX

Magellan Petroleum Corporation issues its first Supplementary Bidder's Statement

Magellan Petroleum Australia Limited (**MPAL**) has received a supplementary Bidder's Statement dated 24 January 2006 in relation to the takeover offer by Magellan Petroleum Corporation (**MPC**).

MPC has:

- (a) increased the consideration being offered for MPAL Shares by:
 - (i) increasing the scrip consideration to 7.5 MPC Shares for every 10 MPAL Shares (from 7 MPC Shares for every 10 MPAL Shares); and
 - (ii) adding A\$0.10 cash per MPAL Share; and
- (b) extended the Offer until 9 March 2006.

As set out in MPAL's Target's Statement dated 22 December 2005, the MPC Offer is subject to a number of conditions.

The Independent Directors of MPAL are assessing the revised Offer and will prepare a second Supplementary Target's Statement as soon as practicable.

In the meantime, the Independent Directors recommend that Shareholders take **NO ACTION** in relation to MPC's revised Offer.