



MAGELLAN PETROLEUM CORPORATION

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31 January 2008

Company Announcements Office
Australian Securities Exchange
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The Manager

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2007

This report is submitted by Magellan Petroleum Corporation (ASX Code MGN) (Magellan) in compliance with the Australian Stock Exchange Listing Rule 5.2, and covers the quarter **1 October to 31 December 2007**.

This report is based upon, and accurately reflects, information compiled by a person who is a practising geologist, who holds a Bachelor of Science Degree in Geology, who has had a minimum of five years experience in the practice of geology and who is a full time employee in the Magellan group of companies.

OIL & GAS SALES

Natural Gas

The Company's share of natural gas sales during the quarter ended 31 December 2007 decreased by 7 percent from the December 2006 quarter, as detailed below:

Field (Magellan Share)	Million Cubic Feet		Terajoules	Variance
	Total	Daily		
Mereenie	1,374	15	1,607	-5%
Palm Valley	411	4	469	-12%
Total Gas	1,785	19	2,076	-7%

Crude Oil and Condensate

The Company's share of crude oil and condensate sales during the quarter ended 31 December 2007 increased by 11 percent from the December 2006 quarter, as detailed below:

Fields (Magellan Share)	Barrels		Kilolitres	Variance
	Total	Daily		
Mereenie	29,907	325	4,755	-6%
Nockatunga	31,782	346	5,053	+55%
Kiana	1,001	11	159	-74%
Aldinga	408	4	65	-41%
Total Crude Oil and Condensate	63,098	686	10,032	+11%

PRODUCTION AND DEVELOPMENT ACTIVITIES**AUSTRALIAN PRODUCTION****Palm Valley Gas Field (PL 3) – Amadeus Basin NT (52.023% Interest)**

The Palm Valley gas field which is operated by Magellan produced an average of approximately 8.6 million cubic feet per day (MMcf/D) of natural gas for sale during the December quarter. The Palm Valley Joint Venture's objective for the field is to maximise gas production from the existing facilities while maintaining a safe and efficient operation, conducted in accordance with good oil field practice.

Mereenie Oil and Gas Field (PL 4 & 5) – Amadeus Basin NT (35% Interest)

The Mereenie oil and gas field which is operated by Santos Ltd produced an average of approximately 43 MMcf/D of natural gas and 918 barrels of oil and condensate per day for sale during the December quarter. No major projects were undertaken on the Mereenie field during the quarter.

Nockatunga Oil Fields (PLs 33, 50 & 51) – Cooper Basin Qld (40.936% Interest)

The Nockatunga oil fields which are operated by Santos Ltd produced an average of approximately 817 barrels of oil per day (BOPD) for sale during the December quarter.

The Kamel-1 well which was drilled in Petroleum Lease 51 as part of the 10-well exploration, appraisal and development drilling campaign during the March 2007 quarter was tied into the Thungo field facilities and brought online in early January 2008. The well produces oil from the Murta Member.

As reported in the previous period Activities Report, a two-well drilling program was undertaken at Nockatunga during early October 2007. The near field exploration well, Burundi 1 in PL 33, was drilled to a Total Depth of 1443 metres RT. Wireline logs indicated

no commercial hydrocarbons were present in the objective Eromanga Basin sections and the well was plugged and abandoned.

The Maxwell 5 appraisal well was drilled in PL 50 on the Maxwell oil field approximately equidistant from Maxwell 3 and Maxwell 4. The well reached a Total Depth of 1001 metres and good oil shows were encountered in the Murta Formation during drilling. Wireline logs were run, and the well has been cased and suspended as a future oil producer. Completion of the well for production and connection into the existing facilities is scheduled to be finalised during the first quarter of 2008.

Kiana Oil Field (PPL 212) – Cooper Basin SA (30% Interest)

Production from the Kiana-1 well averaged 46 BOPD during the December quarter. The well is currently producing only from the upper Patchawarra Formation zone.

Aldinga Oil Field (PPL 210) – Cooper Basin SA (50% Interest)

Production from the Aldinga-1 well is continuing at around 13 BOPD. There are no current plans to develop the field further.

CANADIAN PRODUCTION

Kotaneelee Gas Field, YT (2.67% interest)

Magellan has a 2.67% carried interest in the Kotaneelee gas field in the Yukon Territory of Canada. Devon Canada Corporation is operator of this partially developed field which is connected to a major pipeline system.

EXPLORATION ACTIVITIES

AUSTRALIAN EXPLORATION

Exploration evaluation of PEL 94 (Magellan 35% interest), PEL 95 (Magellan 50% interest), PEL 107 (Magellan 30% interest) and PEL 110 (Magellan 37.5% interest) is ongoing.

In ATP 613P in the Maryborough Basin of Queensland, evaluation of the coal seam gas potential of the seams in the Burrum Coal Measures in the Burrum Syncline Farmin area (Magellan 10%) is continuing.

UNITED KINGDOM EXPLORATION

Magellan (40% interest) will participate in the Markwells Wood-1 exploration well in PEDL 126 and the Leigh Park-1 exploration well in PEDLs 099/155 of the Weald Basin of southern England later in 2008. Well sites and planning consents are being sought for the drilling by Northern Petroleum, operator of these joint ventures. Both wells will target oil in the Great Oolite Formation, and Markwells Wood-1 will test a possible eastern extension of the currently producing Horndean oil field.

Magellan holds interests (ranging from 22.5% to 50%) in six other exploration licences in the Weald-Wessex Basin (PEDLs 098, 112, 125, 152, 153 and 154), which are also operated by Northern Petroleum. Elsewhere in the Weald Basin, PEDLs 135, 136 and 137 are held and operated by Magellan with a 100% interest. Planning for the drilling of three prospects identified in PEDL 135 and PEDL 137 in late 2008 has commenced.

EXPENDITURES

Expenditures incurred on exploration, appraisal and development activities during the December 2007 quarter, totalled US\$3,348,000. All figures are unaudited.

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 pricing and production levels from the properties in which Magellan has interests, the extent of the recoverable reserves at those properties and 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. In addition, Magellan 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.

Yours faithfully,



T.G. Davies.