

# MAGELLAN PETROLEUM AUSTRALIA LIMITED

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9 February 2006

## **ANNOUNCEMENT TO ASX**

### **Magellan Petroleum Australia Limited (MPAL) Second Supplementary Target's Statement**

Pursuant to sections 644(1)(c) and 647(3)(b) of the *Corporations Act 2001*, we enclose MPAL's Second Supplementary Target's Statement in relation to Magellan Petroleum Corporation's off-market bid for all the ordinary shares in MPAL.



•ver offer for MPAL Shares.

- In the Supplementary Bidder's Statement, 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;
  - (b) extended the Offer until 9 March 2006; and
  - (c) made certain other statements in relation to information contained in the Target's Statement and the Supplementary Target's Statement and in relation to the Revised Offer.

## **2. Recommendation of the Independent Directors**

- The Independent Directors have considered the Revised Offer and the additional information contained in the Supplementary Bidder's Statement.
- The Revised Offer comprises only a modest increase in the consideration being offered to MPAL Shareholders and, in the opinion of the Independent Directors, neither the increased consideration nor the additional information contained in the Supplementary Bidder's Statement adequately addresses the concerns underlying their recommendation to reject the original Offer.

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- The Independent Directors therefore consider that the Revised Offer is neither fair nor reasonable.
  - **Accordingly, the Independent Directors recommend that MPAL Shareholders should REJECT the Revised Offer.**
  - The Independent Directors will keep MPAL Shareholders informed of any significant developments or material changes in circumstance with respect to the Revised Offer.

### 3. Other information

- The Revised Offer is currently scheduled to close on 9 March 2006.
- The Revised Offer remains subject to a number of conditions, including that MPC obtains:
  - a relevant interest in at least 90% of MPAL Shares. Given that MPC has not lodged a substantial shareholder notice with MPAL advising of movement in its holding of 1% or more, it appears that MPC has received acceptances of less than 1% to date; and
  - approval of the Revised Offer by MPC Shareholders at a meeting which is scheduled to be held on 23 February 2006.
- MPC must give a notice to MPAL and ASX in relation to the status of all of the conditions between 23 February 2006 and 1 March 2006.
- If, notwithstanding the Independent Directors' recommendation, you do decide to accept the Revised Offer, the Independent Directors strongly advise you to wait until MPC gives its notice in relation to the status of the conditions before lodging your acceptance.

### 4. Consents

- Each Independent Director has given and has not, before the date of this Second Supplementary Target's Statement, withdrawn his consent to the inclusion in this document of the statements made by him or by the Independent Directors collectively in the form and context in which they are included.

### 5. ASIC Class Order 01/1543

As permitted by Class Order 01/1543, this Second Supplementary Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or ASX. The Class Order permits certain statements to be included in this Second Supplementary Target's Statement without the consent of the person to whom the statement was attributed where the statement was made in a document lodged with ASIC or ASX.

Pursuant to the Class Order, MPAL will make available a copy of the following documents (or extracts from those documents), free of charge to MPAL Shareholders who ask for it during the Offer Period:

- MPC's Bidder's Statement; and
- MPC's Supplementary Bidder's Statement.

To obtain a copy of these documents (or the relevant extracts), MPAL Shareholders should write to MPAL (attention: Company Secretary), GPO Box 2766, Brisbane, Qld 4001.

### 6. Approval

This Second Supplementary Target's Statement has been approved by a resolution of the Directors.

**Dated** 9 February 2006

Signed for and on behalf of Magellan Petroleum Australia Limited



R. F. Cormie  
Chairman