

MAGELLAN PETROLEUM AUSTRALIA LIMITED

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30 April 2004

TGD:mvc:jpm:jmh

Company Announcements Office
Australian Stock Exchange Limited
Level 10
20 Bond Street
SYDNEY NSW 2000

The Manager,

REPORT FOR THE QUARTER ENDED 31 MARCH 2004

This report is submitted by Magellan Petroleum Australia Limited in compliance with the ASX Listing Rule 5.2, and covers the quarter **1 January 2004 to 31 March 2004**.

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 of the Company.

PRODUCTION

Natural Gas

The Company's share of natural gas produced for sale from the two Amadeus Basin fields (Mereenie and Palm Valley) during the quarter ended 31 March 2004 decreased by 3.9 percent from the March 2003 quarter, as detailed below:

Field (Magellan Share)	Terajoules	Million Cubic Feet		Variance
		Total	Daily	
Mereenie	1,117	959.8	10.6	- 2.5%
Palm Valley	810	710.5	7.8	- 5.8%
Total Gas	1,927	1,670.3	18.4	- 3.9%

Crude Oil and Condensate

The Company's share of crude oil and condensate produced for sale during the quarter ended 31 March 2004 increased by 19.0 percent from the March 2003 quarter, as detailed below. Magellan's share of production from the Nockatunga and Aldinga fields commenced subsequent to the March 2003 quarter.

Field (Magellan Share)	Kilolitres	Barrels		Variance
		Total	Daily	
Mereenie	4,768	29,989	330	- 15.7%
Nockatunga	1,698	10,681	117	+ 100.0%
Aldinga (Production Test)	268	1,687	18	+ 100.0%
Total Crude Oil and Condensate	6,734	42,357	465	+ 19.0%

PRODUCTION AND EXPLORATION ACTIVITIES**AUSTRALIAN PRODUCTION****Palm Valley Gas Field, Amadeus Basin, NT (52.023% Interest)**

The Palm Valley field, which is operated by Magellan, produced an average of approximately 0.43 million cubic metres per day (15.3 MMcf/D) of natural gas during the March 2004 quarter. The increasing use of compression is required to meet the Northern Territory Government approved wellhead pressure reduction program which is designed to counteract the field's natural production decline and maximise gas deliverability from the field while operating in accordance with good oil field practice. Stage 4 of the field compression program is being planned, which will allow the wellhead pressures to be reduced progressively to a final wellhead pressure of 690 kPa. A development well, Palm Valley-11, received approval from the Northern Territory Government in January 2004 and is scheduled for drilling in May to increase deliverability from the field.

Following the renewal of the Palm Valley Petroleum Lease PL3 in November 2003, the producers entered into a new agreement with the Central Land Council and the traditional Aboriginal owners of the Palm Valley lease area. The agreement provides cultural and environmental procedures for operations on Aboriginal Land, as well as addressing employment and training and enterprise development opportunities for local Aborigines. The agreement extends for the 21 year renewal term of the Petroleum Lease.

Mereenie Oil and Gas Field, Amadeus Basin, NT (35% Interest)

A major upgrade of the compression facilities and gas processing plant at Mereenie is in progress, which will increase deliverability of gas from the field to meet gas contracts over the next several years. Two additional gas development wells will be drilled later this year, following the Palm Valley-11 well, as part of the program to increase gas deliverability from the field.

Nockatunga Oil Fields, Cooper Basin, Qld (40.936% Interest)

Total production from the Nockatunga fields in the Cooper Basin of Queensland averaged approximately 300 BOPD during the quarter. Production from each of the fields is declining naturally and a further development well, Thungo-8, was drilled in October by the operator of the joint venture, Santos Ltd. The well intersected the productive Murta Formation, was fracture stimulated in February 2004 and completed for production as an oil producer.

Aldinga Oil Field, Cooper Basin, SA (50% Interest)

The extended production test, which commenced in May 2003, on the Aldinga-1 well in PEL 95 in the South Australian Cooper Basin, is continuing. The well was fracture stimulated during the quarter in an endeavour to increase deliverability and is currently producing around 35 BOPD.

AUSTRALIAN EXPLORATION

Magellan (35% interest) and its joint venture partner have applied to surrender the WA-288-P exploration permit following a re-evaluation of its hydrocarbon prospectivity after the drilling of the Strumbo-1 well in the permit in early 2003. WA-288-P is located in the Browse Basin on the North West Shelf, offshore Western Australia. The Company has also applied to surrender its 100% interest in the adjacent exploration permit WA-287-P. Evaluation of the WA-311-P permit area (Magellan 35% interest), adjacent to WA-288-P, is continuing through its initial three year exploration term.

Magellan (50% interest) and its joint venturer, Tap Oil, are seeking farminees to participate in the drilling of the Sheila prospect in WA-291-P in the Carnarvon Basin, offshore Western Australia.

The Company currently holds a 50 percent interest in each of exploration permits WA-306-P and WA-307-P in the Barcoo Sub-Basin located in the southwest portion of the Browse Basin. Antrim Energy Australia, Operator of the joint ventures, will fund the drilling of the South Galapagos-1 well in WA-306-P to earn a further 37.5% interest in the WA-306-P permit. Magellan's interest in WA-306-P will reduce to 12.5%. The operator has entered into a drilling contract with SedcoForex International Inc to use the Sedco 703 semi-submersible drilling rig to drill the well later this year.

Agreement was reached with the UK-listed company, Black Rock Oil & Gas Plc, to farmout a 15% interest in PEL 94 and a 10% interest in PEL 110, located in the Cooper Basin of South Australia. Black Rock will fund part of the cost of the upcoming Malleus 2D seismic survey in PEL 94 and part of the cost of the next well drilled in each of the two permits to earn the interests. Magellan currently holds a 50% interest in PEL 94 and a 37.5% interest in PEL 110, and these interests will reduce accordingly. Beach Petroleum (Operator) will drill the Myponga-1 well in PEL 94 and the Noarlunga-1 well in PEL 95 (Magellan 50% interest), commencing in June.

Magellan has a 40.936% interest in ATP 267P, adjacent to the Nockatunga Petroleum Leases, and evaluation of this area is continuing. Magellan has been advised by the Queensland Government that it is the successful bidder (100% interest) for a 2648 square kilometre area in the Cooper Basin to the northeast of and on trend with the Nockatunga oil fields. The grant of ATP 732 is subject to the agreement of the native title claimants of the area.

Magellan and Novus Australia Energy Company (under a farmin arrangement) drilled the Gregory River-3 well in the northern portion of ATP 613P in the Maryborough Basin, Queensland, in mid-2003. The well failed to encounter significant natural gas flows and Novus has withdrawn from the project. Magellan (100% interest) is evaluating the remaining potential of the area.

INTERNATIONAL EXPLORATION

United Kingdom

A farmout agreement was completed with the UK company, Northern Petroleum (GB), who will fund 35% of the cost of drilling the Sandhills-2 well in Petroleum Exploration and Development Licence 113 to earn a 17.5% interest in PEDLs 098 and 113 on the Isle of Wight and a 5% interest in PEDL 099 in the Portsdown area of southern England. Northern Petroleum (GB), operator of the exploration venture, already holds a 40% interest in each of these licences which are located in the onshore portion of the Weald and Wessex Basins in Southern England. A further farmout agreement was reached with a UK company, Montrose Industries, who will fund 10% of the cost of drilling the Sandhills-2 well in PEDL 113 to earn a 5% interest in PEDLs 098 and 113. Magellan currently holds a 45% interest in each of the licences, and these interests will reduce accordingly. The well which is scheduled for drilling later this year will satisfy the PEDL 098 and 113 licence conditions, and will target the middle Jurassic Great Oolite Formation of the Weald-Wessex Basins.

Magellan also reached a further agreement with Black Rock Oil & Gas, whereby Black Rock will acquire a 10% interest in each of PEDLs 125 and 126 by funding part of Magellan's drilling costs for the first two exploration wells located on either of the licences. PEDLs 125 and 126 cover portions of the onshore Weald and Wessex Basins in Southern England, adjacent to the Horndean and Singleton oil fields.

The Company also holds a 33.3 percent interest in PEDL 112 in the Weald-Wessex Basins of onshore southern England. The licence is operated by Northern Petroleum (GB), and evaluation of this area continued.

New Zealand

The UK Company, Electro Silica Oil & Gas Plc, is earning a 25% interest in exploration permit PEP 38222 (Magellan currently 100% interest) in the Great South Basin, offshore the South Island of New Zealand, by funding the acquisition, processing and interpretation of 2000 line kilometres of 2D seismic data in the permit. The acquisition of the survey was completed in late April. Under the farmout arrangement, Electro Silica has the option to acquire a further 50% interest from Magellan by funding the drilling of an exploration well in the permit.

Magellan also holds a 100% interest in the adjacent exploration permit PEP 38225 in the Great South Basin and a 25 percent interest in exploration permit PEP 38256 in the onshore Canterbury Basin of the South Island. Evaluation of these licence areas is ongoing.

In February 2004, the New Zealand Government announced the award of six offshore and seven onshore permits in the Taranaki Basin of the North Island of New Zealand. Magellan and its co-venturers were successful in their bid for Block M (formerly PPP 38761) and Block N, which were granted as PEP 38765 (Magellan 12.5% interest) and PEP 38766 (Magellan 25% interest). An exploration well will be drilled in PEP 38765 by the operator, Tap Oil, later this year.

Magellan holds a 25% interest in the nearby exploration permits PEP 38746, PEP 38748 and PEP 38753 in the onshore Taranaki Basin and evaluation of these areas is ongoing.

FINANCE

Expenditures incurred in Australia and overseas on exploration, appraisal and development activities during the March 2004 quarter, totalled \$2,563,000. All figures are unaudited.

Yours faithfully,



T.G. Davies
General Manager