



MAGELLAN PETROLEUM
CORPORATION
ARBN 117 452 454

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9 April 2009

Company Announcements Office
Australian Securities Exchange
Level 10, 20 Bond Street
SYDNEY NSW 2000

FORM 8-K

This report is submitted by Magellan Petroleum Corporation (ASX Code MGN) (Magellan) in the form of United States Securities and Exchange Commission Form 8-K, which was filed with SEC on 8 April 2009.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): April 8, 2009 (April 3, 2009)

Magellan Petroleum Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-5507

(Commission File Number)

06-0842255

(IRS Employer Identification No.)

10 Columbus Boulevard, Hartford, CT

(Address of Principal Executive Offices)

06106

(Zip Code)

860-293-2006

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Definitive Material Agreement

Settlement Agreement Related to the Company's 2008 Annual Meeting

On April 3, 2009, Magellan Petroleum Corporation (“Magellan” or the “Company”) entered into a settlement agreement (the “Settlement Agreement”) with two Company shareholders, ANS Investments LLC (“ANS”) and its President/CEO, Jonah M. Meer (“Meer”, and together with ANS, the “ANS Parties”), in advance of the Company's 2008 Annual Meeting of Shareholders (the “Annual Meeting”).

Previously on October 27, 2008, the ANS Parties filed proxy materials (the “ANS Proxy Statement”) with the U.S. Securities and Exchange Commission (“SEC”) describing their intentions to nominate Mr. Meer as a candidate for election as a director of the Company (the “Contested Election”) and to present two other proposals to the Company's shareholders for consideration at the Annual Meeting. The Settlement Agreement terminates the proxy solicitation efforts of the ANS Parties on mutually agreeable terms and gains the full support of the ANS Parties as the Company moves forward with its strategic plans.

Under the terms of the Settlement Agreement, the ANS Parties have specifically agreed to (1) irrevocably withdraw both the nomination of Mr. Meer as a director candidate and their other proposals, as well as their related advance notices previously provided to the Company's Secretary under the Company's Bylaws; (2) irrevocably withdraw their demand made under Delaware law to inspect certain books and records of the Company; (3) terminate all proxy solicitation efforts with respect to the Contested Election; (4) not vote or cast any votes under proxies received to date pursuant to the Contested Election; (5) promptly notify the staff of the SEC in writing of the termination of the Contested Election and the related solicitation pursuant to the ANS Proxy Statement; (6) support each of the proposals that the Company intends to present to its shareholders at the Annual Meeting; (7) vote, not later than five (5) business days before the Annual Meeting, all of the shares of Company Common Stock held by the ANS Parties in favor of these proposals in accordance with the recommendation of the Company's Board of Directors; and (8) grant irrevocable proxies to Company management in order to effectuate these votes. The Company and the ANS Parties have also granted releases of legal claims to one another under the Settlement Agreement. In exchange, the Company has agreed to reimburse the ANS Parties up to \$125,000 for their legal and related expenses incurred with respect to the Contested Election.

Under the one-year standstill provision in the Settlement Agreement, the ANS Parties have agreed, without the prior consent of the Company, not to: (1) engage in any proxy solicitation activities contrary to recommendations of the Board; (2) form, join or in any way participate in a “group” (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934) for the purpose of acquiring, holding, voting or disposing of any securities of the Company; (3) acquire or agree, offer, seek or propose to acquire, or cause to be acquired, ownership (including beneficial ownership) of any of the assets or business of the Company or any rights or options to acquire any such assets or business from any person; (4) seek, propose, or make any statement with respect to, or solicit, negotiate with, or provide any information to any person with respect to, a merger, consolidate, acquisition of control or other business combination, tender or exchange offer, purchase, sale or transfer of assets or securities,

dissolution, liquidation, reorganization, recapitalization, dividend, share repurchase or similar transaction involving the Company, its subsidiaries or its business, whether or not any such transaction involves a change of control of the Company; or (5) take any action, alone or in concert with any other person, advise, finance, assist or participate in or encourage any person to take any action which is prohibited to be taken by the ANS Parties pursuant to the Settlement Agreement. Notwithstanding the terms of the standstill provision, the Company has agreed that the ANS Parties and YEP, and with other third parties approved in advance by the Company, as to the business, affairs and well being of the Company, provided however that (i) any material confidential or proprietary information of the Company which may be disclosed to the ANS Parties by YEP shall be preceded by the ANS Parties' execution of a non-disclosure and standstill agreement in a form approved by the Company, and (ii) the ANS Parties and YEP shall each retain responsibility for their own compliance with all applicable securities laws and regulations.

A copy of the Settlement Agreement dated April 3, 2009 is attached as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

On April 6, 2009, the Company and the ANS Parties issued a joint press release announcing the signing of the Settlement Agreement. A copy of the joint press release, dated April 6, 2009, is filed herewith as Exhibit 99.1 and is hereby incorporated by reference.

Important Information about the Annual Meeting

Magellan filed a preliminary proxy statement with the SEC on February 11, 2009, in connection with the election of one director and other actions to be taken at the Annual Meeting. Magellan will soon be filing a revised preliminary proxy statement for the Annual Meeting. Thereafter, Magellan will announce the date and location of the Annual Meeting and mail to its shareholders a definitive proxy statement and proxy card in connection with the Annual Meeting.

Shareholders are urged to read the Company's definitive proxy statement (as well as any amendments or supplements thereto) relating to the Annual Meeting when it becomes available because it will contain important information. After being filed with the SEC, shareholders will be able to obtain the definitive proxy statement (as well as any amendments or supplements thereto) and other relevant documents free of charge at the SEC's website, www.sec.gov. In addition, copies of the definitive proxy statement and other relevant documents will be made available for free to any Magellan shareholder who makes a request to the attention of the Company's Secretary at: 10 Columbus Boulevard, Hartford, CT 06106.

Magellan and its directors, executive officers and other employees may be deemed to be participants in the solicitation of proxies in connection with the Annual Meeting. Information regarding the names and interests of these persons in connection with the Annual Meeting was included in the Company's preliminary proxy statement, filed with the SEC on February 11, 2009, as such information may be supplemented or amended by the definitive proxy statement.

First Amendment to Purchase Agreement for Strategic Investment

As previously disclosed on February 10, 2009, on February 9, 2009, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with Young Energy

Prize S.A., a Luxembourg corporation (“YEP”), under which the Company has agreed to sell, and YEP has agreed to purchase, 8,695,652 shares (the “Shares”) of the Company’s common stock, par value \$0.01 per share (the “Common Stock”) at a purchase price of \$1.15 per share, or an aggregate of \$10 million. The closing of the investment transaction (the “Investment Transaction”) under the Purchase Agreement (the “Closing”) is subject to receipt of shareholder approval of the Investment Transaction and an amendment to the Company’s restated certificate of incorporation, as well as other customary closing conditions.

In addition, the Company agreed at Closing to enter into a warrant agreement (the “Warrant Agreement”) pursuant to which the Company will issue a five-year warrant (the “Warrant”) to YEP entitling YEP to purchase an additional 4,347,826 shares of the Company’s Common Stock through warrant exercise (the “Warrant Shares”). The Warrant will have a term of five years and an original exercise price of \$1.20 per Warrant Share, subject to certain adjustments. Effective on the Closing, the Company will enter into a Registration Rights Agreement (the “Registration Rights Agreement”) with YEP pursuant to which the Company will grant to YEP certain registration rights with respect to the Shares and the Warrant Shares after the Closing.

On April 3, 2009, the Company and YEP agreed to amend their securities purchase agreement (the “First Amendment”) to extend the outside termination date for the closing of YEP’s equity investment from April 30, 2009 to June 30, 2009, in order to provide sufficient time to conduct the 2008 Annual Meeting and complete the YEP equity investment transaction. The First Amendment provides that, if YEP completes the purchase of the ANS Shares from the ANS Parties described below in Item 8.01, then the exercise price payable by YEP for the Warrant Shares shall be reduced from \$1.20 to \$1.15 per share. The amendment also provides that, following the closing of the YEP equity financing transaction, for so long as Nikolay V. Bogachev and J. Thomas Wilson are serving on the Company’s Board of Directors as designees of YEP, (a) Mr. Bogachev may elect to be designated as a member of the Board’s Audit Committee, provided that he meets the established requirements for members of such Committee and (b) Mr. Wilson may elect to be designated as a member of the Board’s Compensation Committee, provided that he meets the established requirements for members of such Committee.

As amended, the Purchase Agreement may be terminated at any time prior to the Closing by YEP or by the Company, if the Closing has not occurred by June 30, 2009, provided that the right to terminate shall not be available to either party whose failure to perform its obligations under the Purchase Agreement is the primary cause of the failure of the Closing to have occurred by such date. Other termination provisions of the Purchase Agreement were described in the Company’s current report filed with the SEC on February 10, 2009.

Except as otherwise amended by the First Amendment, the terms and conditions of the Purchase Agreement remain in full force and effect. A copy of the First Amendment dated April 3, 2009 to the Purchase Agreement is attached as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities

The disclosure required by Item 3.02 in connection with the Warrant Agreement and the Registration Rights Agreement was included in Item 3.02 of the Company's current report on Form 8-K filed on February 10, 2009 and is hereby incorporated herein by reference.

This current report on Form 8-K shall not constitute an offer to sell or a solicitation of an offer to buy any securities of Magellan. The Shares, the Warrant and the Warrant Shares have not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States without being registered with the SEC or through an applicable exemption from SEC registration requirements. The Shares and Warrant Shares are being offered and sold only to YEP. As noted above, Magellan has agreed to file a registration statement with the SEC covering the resale by YEP of the Shares issued to YEP in the Investment Transaction and the Warrant Shares issuable to YEP upon the exercise of the Warrants.

Item 8.01 Other Events

YEP has advised the Company that YEP and the ANS Parties have entered into a securities purchase agreement dated April 3, 2009 (the "ANS-YEP Purchase Agreement") by which YEP will, upon completion of YEP's Investment Transaction with the Company, purchase 568,985 shares of the Company's Common Stock currently owned by the ANS Parties (the "ANS Shares") at a price of \$1.15 per share. The obligation of the ANS Parties to complete the sale transaction is subject to two closing conditions: (1) YEP must have completed its purchase of shares from the Company in the Investment Transaction, and (2) the Settlement Agreement between the Company and the ANS Parties must be in full force and effect. The ANS Parties have also agreed with YEP that, for a period of six (6) months from the closing date under the ANS-YEP Purchase Agreement, they will not acquire, directly or indirectly, by purchase or otherwise, beneficial ownership of any additional securities of the Company or direct or indirect rights or options to acquire any securities of the Company.

The ANS-YEP Purchase Agreement may be terminated by YEP or the ANS Parties, upon written notice to the other, if the closing thereof shall not have taken place on or before June 30, 2009. In addition, the ANS Parties may terminate the ANS-YEP Purchase Agreement and the sale of all (but not less than all) of the ANS Shares to YEP on or before the elapse of ten (10) business days after YEP has furnished to the ANS Parties a copy of the Company's Form 10-Q for the fiscal quarter ended March 31, 2009 as filed with the SEC and a supplemental memorandum of YEP providing certain information with respect to the Company to the ANS Parties.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

- 10.1 Settlement Agreement, dated April 3, 2009, among the Company, ANS Investments LLC and Jonah M. Meer.
- 10.2 First Amendment, dated April 3, 2009, to Securities Purchase Agreement between the Company and Young Energy Prize S.A., dated February 9, 2009.
- 99.1 Company press release dated April 6, 2009 regarding the Settlement Agreement.
- 99.2 Company press release dated April 7, 2009 regarding the First Amendment.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

MAGELLAN PETROLEUM CORPORATION

By: /s/ Daniel J. Samela
Name: Daniel J. Samela
Title: Chief Financial Officer, Chief
Accounting Officer and Treasurer

Dated: April 8, 2009

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Settlement Agreement, dated April 3, 2009, among the Company, ANS Investments LLC and Jonah M. Meer.
10.2	First Amendment, dated April 3, 2009, to Securities Purchase Agreement between the Company and Young Energy Prize S.A., dated February 9, 2009.
99.1	Company press release dated April 6, 2009 regarding the Settlement Agreement.
99.2	Company press release dated April 7, 2009 regarding the First Amendment.

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is entered into this 3rd day of April, 2009 by and among ANS Investments LLC , a Delaware limited liability company (“ANS”), Jonah M. Meer, an individual residing at 1488 East 27th Street, Brooklyn, N.Y. 11210 (“Meer”), and Magellan Petroleum Corporation, a Delaware corporation (the “Company”). ANS and Meer are sometimes hereinafter referred to collectively as the “ANS Parties.”

RECITALS:

A. The ANS Parties own, beneficially and of record, an aggregate of 668,985 shares (the “ANS Shares”) of the common stock, par value \$.01 per share (“Common Stock”) of the Company, 84,500 shares of which are owned of record by Meer and 584,485 shares of which are owned of record or beneficially by ANS.

B. By letter dated March 6, 2008, the ANS Parties made a written demand to inspect the Company's shareholder lists and certain books and records (the “Section 220 Demand”) pursuant to Section 220 of the General Corporation Law of the State of Delaware (the “DGCL”).

C. In response to the Section 220 Demand, the Company provided certain shareholder lists to the ANS Parties and produced certain documents.

D. The ANS Parties have given notice to the Company of ANS’ intention to (a) nominate Meer for election (the “Contested Election”) as a member of the Company’s Board of Directors (the “Board”) in opposition to the Company’s director nominee, William H. Hastings (“Hastings”), in connection with the Company’s planned 2008 Annual Meeting of Shareholders (the “Annual Meeting”) and (b) bring before the Company’s shareholders the other business and proposals (the “Other ANS Proposals”) described in the ANS Proxy Statement (as defined below).

E. The ANS Parties are currently engaged, or intend to engage, in a solicitation of proxies from the Company’s shareholders with respect to the matters described in the immediately preceding recital.

F. The ANS Parties have made a number of filings with the U.S. Securities and Exchange Commission (“SEC”) in connection with such solicitation and the Contested Election, including the ANS Parties’ revised preliminary proxy materials, filed with the SEC on October 27, 2008 (the “ANS Proxy Statement”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

G. The Company has entered into a Securities Purchase Agreement with Young Energy Prize S.A., a Luxembourg corporation (“YEP”), dated as of February 9, 2009 (the “YEP Purchase Agreement”) pursuant to which YEP has agreed to purchase, 8,695,652 shares of the Company’s Common Stock at a purchase price of \$1.15 per share, or an aggregate of \$10 million (the “YEP Equity Financing Transaction”).

H. The Company filed its preliminary proxy materials with the SEC on February 11, 2009 and plans to conduct the 2008 Annual Meeting in the near future.

I. The Board has determined that that it is in the best interests of the Company and its shareholders to enter into this Agreement to avoid the expense and disruption of the Contested Election and to facilitate the prompt completion of the YEP Equity Financing Transaction.

J. Without admitting any of the matters asserted by any of the parties hereto, the ANS Parties, YEP and the Company wish to resolve the Contested Election and all other related matters in dispute between them without further expense or resort to litigation.

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the undersigned parties to this Agreement do hereby agree and undertake to settle the Contested Election and all other related disputes as follows:

ARTICLE I COVENANTS AND AGREEMENTS OF THE ANS PARTIES

1.1 Withdrawal of Section 220 Demand. The ANS Parties hereby irrevocably withdraw the Section 220 Demand.

1.2 Termination of Contested Election. The ANS Parties shall immediately cease, and shall cause their Affiliates and Associates (as defined in the Exchange Act) to cease, any and all solicitation efforts with respect to the Contested Election.

1.3 Withdrawal of Nomination and Other Proposals. The ANS Parties hereby irrevocably withdraw (a) the nomination of Meer for election as a member of the Company's Board of Directors and the related advance notice submissions tendered to the Company on September 11, 2008 and January 9, 2009; and (b) the Other ANS Proposals described in the ANS Proxy Statement.

1.4 Termination of Proxy Solicitation Efforts. From the date hereof through the completion of the Annual Meeting, neither ANS nor Meer, or any of their respective Affiliates shall, directly or indirectly, other than as contemplated by this Agreement and other than in a manner consistent with the recommendations of the Board, (i) solicit proxies or consents for the voting of any shares of Common Stock of the Company or otherwise become a "participant," directly or indirectly, in any "solicitation" of "proxies" or consents to vote, or become a "participant" in any "election contest" involving the Company or the Company's securities (as such terms are defined in Instruction 3 of Item 4 of Schedule 14A and Rule 14a-1 of Regulation 14A, respectively, under the Exchange Act), (ii) seek to advise or influence any person with respect to the voting of any securities of the Company, other than in a manner consistent with the Board's recommendation with respect thereto, (iii) initiate, propose or otherwise "solicit" Company shareholders for the approval of shareholder proposals, (iv) otherwise communicate with Company shareholders or others pursuant to Rule 14a-1(l)(2)(iv) under the Exchange Act, or (v) otherwise engage in any course of conduct with the purpose of causing shareholders of the Company to vote contrary to the recommendation of the Board on any matter presented to the Company's shareholders for their vote at the Annual Meeting.

1.5 No Proxy Voting. The ANS Parties shall not vote or cause to be voted any proxies that may have been received to date pursuant to the Contested Election.

1.6 Notice to the SEC. The ANS Parties shall promptly notify the staff of the SEC in writing that it is terminating the Contested Election and the solicitation pursuant to the ANS Proxy Statement, and provide the Company with a copy of this communication.

1.7 Annual Meeting Matters. The ANS Parties and their Affiliates and Associates shall not object to the election of Hastings as the Company's director nominee at the Annual Meeting or make any public statement inconsistent with the provisions of this Agreement. The ANS Parties and their Affiliates and Associates shall, not later than the fifth business day prior to the Annual Meeting, vote all of the ANS Shares, as follows:

- (a) "FOR" the election of Hastings as a director;
- (b) "FOR" the proposal to approve an amendment to the Company's Restated Certificate of Incorporation (the "Restated Certificate") to repeal the "per capita" voting requirements of Article 12th and 14th thereof;
- (c) "FOR" the proposal to approve an amendment to the Restated Certificate to repeal Article 13th, the "super majority" voting provisions of the Restated Certificate;
- (d) "FOR" the proposal to approve the YEP Equity Financing Transaction;
- (e) "FOR" the proposal to approve an amendment and restatement of the Company's 1998 Stock Option Plan to: (i) increase the authorized shares of Common Stock reserved for awards under the Plan to an aggregate of 5,205,000; (ii) authorize the Compensation Committee to award shares of restricted stock, annual awards of stock to non-employee directors and performance-based awards; and (iii) rename the Plan the "1998 Stock Incentive Plan;" and
- (f) "FOR" the proposal to ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the fiscal year ending June 30, 2009.

Once cast in the foregoing manner, the ANS Parties shall not, and shall cause their Affiliates and Associates not, to revoke or change any vote in connection with the Annual Meeting.

1.8 Grant of Irrevocable Proxy. In order to effectuate the provisions of this Article I and in addition to and not in lieu of the provisions set forth in Section 1.7 above, each of the ANS Parties hereby constitutes and appoints Walter J. McCann and William H. Hastings, or either of them, as proxies, with full power to act without the other and with full power of substitution, to represent such ANS Party at the Annual Meeting, and at any adjournments or postponements thereof, and to vote the ANS Shares and all other shares of Common Stock which each such ANS Party is entitled to vote on all matters coming before the Annual Meeting, it being understood and agreed that the aforementioned proxies shall vote such shares in the manner set forth in Section 1.7 above and in accordance with the Board's voting recommendation for any other proposal(s) properly submitted to shareholders at the Annual Meeting.

ARTICLE II
REPRESENTATIONS, WARRANTIES AND COVENANTS

2.1 Representations and Warranties of the ANS Parties. The ANS Parties jointly and severally represent and warrant to the Company that (a) they are the record and beneficial owners of the ANS Shares, as described in Recital A above, (b) they have all requisite power and authority to execute, deliver and perform this Agreement, (c) this Agreement constitutes a valid and binding obligation of the ANS Parties, enforceable in accordance with its terms and (d) no consent, approval, waiver, authorization or filing, which has not already been obtained or is otherwise contemplated by this Agreement, is necessary for the execution, delivery and performance by the ANS Parties of this Agreement.

2.2 Representations and Warranties of the Company. The Company hereby represents and warrants to the ANS Parties that (a) it has all requisite power and authority to execute, deliver and perform this Agreement, (b) this Agreement constitutes a valid and binding obligation of the Company, enforceable in accordance with its terms, (iii) no consent, approval, waiver, authorization or filing, which has not already been obtained or is otherwise contemplated by this Agreement, is necessary for the execution, delivery and performance by the Company of this Agreement.

ARTICLE III
MUTUAL RELEASES

3.1 Release by the ANS Parties. Each of the ANS Parties, on behalf of itself and its respective heirs, estates, agents, officers, directors, partners, trustees, beneficiaries, successors, predecessors, subsidiaries, principals and affiliates (the "ANS Releasers"), hereby do remise, release and forever discharge, and covenant not to sue or take any steps to further any claim, action or proceeding against the Company and its successors, affiliates, subsidiaries, officers, directors, partners, employees, agents, representatives, attorneys and any other advisors or consultants (the "Company Releases"), and each of them, from and in respect of any and all claims and causes of action, whether based on any federal, state or foreign law or right of action, direct, indirect or representative in nature, foreseen or unforeseen, matured or unmatured, known or unknown, which all or any of the ANS Releasers have, had or may have against the Company Releases, or any of them, of any kind, nature or type whatsoever, up to the date of this Agreement, except that the foregoing release does not release any rights and duties under this Agreement or any claims the ANS Releasers may have for the breach of any provisions of this Agreement.

3.2 Release by the Company. The Company, on behalf of itself and its successors, affiliates, subsidiaries, officers, directors, partners, employees, agents, representatives, attorneys and any other advisors or consultants (the "Company Releasers"), hereby do remise, release and forever discharge, and covenant not to sue or take any steps to further any claim, action or proceeding against, the ANS Parties and their respective successors, affiliates, subsidiaries, officers, directors, partners, trustees, beneficiaries, employees, agents, representatives, attorneys and any other advisors or consultants (the "ANS Releases"), and each of them, from and in respect of any and all claims and causes of action, whether based on any federal, state or foreign law or right of action, direct, indirect or representative in nature, foreseen or unforeseen, matured or unmatured, known or unknown, which all or any of the Company Releasers have, had or may

have against the ANS Releasees, or any of them, of any kind, nature or type whatsoever, up to the date of this Agreement, except that the foregoing release does not release any rights and duties under this Agreement or any claims the Company Releasers may have for the breach of any provisions of this Agreement.

3.3 Releases Binding, Unconditional and Final. The parties hereby acknowledge and agree that the releases and covenants provided for in Sections 3.1 and 3.2 are binding, unconditional and final as of the date hereof.

ARTICLE IV STANDSTILL

4.1 Standstill. From and after the date of this Agreement through the first anniversary of the date of this Agreement, the ANS Parties and their respective agents, representatives, Affiliates, Associates and all other persons acting in concert with or under the control or direction of any of the ANS Parties shall not, directly or indirectly, in any manner without the prior consent of the Company:

(a) solicit proxies (or written consents) or assist or participate in any other way, directly or indirectly, in any solicitation of proxies (or written consents), or otherwise become a “participant” in a “solicitation,” as such terms are defined in Instruction 3 of Item 4 of Schedule 14A and Rule 14a-1 of Regulation 14A, respectively, under the Exchange Act in opposition to the recommendation or proposal of the Board, or recommend or request or induce or attempt to induce any other person to take any such actions, or seek to advise, encourage or influence any person with respect to the voting of (or the execution of a written consent in respect of) the securities of the Company, or execute any written consent in lieu of a meeting of the holders of the securities of the Company or grant a proxy with respect to the voting of the securities of the Company to any person;

(b) form, join or in any way participate in a “group” (within the meaning of Section 13(d)(3) of the Exchange Act) for the purpose of acquiring, holding, voting or disposing of any securities of the Company;

(c) deposit any securities of the Company in a voting trust or enter into any other arrangement or agreement with respect to the voting thereof;

(d) acquire or agree, offer, seek or propose to acquire, or cause to be acquired, ownership (including beneficial ownership) of any of the assets or business of the Company or any rights or options to acquire any such assets or business from any person;

(e) seek, propose, or make any statement with respect to, or solicit, negotiate with, or provide any information to any person with respect to, a merger, consolidate, acquisition of control or other business combination, tender or exchange offer, purchase, sale or transfer of assets or securities, dissolution, liquidation, reorganization, recapitalization, dividend, share repurchase or similar transaction involving the Company, its subsidiaries or its business, whether or not any such transaction involves a change of control of the Company;

(f) take any action, alone or in concert with any other person, advise, finance, assist or participate in or encourage any person to take any action which is prohibited to be taken

by the ANS Parties or any of their Affiliates or Associates pursuant to this Agreement, or make any investment in or enter into any arrangement with, any other person that engages, or offers or proposes to engage in any of the foregoing;

(g) disclose publicly or privately, in a manner that could reasonably be expected to become public, any intention, plan or arrangement inconsistent with the foregoing;

(h) commence, encourage, or support any derivative action in the name of the Company, or any class action against the Company or any of its officers or directors; or

(i) take any action challenging the validity or enforceability of any provisions of this Article IV.

ARTICLE V NONDISPARAGEMENT; NO LITIGATION

5.1 Nondisparagement by the ANS Parties. Each of the ANS Parties hereby covenants and agrees, from and after the date of this Agreement through the first anniversary of the date of this Agreement, not to:

(a) make, or cause to be made, any statement or announcement that relates to and constitutes an ad hominem attack on, or relates to and otherwise disparages, the Company, its officers, directors, employees, or any person who has served as an officer, director or employee of the Company; or

(b) pursue, directly or indirectly (or assist any other person or entity to initiate or pursue, directly or indirectly) any litigation, arbitration, suit, claim, or complaint against the Company, its officers, directors or employees, excluding, however, any litigation, arbitration, suit, claim, or complaint filed solely to remedy a breach of this Agreement.

5.2 Nondisparagement by the Company. The Company hereby covenants and agrees, from and after the date of this Agreement through the first anniversary of the date of this Agreement, not to:

(a) make, or cause to be made, any statement or announcement that relates to and constitutes an ad hominem attack on, or relates to and otherwise disparages, the ANS Parties or their respective officers, directors, employees, or any person who has served as an officer, director or employee of the ANS Parties; or

(b) pursue, directly or indirectly (or assist any other person or entity to initiate or pursue, directly or indirectly) any litigation, arbitration, suit, claim, or complaint against the ANS Parties (or their respective officers, directors or employees), excluding, however, any litigation, arbitration, suit, claim, or complaint filed solely to remedy a breach of this Agreement.

5.3 Exceptions. Notwithstanding Sections 5.1 and 5.2 of this Agreement, nothing contained herein shall limit the ability of any party to this Agreement to provide documents or information responsive to legal process or legal proceedings, or requests from any government or regulatory agency or authority in connection with any formal or informal inquiry, investigation or proceeding (a "Request") where such legal process or proceeding has not been initiated by, or

on behalf of, or at the suggestion of, a party to this Agreement or their agent or representative. If any party to this Agreement receives such a Request, it shall give prompt written notice, in accordance with Section 7.13 hereof, of such Request to the other parties to this Agreement.

ARTICLE VI FEES AND EXPENSES

6.1 Reimbursement of the Fees and Expenses of the ANS Parties. Within five business days after the submission of a written request therefor, together with any appropriate documentation substantiating the same reasonably requested by the Company, the Company shall reimburse the ANS Parties for their reasonable, documented out-of-pocket legal fees and expenses incurred in connection with (a) the Contested Election, (b) the preparation of the Section 220 Demand, the ANS Proxy Statement, and any other documents or filings related to the Contested Election, and (c) the preparation for and the solicitation of proxies for the Annual Meeting. In no event, however, shall the costs and expenses to be reimbursed by the Company pursuant to this Section 6.1 exceed \$125,000.

6.2 Other Expenses. Except as specified in Section 6.1 above, each party shall pay all expenses incurred by such party, including those related to the negotiation, preparation, execution, delivery, and performance of this Agreement.

ARTICLE VII MISCELLANEOUS

7.1 No Concession of Liability. This Agreement shall not in any event constitute, be construed or deemed a concession or admission of any liability or wrongdoing of any of the parties.

7.2 Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof. The representations, warranties, covenants and agreements set forth in this Agreement constitute all the representations, warranties, covenants and agreements of the parties hereto and upon which the parties have relied and except as may be specifically provided herein, no change, modification, amendment, addition or termination of this Agreement or any part thereof shall be valid unless in writing and signed by or on behalf of the party to be charged therewith.

7.3 Public Disclosures.

(a) Immediately following the execution and delivery of this Agreement, the ANS Parties and the Company shall issue a joint press release, substantially in the form attached hereto as Exhibit A (the “Press Release”). None of the parties hereto will make any public statements (including in any filing with the SEC or any other regulatory or governmental agency, including any national securities exchange) that are inconsistent with, or otherwise contrary to, the statements contained in the Press Release.

(b) The parties acknowledge and understand that the Company shall disclose this Agreement in a Current Report on Form 8-K filed with the SEC in the time period required by applicable law and file this Agreement as an exhibit to such Form 8-K.

7.4 Waivers. No waiver of the provisions hereof shall be effective unless in writing and signed by the party to be charged with such waiver. No waiver shall be deemed a continuing waiver or waiver in respect of any subsequent breach or default, either of similar or different nature, unless expressly so stated in writing.

7.5 Governing Law; Severability. This Agreement shall be governed, interpreted and construed in accordance with the laws of the State of Delaware applicable to contracts to be performed entirely within that State. Should any clause, section or part of this Agreement be held or declared to be void or illegal for any reason, all other clauses, sections or parts of this Agreement which can be effected without such illegal clause, section or part shall nevertheless continue in full force and effect.

7.6 Jurisdiction and Venue. Each party hereto hereby agrees that any proceeding relating to this Agreement shall be brought in a state court of Delaware. Each party hereto hereby consents to personal jurisdiction in any such action brought in any such Delaware court, consents to service of process by registered mail made upon such party and/or such party's agent and waives any objection to venue in any such Delaware court and a claim that any such Delaware court is an inconvenient forum.

7.7 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns or heirs and personal representatives.

7.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

7.9 Survival of Representations. All of the representations, warranties, covenants, and releases of the parties set forth in this Agreement will survive the execution and delivery of this Agreement.

7.10 No Third Party Rights. The representations, warranties and agreements of the parties contained herein are intended solely for the benefit of the party to whom such representations, warranties or agreements are made, shall confer no rights hereunder, whether legal or equitable, in any other person or entity, and no other person or entity shall be entitled to rely thereon; provided, however; that YEP shall be deemed to be an intended beneficiary of this Agreement and shall have the right to enforce its terms and provisions.

7.11 Construction. This Agreement shall not be more strictly construed against one party than against any other merely because it was prepared by counsel for that party, it being recognized that, because of the arm's length negotiations, all parties have materially and substantially contributed to the preparation, review and final terms of this Agreement.

7.12 Specific Performance; Injunctive Relief. The parties to this Agreement agree that solely a remedy at law for breach of this Agreement is inadequate and that any party by whom this Agreement is enforceable shall be entitled to institute and prosecute proceedings, either at law or in equity, to seek specific performance of the terms and conditions of this Agreement, to obtain injunctive relief or to obtain any other appropriate relief or remedy. Such remedies shall,

however, be cumulative and not exclusive and shall be in addition to any other remedies which a party may have under this Agreement or at law.

7.13 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile on a business day, (b) the business day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (c) upon actual receipt by the party to whom such notice is required to be given. The addresses for such notices and communications shall be as follows:

If to the ANS Parties: ANS Investments LLC
50 Battery Place, Suite 7F
New York, N.Y. 10280
Facsimile: (508) 629-0074
Attention: Jonah M. Meer, CEO

with a copy to: Salisbury & Ryan LLP
1325 Avenue of the Americas, 7th Floor
New York, NY 10019-6026
Facsimile: (212) 621-0321
Attention: Patrick P. Salisbury, Esq.

If to the Company: Magellan Petroleum Corporation
10 Columbus Boulevard
Hartford, CT 06106
Facsimile: (860) 293-2349
Attention: William H. Hastings, President/CEO

with a copy to: Murtha Cullina LLP
CityPlace I
185 Asylum Street, 29th Floor
Hartford, CT 06103
Facsimile: (860) 240-6150
Attention: Edward B. Whittemore, Esq.

or such other address as may be designated in writing hereafter, in the same manner, by such Person.

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IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date above first written.

MAGELLAN PETROLEUM CORPORATION

By /s/ William H. Hastings
William H. Hastings
President and Chief Executive Officer

ANS INVESTMENTS LLC

By: /s/ Jonah M. Meer
Jonah M. Meer
Chief Executive Officer

/s/ Jonah M. Meer
Jonah M. Meer

FIRST AMENDMENT

TO

SECURITIES PURCHASE AGREEMENT

This FIRST AMENDMENT TO SECURITIES PURCHASE AGREEMENT (this “**Amendment**”) is made and entered into this 3rd day of April, 2009, by and between Magellan Petroleum Corporation, a Delaware corporation (the “**Company**”), and Young Energy Prize S.A., a Luxembourg corporation (the “**Investor**”).

WHEREAS, the Company and the Investor are parties to that certain Securities Purchase Agreement dated as of February 9, 2009 (the “**Purchase Agreement**”);

WHEREAS, Section 7.5 of the Purchase Agreement provides that no provision of the Purchase Agreement may be amended except in a written instrument signed by the Company and the Investor; and

WHEREAS, the Company and the Investor desire to amend the Purchase Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Company and the Investor hereby agree as follows:

1. Amendment of Purchase Agreement.

(a) The following defined terms shall be added to Section 1.1 of the Purchase Agreement:

“**ANS/Meer Agreement**” means that certain Securities Purchase Agreement of even date herewith among the Investor, ANS Investments LLC, a Delaware limited liability company (“**ANS**”), and Jonah M. Meer, an individual (“**Meer**” and, together with ANS, the “**ANS Parties**”), pursuant to which the Investor has agreed to purchase 568,985 shares of the Company’s Common Stock (the “**ANS Shares**”) from the ANS Parties.

(b) A new Section 2.4 shall be added to the Purchase Agreement to read in its entirety as follows:

“2.4 Amendment of Warrant upon Purchase of ANS Shares. If the Investor consummates the purchase of the ANS Shares from the ANS Parties as contemplated by the ANS/Meer Agreement, then, and immediately upon the closing of such purchase transaction, the Warrant shall be amended as follows:

(a) The Warrant Price (as defined in the Warrant) shall be decreased to \$1.15 per share; and

(b) The first paragraph of Section 8(f) of the Warrant shall be amended to read as follows:

‘Except as provided in subsection (g) hereof, if and whenever the Company shall issue or sell, or is, in accordance with any of subsections (f)(1) through (f)(7) hereof, deemed to have issued or sold, any Additional Shares of Common Stock (as defined below) for no consideration or for a consideration per share less than the Warrant Price (as the Warrant Price is adjusted from time to time under this Section 8), then and in each such case (a “**Trigger Issuance**”), the then-existing Warrant Price shall be reduced as of the close of business on the effective date of the Trigger Issuance, to a price determined in accordance with the following formula:

$$\text{Adjusted Warrant Price} = \frac{(A \times B) + D}{A + C}$$

where

“A” equals the number of shares of Common Stock outstanding, including Additional Shares of Common Stock (as defined below) deemed to be issued hereunder, immediately preceding such Trigger Issuance;

“B” equals the Warrant Price in effect immediately preceding such Trigger Issuance;

“C” equals the number of Additional Shares of Common Stock issued or deemed issued hereunder as a result of the Trigger Issuance; and

“D” equals the aggregate consideration, if any, received or deemed to be received by the Company upon such Trigger Issuance;

provided, however, that in no event shall the Warrant Price after giving effect to such Trigger Issuance be greater than the Warrant Price in effect prior to such Trigger Issuance.’”

(c) A new Section 4.9 shall be added to the Purchase Agreement to read in its entirety as follows:

“4.9 Filing of Form 10-Q; Additional Disclosure to ANS Parties. Without limiting the generality of Section 4.2 hereof, the Company covenants to timely file with the SEC its Form 10-Q for the fiscal quarter ended March 31, 2009. The Company further agrees to provide such information, if any, to YEP as is reasonably necessary in order for YEP to fulfill its disclosure obligation under the ANS/Meer Agreement.”

(d) A new Section 4.10 shall be added to the Purchase Agreement to read in its entirety as follows:

“4.10 Board Committee Membership.

(a) For so long as Nikolay Bogachev is a member of the Board of Directors of the Company, he may elect to be designated as a member of the Audit Committee of the Board of Directors, provided that he meets the established requirements for members of such committee; and

(b) For so long as J. Thomas Wilson is a member of the Board of Directors of the Company, he may elect to be designated as a member of the Compensation Committee of the Board of Directors, provided that he meets the established requirements for members of such committee.”

(e) Section 6.1(a) of the Purchase Agreement shall be amended in its entirety to read as follows:

“(a) by the Investor or the Company, upon written notice to the other, if the Closing shall not have taken place by 6:30 p.m., Eastern Time, on June 30, 2009, whether such date is before or after the date of the stockholder approvals contemplated by Sections 5.1(f) and (g); provided, that the right to terminate this Agreement pursuant to this Section 6.1(a) shall not be available to any party whose failure to perform any of its obligations under this Agreement is the primary cause of the failure of the Closing to have occurred by such date and time; or”

2. Effect of this Amendment. Except as specifically amended as set forth herein, each term and condition of the Purchase Agreement shall continue in full force and effect.

3. Counterparts; Facsimile Signatures. This Amendment may be executed or consented to in counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Amendment may be executed and delivered by facsimile or electronically and, upon such delivery, the facsimile or electronically transmitted signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

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The parties have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the date and year first written above.

COMPANY:

MAGELLAN PETROLEUM CORPORATION

By: /s/ William H. Hastings

Name: William H. Hastings

Title: President and Chief Executive Officer

INVESTOR:

YOUNG ENERGY PRIZE S.A.

By: /s/ Nikolay Bogachev

Name: Nikolay Bogachev

Title: Chairman and Chief Executive Officer



MAGELLAN ANNOUNCES SHAREHOLDER SETTLEMENT

PORTLAND, Maine, and NEW YORK, N.Y. – April 6, 2009 – Magellan Petroleum Corporation (NASDAQ: MPET) (ASX: MGN) (“Magellan” or the “Company”) announced a full and complete Settlement Agreement with ANS Investments LLC and Jonah M. Meer in advance of the Company’s 2008 Annual Meeting of Shareholders (the “Annual Meeting”).

Settlement Agreement

On April 3, 2009, the Company, ANS Investments LLC and its CEO, Jonah M. Meer (together, the “ANS Parties”) entered into a Settlement Agreement that terminates the proxy solicitation efforts of the ANS Parties on mutually agreeable terms and gains the full support of ANS Investments and Jonah Meer as the Company moves forward with its strategic plans. Previously, the ANS Parties filed proxy materials with the U.S. Securities and Exchange Commission (“SEC”) describing their intentions to nominate Mr. Meer as a candidate for election as a director of the Company and to present two other proposals to the Company’s shareholders.

Under the terms of the Settlement Agreement, the ANS Parties have agreed to withdraw both the nomination of Mr. Meer as a director candidate and their other proposals, to terminate all proxy solicitation efforts with respect thereto, to support each of the proposals that the Company intends to present to its shareholders at the Annual Meeting and to vote all of their shares in favor of these proposals in accordance with the recommendation of the Company’s Board of Directors. In exchange, the Company has agreed to reimburse the ANS Parties up to \$125,000 for their legal and related expenses incurred by the ANS Parties. The Company will file with the SEC a current report on Form 8-K which will include as an exhibit a copy of the Settlement Agreement.

Magellan’s President and Chief Executive Officer, William H. Hastings said, “[w]e have recently held constructive meetings with ANS Investments and Mr. Meer and view this settlement as positive and in the best interests of the Company and its shareholders. The settlement allows us to focus all of our efforts on achieving our goal of making Magellan a unique, mid-level, natural gas development company. The Board looks forward to promptly scheduling our shareholders’ Annual Meeting and believes that our shareholders will broadly support each of the critically important matters to be voted upon at the upcoming Annual Meeting, including updating the Company’s corporate governance provisions and completing the Company’s pending \$10 million equity investment with our strategic investor, Young Energy Prize S.A. of Luxembourg.”

Jonah Meer, CEO of ANS Investments, added “We are very pleased to resolve our differences with Magellan and are happy to support the Company's management and the Board's proposals for shareholder action at the Annual Meeting. During the past year, we have been advocating for improved management, corporate governance reform, increased communication with shareholders and increased shareholder value. In our recent meetings with Bill Hastings and representatives of Magellan's strategic investor, we have come to appreciate the significant improvements that the Company has implemented and the business strategies that Bill and the Board intend to pursue going forward. We strongly support and will vote in favor of each of the Company's proposals being submitted to shareholders at the upcoming Annual Meeting, including YEP's strategic equity investment in the Company. We are confident that, as business conditions in the oil and gas business improve in the future, Magellan's management team will take the steps necessary to achieve our shared objective of Magellan's business success and increased shareholder value. We agree with YEP and Bill Hastings that prudent stewardship of the Company's resources has positioned it to grow and prosper now and in the future.”

Important Information

Magellan filed a preliminary proxy statement with the SEC on February 11, 2009, in connection with the election of one director and other actions to be taken at the Annual Meeting. Magellan will soon be filing a revised preliminary proxy statement for the Annual Meeting. Thereafter, Magellan will announce the date and location of the Annual Meeting and mail to its shareholders a definitive proxy statement and proxy card in connection with the Annual Meeting.

Shareholders are urged to read the Company's definitive proxy statement (as well as any amendments or supplements thereto) relating to the Annual Meeting when it becomes available because it will contain important information. After being filed with the SEC, shareholders will be able to obtain the definitive proxy statement (as well as any amendments or supplements thereto) and other relevant documents free of charge at the SEC's website, www.sec.gov. In addition, copies of the definitive proxy statement and other relevant documents will be made available for free to any Magellan shareholder who makes a request to the Company's officers listed below.

Magellan and its directors, executive officers and other employees may be deemed to be participants in the solicitation of proxies in connection with the Annual Meeting. Information regarding the names and interests of these persons in connection with the Annual Meeting was included in the Company's preliminary proxy statement, filed with the SEC on February 11, 2009, as such information may be supplemented or amended by the definitive proxy statement.

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About Magellan

Magellan was established in 1957, and was incorporated in the State of Delaware in 1967. Magellan files annual, quarterly and special reports, proxy and information statements, and other information with the SEC. These documents are available free of charge at the SEC's website at www.sec.gov or from Magellan at www.magpet.com. The Company is engaged in the sale of oil and gas resulting from the exploration for and development of oil and gas reserves. Magellan's most significant asset is its 100% equity ownership interest in Magellan Petroleum Australia Limited. Magellan also has a 2.67% carried interest in the Kotaneelee Gas Field in the Yukon Territory of Canada and development interests in the U.K.

* * * * *

For further information, please contact:

Magellan: William H. Hastings, President and CEO, at (207) 776-5616
Daniel J. Samela, Chief Financial Officer, at (860) 293-2006

ANS Investments LLC: Jonah M. Meer, CEO, at (212) 945-2080

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 Private Securities Litigation Reform Act of 1995. These statements about Magellan and Magellan Petroleum Australia Limited (“MPAL”) may relate to their 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 likelihood and timing of the closing of the YEP investment transaction, pricing and production levels from the properties in which Magellan and MPAL have interests, the extent of the recoverable reserves at those properties, the future outcome of the negotiations for gas sales contracts for the remaining uncontracted reserves at both the Mereenie and Palm Valley gas fields in the Amadeus Basin, including the likelihood of success of other potential suppliers of gas to the current customers of Mereenie and Palm Valley production. In addition, MPAL has a large number of exploration permits and faces 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.



MAGELLAN ANNOUNCES AMENDED TERMS OF STRATEGIC INVESTMENT

PORTLAND, Maine, April 7, 2009 – Magellan Petroleum Corporation (NASDAQ: MPET) (ASX: MGN) (the “Company” or “Magellan”) announced that it has agreed to amend the securities purchase agreement with Young Energy Prize S.A., a Luxembourg corporation (“YEP”), by which YEP will make a strategic \$10 million equity investment in the Company.

Amendment Terms

As previously disclosed on February 10, 2009, the Company’s purchase agreement with YEP provides that YEP will acquire a total of 8,695,652 shares of the Company’s Common Stock (the “Shares”) at a price of \$1.15 per share. When issued at the closing, the Shares will represent approximately 17.3% of the Company’s total outstanding shares on a pro forma basis. In addition, the Company has agreed at closing to issue a five-year warrant to YEP entitling YEP to purchase an additional 4,347,826 shares of the Company’s Common Stock through warrant exercise at a per share price of \$1.20 (the “Warrant Shares”).

As previously disclosed, on April 3, 2009, the Company and two of its shareholders, ANS Investments LLC and its CEO, Jonah M. Meer (together, the “ANS Parties”), entered into a Settlement Agreement that terminates the proxy solicitation efforts of the ANS Parties on mutually agreeable terms. Separately, YEP has advised the Company that YEP and the ANS Parties have entered into an agreement by which YEP will, upon completion of YEP’s equity investment in the Company, purchase 568,985 shares of the Company’s common stock currently owned by the ANS Parties (the “ANS Shares”) at a price of \$1.15 per share.

On April 3, 2009, the Company and YEP agreed to amend their securities purchase agreement to extend the outside termination date for the closing of YEP’s equity investment from April 30, 2009 to June 30, 2009, in order to provide sufficient time to conduct the 2008 Annual Meeting and complete the YEP equity investment transaction. The amendment also provides that, if YEP completes the purchase of the ANS Shares from the ANS Parties described above, then the exercise price payable by YEP for the Warrant Shares shall be reduced from \$1.20 to \$1.15 per share. The Company will file with the SEC a current report on Form 8-K which will include as an exhibit a copy of the first amendment to the YEP purchase agreement.

Important Information

This press release is for informational purposes only and shall not constitute an offer to sell or a solicitation of an offer to buy any securities of Magellan. The Shares being sold in the Company's private placement to YEP and the Warrant Shares have not been registered under the Securities Act of 1933, as amended, or state securities laws, and may not be offered or sold in the United States without being registered with the U.S. Securities and Exchange Commission ("SEC") or through an applicable exemption from SEC registration requirements. The Shares and Warrant Shares are being offered and sold only to YEP. Magellan has agreed to file a registration statement with the SEC covering the resale by YEP of the Shares issued to YEP in the private placement and the Warrant Shares issuable to YEP upon the exercise of the Warrants.

Magellan filed a preliminary proxy statement with the SEC on February 11, 2009, in connection with the election of one director and other actions to be taken at the 2008 Annual Meeting of Stockholders (the "Annual Meeting"), including the approval of the issuance of the Shares and Warrant Shares to YEP in the private placement transaction described above. Magellan will soon be filing a revised preliminary proxy statement for the Annual Meeting. Thereafter, Magellan will announce the date and location of the Annual Meeting and mail to its shareholders a definitive proxy statement and proxy card in connection with the Annual Meeting.

Shareholders are urged to read the Company's definitive proxy statement (as well as any amendments or supplements thereto) relating to the Annual Meeting when it becomes available because it will contain important information. After being filed with the SEC, shareholders will be able to obtain the definitive proxy statement (as well as any amendments or supplements thereto) and other relevant documents free of charge at the SEC's website, www.sec.gov. In addition, copies of the definitive proxy statement and other relevant documents will be made available for free to any Magellan shareholder who makes a request to the Company's officers listed below.

Magellan and its directors, executive officers and other employees may be deemed to be participants in the solicitation of proxies in connection with the Annual Meeting. Information regarding the names and interests of these persons in connection with the Annual Meeting was included in the Company's preliminary proxy statement, filed with the SEC on February 11, 2009, as such information may be supplemented or amended by the definitive proxy statement.

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About Magellan

Magellan was established in 1957, and was incorporated in the State of Delaware in 1967. In addition, Magellan files annual, quarterly and special reports, proxy and information statements, and other information with the SEC. These documents are available free of charge at the SEC's website at www.sec.gov or from Magellan at www.magpet.com. The Company is engaged in the sale of oil and gas resulting from the exploration for and development of oil and gas reserves. Magellan's most significant asset is its 100% equity ownership interest in Magellan Petroleum Australia Limited ("MPAL"). Magellan also has a 2.67% carried interest in the Kotaneelee Gas Field in the Yukon Territory of Canada and development interests in the U.K.

For further information, please contact:

William H. Hastings, President and CEO, at (207) 776-5616
Daniel J. Samela, Chief Financial Officer, at (860) 293-2006

Forward- Looking Statements

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