



MAGELLAN PETROLEUM CORPORATION

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30 January 2009

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

The Manager,

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2008

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 2008**.

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 2008 decreased by 13 percent from the December 2007 quarter, as detailed below:

Field (Magellan Share)	Million Cubic Feet		Terajoules	Variance
	Total	Daily		
Mereenie	1,186	13	1,392	-13%
Palm Valley	359	4	408	-13%
Total Gas	1,545	17	1,800	-13%

Crude Oil and Condensate

The Company's share of crude oil and condensate sales during the quarter ended 31 December 2008 decreased by 26 percent from the December 2007 quarter, as detailed below:

Fields (Magellan Share)	Barrels		Kilolitres	Variance
	Total	Daily		
Mereenie	25,501	277	4,054	-15%
Nockatunga	20,724	226	3,295	-35%
Kiana	569	6	91	-43%
Aldinga	203	2	32	-51%
Total Crude Oil and Condensate	46,997	511	7,472	-26%

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 7.5 million cubic feet per day (MMcf/D) of natural gas for sale during the quarter. The Palm Valley Joint Venture's objective 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 37 MMcf/D of natural gas and 779 barrels of oil and condensate per day for sale during the quarter. No major projects were undertaken on the Mereenie field during the quarter.

The Mereenie Joint Venture has been advised by Power and Water Corporation, the purchaser of all Mereenie gas production, that the development of the Blacktip gas field has been delayed and there is a likelihood that first gas from that field may not be available until the third Quarter or possibly the fourth Quarter 2009. The Mereenie Producers are contracted to provide all available gas to Power and Water until the Blacktip gas field comes on stream. Under the current Mereenie contracts the supply of the firm contract quantities ends in May 2009. Any delay in the start up of the Blacktip field post May will benefit the Mereenie Producers (Magellan 35% interest) through additional gas sales from the Mereenie field.

Nockatunga Oil Fields (PLs 33, 50 & 51, ATP 276P) – Cooper Basin Qld (40.936% Interest)

The Nockatunga oil fields which are operated by Santos Ltd produced an average of approximately 563 barrels of oil per day (BOPD) for sale during the quarter.

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

Production from the Kiana-1 well averaged 19 BOPD during the 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 was around 5 BOPD which was below normal due to a pump failure. 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 ATP 267P (Magellan 40.936%), PEL 94 (Magellan 35% interest), PEL 95 (Magellan 50% interest), PEL 107 (Magellan 20% interest) and PEL 110 (Magellan 60% interest) is ongoing. Magellan's interest in PEL 110 in the Cooper-Eromanga Basin of South Australia increased from 37.5% to 60% with the withdrawal of Beach Petroleum from the joint venture. The PEL was renewed for a further five year term commencing 8 November 2008

The 254 square kilometre Maxwell-Kaos 3D seismic survey commenced on 16 January 2009 in the Nockatunga area of the Cooper-Eromanga Basin, Southwest Queensland. The survey covers a significant portion of the ATP 267P exploration area and Petroleum Lease 50 over the Maxwell field and Noccundra area, with 33% of the area within the production acreage and 67% of area within ATP 267P exploration acreage.

The main objectives of the survey are:

- to provide high quality data and greater structural definition in part of ATP 267P to help identify and map several undrilled structures (Murta Member primary and Westbourne Formation and Birkhead formation secondary potential) within this area of interest; and
- to better define the Maxwell oil field and Noccundra anticlines to assist in appraisal drilling.

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

In the Weald Basin, Magellan (40% interest) will participate in the Markwells Wood-1 exploration well in PEDL 126 in 2009. Northern Petroleum, operator of the PEDL 126 Joint Venture, received local council planning approval in May 2008 to drill the well from a site to the north of Forestside in West Sussex. Site construction for Markwells Wood-1, which has been delayed due to finalization of the environmental studies and activities which were a condition of the planning approval, is anticipated to commence in the first quarter of 2009. Timing of the drilling operation is subject to rig availability.

Magellan holds interests (ranging from 22.5% to 50%) in seven other exploration licences in the Weald-Wessex Basin (PEDLs 098, 125, 152, 153, 154, 155 and 240), which are also operated by Northern Petroleum. Elsewhere in the Weald Basin, PEDLs 135, 136, 137, 242 and 246 are held and operated by Magellan with a 100% interest. Well sites have been selected and applications for local council planning consents for the drilling of two prospects, one in PEDL 135 and one in PEDL 137, in 2009 are being finalised. Magellan also operates PEDLs 231, 232, 234 and 243 with a 50% interest.

EXPENDITURES

Expenditures incurred on exploration, appraisal and development activities during the December 2008 quarter, totalled US\$892,000. 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.