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ANNOUNCEMENT TO ASX

Magellan Petroleum Corporation's 2007 Intensive Drilling Campaign

Magellan Petroleum Corporation (Magellan) announces that its intensive drilling program for 2007 is likely to commence late December 2006. This program is consistent with Magellan's recently adopted drilling and exploration strategy to focus on low to medium risk acreage in its core areas, being the Cooper Eromanga Basin in Australia and the Weald Basin in the UK. This program will commence with the spudding of Dilkeria North-1, the first well of its 11 well drilling program in the Nockatunga Block PL 51 in the Cooper Eromanga Basin in southwest Queensland (see attached map). Santos is operator for the Nockatunga Block in which Magellan has a 38.994% interest. This 11 well program includes two near field exploration wells, five appraisal wells and four development wells which will be drilled back-to-back by PDI rig 721. Magellan's budgeted cost for this program is A\$10 million.

The drilling campaign in Nockatunga is part of the Santos' Cooper Oil Project targeting low to moderate production reservoirs in the Cooper Eromanga Basin. Typically, wells are drilled in 6 to 10 days and connection of successful wells is targeted in 40 to 60 days. Results to date of this project (which commenced in early 2006) in other parts of the Cooper Eromanga Basin have been very successful. Successful wells will be completed and connected to existing oil production facilities which will be upgraded to handle the anticipated increased production volumes.

In addition, Magellan will participate in two further wells in the Cooper Eromanga Basin in the Beach Petroleum program using the Century 3 rig in early 2007. The wells are Tunkalilla-1 and Telowie-1, both located in PEL 94. Tunkalilla-1 is expected to spud in early February. Beach Petroleum is operator for the PEL 94 joint venture with 50%, Magellan's interest is 35% and Victoria Petroleum holds 15%. Magellan's budgeted cost for these wells is A\$0.7 million.

These two wells are considered follow-up wells to Maslins-1, which was drilled in 2002 and recovered oil from the Murta Formation.

PEL 94 lies in the southern part of the basin adjacent to PEL 113 to the north, where Beach and Stuart Petroleum have drilled several successful wells in recent months close to the boundary of the permit.

Magellan has two to three wells programmed for the Weald Basin in the UK in 2007; the first well is expected to be Markwells Wood-1 (PEDL 126), to be followed by Leigh Park-1 (PEDL 099, 155) and possibly Hedge End-1 (PEDL 126) later in the year. Northern Petroleum (45-50% interest) is operator; Magellan holds a 40% interest in each of the PEDLs. Magellan's budgeted cost for these wells is A\$3.6 million.

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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