



MAGELLAN PETROLEUM CORPORATION

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The Manager

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 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 April 2007 to 30 June 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 30 June 2007 increased by 10.5 percent from the June 2006 quarter, as detailed below:

Field (Magellan Share)	Million Cubic Feet		Terajoules	Variance
	Total	Daily		
Mereenie	1,206.4	13.3	1,410	+23.1%
Palm Valley	423.2	4.6	482	-15.1%
Total Gas	1,629.6	17.9	1,892	+10.5%

Crude Oil and Condensate

The Company's share of crude oil and condensate produced for sale during the quarter ended 30 June 2007 increased by 34.5 percent from the June 2006 quarter, as detailed below:

Fields (Magellan Share)	Barrels		Kilolitres	Variance
	Total	Daily		
Mereenie	28,670	315	4,558	+9.9%
Nockatunga	22,508	247	3,578	+113.5%
Kiana	1,343	15	214	-22.5%
Aldinga	260	3	41	-70.3%
Total Crude Oil and Condensate	52,781	580	8,391	+34.5%

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 8.9 million cubic feet per day (MMcf/D) of natural gas for sale during the June 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 38 MMcf/D of natural gas and 900 barrels of oil and condensate per day for sale during the June 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 639 barrels of oil per day (BOPD) during the June quarter.

A 10-well exploration, appraisal and development drilling campaign was undertaken during the March 2007 quarter in the Nockatunga Petroleum Lease 51 as part of Santos' Cooper Oil Project. All 10 wells were cased and suspended for future production at the time of drilling. During the June quarter, all 10 wells were completed for production and eight were tied into the existing field production facilities and brought on-line by the end of the quarter. In addition, an upgrade of the surface facilities at the Thungo and Muthero fields has been completed to accommodate the increased production from these fields.

Of the 10 new wells, Thungo-9, 10, 11 and 13 and Muthero-4, 5, 6 and 7 are on-line and producing. Muthero-4 and Muthero-5 are producing oil from the upper Birkhead Formation and all the remaining wells are Murta Member oil wells. The near field exploration well Dilkera North-1 is being tied into the Muthero field facilities and Kamel-1 will be tied into Thungo field facilities. Currumbar-1, a near field exploration well, drilled in 2006 is being tied into the Muthero field facilities via the Dilkera North-1 well. Each of these three wells will produce from the Murta Member.

Further exploration, appraisal and development drilling is being planned for later in 2007 as part of the ongoing development and optimisation of oil production from the Nockatunga area.

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

Production from the Kiana-1 well averaged 49 BOPD during the June quarter. The well is producing from both upper and lower Patchawarra Formation zones.

The Kiana joint venture participated in a 165 km² 3D seismic survey over the Spencer-Kiana-Muteroo fields and surrounding PEL 107 area. The survey was conducted by Santos who operates the Spencer and Muteroo fields. The results of the survey which are expected to more clearly delineate the field are not expected until late 2007.

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. Magellan received approximately US\$88,000 from gas sales during the June quarter.

EXPLORATION ACTIVITIES

AUSTRALIAN EXPLORATION

The PEL 107 Joint Venture (Magellan 20% interest) participated in the 165 km² Spencer-Kiana-Muteroo 3D seismic survey in the Cooper Basin of South Australia during the quarter. Acquisition of the data commenced on 19 April and was completed on 13 May. The survey was designed to more closely define the prospects and leads already identified in the vicinity of the Kiana oil field.

Elsewhere in the Cooper Basin of South Australia, exploration evaluation of PEL 94 (Magellan 37.5% interest), PEL 95 (Magellan 50% interest) and PEL 110 (37.5% interest) is ongoing.

In ATP 613P (Magellan 100% interest) in the Maryborough Basin of Queensland, two exploration wells, Burrum-1 and 2, were drilled during the previous quarter to test the Coal Seam Gas potential of the Burrum Coal Measures in the Burrum Syncline. Magellan is operator of the Burrum Joint Venture. Evaluation of the coal seam gas potential of the seams encountered in the Burrum-1 and 2 wells is continuing.

Eureka Petroleum, a wholly-owned subsidiary of Blue Energy Limited (formerly know as Energy Investments Limited), is funding 100% of a two-staged coal seam gas exploration program in the Burrum Syncline, in return for which it will be assigned a 90% working interest in the Burrum Syncline farmin area. Stage 1 was completed with the drilling of the two wells last quarter. Magellan has the right to back-in to retain up to a 50% participating interest in any development by matching Eureka's prior expenditures.

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 155 and 099 of the Weald Basin of southern England later in 2007. 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 seven other exploration licences in the Weald-Wessex Basin (PEDLs 098, 112, 113, 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, and Magellan has reprocessed around 720 kilometres of existing 2D seismic data in these licences, which has more closely defined three drilling prospects. Planning for the drilling of these prospects in 2008 has commenced.

EXPENDITURES

Expenditures incurred on exploration, appraisal and development activities during the June 2007 quarter, totalled US\$6,568,000. 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

A handwritten signature in black ink, appearing to read 'T.G. Davies', written in a cursive style.

T.G. Davies