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9 March 2006

ANNOUNCEMENT TO ASX

**MAGELLAN PETROLEUM CORPORATION ("MPC") ANNOUNCES
AN INTENTION TO WAIVE THE 90% MINIMUM ACCEPTANCE CONDITION
IN ITS OFFER ("REVISED OFFER") FOR THE OUTSTANDING SHARES OF
MAGELLAN PETROLEUM AUSTRALIA LIMITED ("MPAL") IF IT REACHES
AN 80% RELEVANT INTEREST**

MPC has announced that it will waive the 90% minimum acceptance condition upon receiving acceptances taking its relevant interest in MPAL to 80%.

MPAL's Independent Directors continue to believe that the MPC offer is NEITHER FAIR NOR REASONABLE for the reasons set out in the Target's Statement dated 22 December 2005 (as supplemented), including that it results in a material dilution of the proportionate interest in the underlying assets for MPAL minority shareholders who accept the offer.

In its substantial shareholder notice lodged today, MPC has advised that, as at 8 March 2006, it had voting power in MPAL of only 56.19%.

The Independent Directors have not changed their recommendation to MPAL Shareholders, as set out in the Third Supplementary Target's Statement dated 3 March 2006.

Any MPAL Shareholder who is considering accepting the Revised Offer should:

- (a) note that the Revised Offer remains conditional upon:
- (i) MPC obtaining a relevant interest in at least 90% of MPAL shares and being able to compulsorily acquire the remaining MPAL shares.

MPC has only announced that it will waive that condition **if** it receives sufficient acceptances to give it a relevant interest in at least 80% of MPAL shares; and

- (ii) ASX approving MPC's application to have the CDIs quoted on ASX. MPC has not indicated that it will waive this condition;

- (b) note that, unless it extends the Revised Offer period, MPC must give a notice (**Final Notice**) to MPAL and ASX in relation to the status of all of the conditions by 10 March 2006.

MPC may not extend the Revised Offer period after it gives the Final Notice, except where the Revised Offer becomes unconditional or in other limited circumstances.

Unless it first extends the Revised Offer period, MPC may not declare the Revised Offer free from either of the remaining conditions after 10 March 2006.

If MPC extends the Revised Offer period, the time for giving the Final Notice will also be extended, but MPC must give a separate notice stating the status of all of the conditions.

- (c) refer to sections 1.8 and 6 of the Target's Statement in relation to the advantages and disadvantages of receiving MPC shares.

The Independent Directors will keep MPAL Shareholders informed of any significant developments or material changes in circumstance with respect to the Revised Offer.