



MAGELLAN PETROLEUM CORPORATION

ARBN 117 452 454

ADMINISTRATIVE OFFICE

Hartford Square North
10 Columbus Blvd - 10th Floor
HARTFORD CT 06106, USA

TELEPHONE (+1) 860 293 2006
FACSIMILE (+1) 860 293 2349
WEBSITE www.magpet.com

AUSTRALIAN OFFICE

10th Floor, 145 Eagle Street
BRISBANE QLD 4000
(GPO Box 2766, Brisbane Q 4001)

TELEPHONE (+61) 7 3224 1600
FACSIMILE (+61) 7 3832 6411
WEBSITE www.magpet.com.au

30 October 2007

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

The Manager

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 July to 30 September 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 September 2007 decreased by 0.7 percent from the September 2006 quarter, as detailed below:

Field (Magellan Share)	Million Cubic Feet		Terajoules	Variance
	Total	Daily		
Mereenie	1,256	13.7	1,468	+4.0%
Palm Valley	418	4.5	476	-12.6%
Total Gas	1,674	18.2	1,944	+0.7%

Crude Oil and Condensate

The Company's share of crude oil and condensate sales during the quarter ended 30 September 2007 increased by 47 percent from the September 2006 quarter, as detailed below:

Fields (Magellan Share)	Barrels		Kilolitres	Variance
	Total	Daily		
Mereenie	29,131	317	4,632	-5%
Nockatunga	40,042	435	6,366	+286%
Kiana	1,496	16	238	-79%
Aldinga	789	9	125	-4%
Total Crude Oil and Condensate	71,458	777	11,361	+47%

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 8.7 million cubic feet per day (MMcf/D) of natural gas for sale during the September 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 39 MMcf/D of natural gas and 917 barrels of oil and condensate per day for sale during the September 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 1148 barrels of oil per day (BOPD) during the September quarter.

The Dilker North-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 Muthero field facilities in July. The Kamel-1 well also drilled during the same campaign is being tied into Thungo field facilities. Currumbar-1 which was drilled in 2006 was tied into the Muthero field facilities via the Dilker North-1 well. Each of these three wells produces oil from the Murta Member.

A two-well drilling program was undertaken at Nockatunga during early October 2007. The near field exploration well, Burundi 1, spudded in PL 33 on 4 October and was drilled to a

Total Depth of 1443 metres RT. Wireline logs were run which indicated no commercial hydrocarbons were present in the objective Eromanga Basin sections. The well was plugged and abandoned.

The Maxwell 5 appraisal well spudded in PL 50 on 14 October on the Maxwell oil field. The well is located approximately equidistant from Maxwell 3 and Maxwell 4 in an area of the field interpreted to be largely unswept by production from the three Murta Formation oil producing wells to the north. The well reached 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.

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

Production from the Kiana-1 well averaged 60 BOPD during the September quarter. The well is currently producing from the upper Patchawarra Formation zone.

The Kiana joint venture participated in the 165 km² 3D seismic survey over the Spencer-Kiana-Muteroo oil fields and surrounding PEL 107 area to more clearly delineate the extent of the fields. The survey was conducted by Santos who operates the Spencer and Muteroo fields. The results of the survey have now been received and are being interpreted.

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

Production from the Aldinga-1 well is continuing at around 14 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

Magellan entered into a farmin agreement with Stuart Petroleum, Cooper Energy and Red Sky Energy in July over part of PEL 93 in the Cooper Basin of South Australia. Under the PEL 93 farmin agreement, Magellan has the option to participate in exploration drilling during the current term of the PEL 93 licence. The Company will earn a 24.5% participating interest in any commercial discovery and subsequent Petroleum Production Licence by funding 49% of the drilling costs of the exploration wells.

Rainbird 1, the first of two exploration wells drilled under the PEL 93 farmin agreement during the quarter, spudded in PEL 93 on 7 August. The drilling was operated by Stuart Petroleum. The Rainbird prospect was located approximately 8 kilometres south southwest of the Worrior oil field, and targeted oil in the Murta and Birkhead formations, which produce

oil at the Worrior oil field. There were secondary gas objectives in the Epsilon and Patchawarra formations.

Rainbird 1 was drilled to a total depth of 2154 metres after encountering a thicker section of Patchawarra Formation than prognosed. Wireline logs were run, which indicated that there were no commercial hydrocarbons in the Cretaceous or Jurassic-aged objective horizons. Residual oil was interpreted in the Patchawarra Formation associated with the gas anomalies. The well was plugged and abandoned.

The Patron 1 exploration well, the second well drilled under the farmin, was located approximately 14.5 kilometres south of the Worrior oil field and 3.5 kilometres northwest of the Padulla oil field on a prospect located on the northwest flank of the Dirkala Ridge, adjacent to the Padulla oil field. The primary oil reservoir objectives were the Murta and Birkhead formations, with secondary gas objectives in the Epsilon and Patchawarra formations. Patron 1 spudded on 20 September and was drilled to a Total Depth of 1807 metres RT. A Drill Stem Test, conducted over the interval 1242–1258 metres in the Murta Formation to test an oil show encountered during drilling, recovered 1.5 barrels of rat hole mud and 6.2 barrels of muddy water. On reaching Total Depth, wireline logs were run which indicated no commercial hydrocarbons were present in the objective Eromanga or Cooper basin sections. The well was plugged and abandoned.

Elsewhere in the Cooper Basin of South Australia, the PEL 107 Joint Venture (Magellan 20% interest) participated in the 165 km² Spencer-Kiana-Muteroo 3D seismic survey. The survey was designed to more closely define the prospects and leads already identified in the vicinity of the Kiana oil field. Interpretation of the 3D seismic data is in progress.

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

In ATP 613P in the Maryborough Basin of Queensland, two exploration wells were drilled during the March quarter of 2007 to test the Coal Seam Gas potential of the Burrum Coal Measures in the Burrum Syncline Farmin area (Magellan 10%). Evaluation of the coal seam gas potential of the seams encountered is continuing. Eureka Petroleum, a wholly-owned subsidiary of Blue Energy Limited, is funding 100% of a two-staged coal seam gas exploration program in the Burrum Syncline. Stage 1 was completed with the drilling of the two wells. 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 099/155 of the Weald Basin of southern England later in 2007 and 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. The joint venture surrendered PEDL 113 on the Isle of Wright during the quarter. Elsewhere in the Weald Basin, PEDLs 135, 136 and 137 are held and operated by Magellan with a 100% interest. Magellan has reprocessed around 720 kilometres of existing 2D seismic data in these licences, which has defined three drilling prospects. Planning for the drilling of these prospects in late 2008 has commenced.

EXPENDITURES

Expenditures incurred on exploration, appraisal and development activities during the September 2007 quarter, totalled US\$508,000. 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