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Announcement to ASX

Udacha-1 Gas Reserves

Magellan Petroleum Corporation (ASX Code: MGN) announces that the PEL 91 joint venture operator, Beach Petroleum, has reported that, based on the results of the extended production test carried out on the Udacha-1 well in September-October this year, the estimated gross Proved Recoverable Reserves which are Undeveloped are 1.4 Bcf (1.7 PJ) of sales gas. Proved and Probable Recoverable Reserves of sales gas are estimated at 2.8 Bcf (3.4 PJ).

Udacha-1 was drilled in PEL 91 in early 2006 and flowed gas on DST at approximately 0.4 MMcf/D; however, test results indicate that rates in excess of 2 MMcf/D should be achievable with fracture stimulation. Based on the test results, condensate is expected to be recovered from the sales gas stream at the rate of around 14 barrels per MMcf.

The Udacha-1 gas discovery is located in the South Australian Cooper Basin, approximately 50 km northwest of Moomba and 12 km from the nearest existing gas infrastructure. Development of the field and commencement of gas production is now subject to the negotiation of a gas sales agreement and/or access arrangements with respect to existing infrastructure in the Cooper Basin.

Magellan participated in the Udacha-1 well under a farmin arrangement with Great Artesian Oil and Gas, and has earned a 30% interest in any Petroleum Production Licence granted over the discovery.

Participants in Udacha are:

Magellan Petroleum Corporation	30.0%
Great Artesian Oil and Gas Limited	32.5%
Beach Petroleum Limited (Operator)	15.0%
Enterprise Energy NL	12.5%
Rawson Resources Limited	10.0%

MMcf = Million cubic feet
Bcf = Billion cubic feet

MMcf/D = Million cubic feet per day
PJ = Peta (10^{15}) Joules

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 United States Private Securities Litigation Reform Act of 1995. These statements about Magellan may relate to its 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 the extent of the recoverable reserves at those properties and 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.

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