

MAGELLAN PETROLEUM AUSTRALIA LIMITED

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TGD:mvc:jpm:jmh

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

The Manager,

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2005

This report is submitted by Magellan Petroleum Australia Limited in compliance with the ASX Listing Rule 5.2, and covers the quarter **1 April 2005 to 30 June 2005**.

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.

OIL & GAS SALES

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 30 June 2005 increased by 5.4 percent from the June 2004 quarter, as detailed below:

Field (Magellan Share)	Terajoules	Million Cubic Feet		Variance
		Total	Daily	
Mereenie	1,249	1,072.3	11.8	+ 22.1%
Palm Valley	657	577.1	6.3	-15.9%
Total Gas	1,906	1,649.4	18.1	+ 5.4%

Crude Oil and Condensate

The Company's share of crude oil and condensate produced for sale during the quarter ended 30 June 2005 increased by 0.5 percent from the June 2004 quarter, as detailed below.

Fields (Magellan Share)	Kilolitres	Barrels		Variance
		Total	Daily	
Mereenie	5,259	33,077	363	-
Nockatunga	1,578	9,927	109	+ 6.0%
Aldinga	144	905	10	-30.0%
Total Crude Oil and Condensate	6,981	43,909	482	+ 0.5%

PRODUCTION AND EXPLORATION ACTIVITIES

AUSTRALIAN PRODUCTION

Palm Valley Gas Field, Amadeus Basin, NT (52.023% Interest)

An additional 800 HP compressor has been ordered for the Palm Valley gas field, which will allow the wellhead pressures to be reduced progressively to a final wellhead pressure of 690 kPa in line with the Northern Territory Government approved wellhead pressure reduction program. Commissioning of the new compressor is scheduled for the end of 2005.

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

The Mereenie joint venturers are planning to commence a well workover program in the third quarter of 2005, that is expected to continue until early 2006. The program scope will involve a combination of remedial work, recompletions to increase oil and gas production and the fracture stimulation of two wells.

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

The Nockatunga joint venture undertook a 3D seismic survey over parts of PL 33, PL 50 and ATP 267P in 2004 to more closely define several development well locations and near field exploration prospects. Interpretation of the 238 square kilometres data set is being undertaken to identify four development, appraisal and/or near field exploration well locations planned for drilling later in 2005.

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

Production from the Aldinga-1 well is continuing at around 30 barrels of oil per day. There are no plans to develop the field further.

AUSTRALIAN EXPLORATION

The PEL 110 joint venture (Magellan 37.5% interest) drilled the Yanerbie-1 well in the Cooper Basin of South Australia. Prior to drilling the well, Magellan reached agreement with Enterprise Energy NL to farmout a 6.25% interest in the Yanerbie prospect. Enterprise contributed funding to Magellan's participation in the well. As a result of this farmout, Magellan's equity in the Yanerbie prospect reduced to 31.25%. Magellan retains a 37.5% interest in the remainder of PEL 110; however, under the farmout agreement Enterprise has the option to earn a 6.25% in the entire tenement by committing to funding further exploration expenditure after Yanerbie-1. Magellan had previously farmed out a 12.5% interest in the PEL 110 permit to Cooper Energy NL who also contributed to Magellan's participation in the Yanerbie-1 well.

The Yanerbie-1 well spudded on 26 June and was drilled to a total depth of 2517 metres. Yanerbie-1 failed to encounter any commercially significant hydrocarbons and was plugged and abandoned.

In July 2005, Magellan entered into an agreement with Great Artesian Oil and Gas Limited to farm in to the upcoming Kiana-1 and Tyringa-1 wells in PEL 107 in the Cooper Basin, South Australia. Magellan will earn a 30% interest in any Production Licences subsequently granted in the event of a commercial discovery made by either well in return for funding Great Artesian's portion of the cost of the two wells. In addition, and subject to Magellan funding additional drilling in the PEL 107 and/or PEL 106 permits, Magellan has secured an option to farm in for a 20% interest in the PEL 107 and/or PEL 106 Permit areas.

Evaluation of PEL 94 (Magellan 35% interest) and PEL 95 (Magellan 50% interest), elsewhere in the Cooper Basin of South Australia, is ongoing.

Magellan has a 40.936% interest in ATP 267P, which is adjacent to the Nockatunga petroleum leases in the Cooper Basin, Queensland. Interpretation of the 3D seismic survey undertaken in 2004, part of which was located within the ATP 267P area, is continuing.

Following the drilling of the South Galapagos-1 well in WA-306-P in October 2004 in the southern Browse Basin, offshore Western Australia, the Company has elected to withdraw from both the WA-306-P and WA-307-P areas.

Magellan (100% interest) is evaluating the coal seam gas potential of the Burrum Coal Measures of the ATP 613P area in the Maryborough Basin, Queensland.

INTERNATIONAL EXPLORATION**United Kingdom**

Northern Petroleum (Plc), operator of the PEDL 098 joint venture (Magellan 22.5% interest), is preparing to drill the Sandhills-2 well on the Isle of Wight licence in Southern England. The drilling of the well has been delayed several months because of rig availability. Magellan has farmed out a 17.5% interest in the licence to Northern Petroleum (Plc) and a 5% interest to Montrose Industries, both of whom will contribute to funding

Magellan's participation in the well. Sandhills-2 is designed to evaluate the middle Jurassic Great Oolite Formation which proved to be oil-bearing in the nearby Sandhills-1 well drilled in 1982, but which was un-tested.

Magellan plans to participate in further drilling in Weald Basin permits PEDLs 125 and 126 as soon as well sites and planning consents are obtained. These wells will also target the Great Oolite Formation and address both bypassed oil pay opportunities and a possible extension of a currently producing oil field.

Magellan holds interests in eleven other exploration licences in the Weald-Wessex Basin. Three of the areas are held and operated by Magellan with 100% interest and the other eight are operated by Northern Petroleum (Plc), with Magellan's interests ranging from 12.5% to 50%.

New Zealand

The Company holds a 25% interest in exploration permits PEP 38746 and PEP 39766, a 12.5% interest in PEP 38765 in the onshore Taranaki Basin of the North Island and a 100% interest in exploration permit PEP 38225 in the Great South Basin, offshore the South Island of New Zealand. Evaluation of these areas is ongoing. Magellan (25% interest) recently elected to withdraw from the PEP 38748 joint venture and permit in the Taranaki Basin, and surrendered its 100% interest in the PEP 38222 permit in the Great South Basin.

FINANCE

Expenditures incurred in Australia and overseas on exploration, appraisal and development activities during the June 2005 quarter, totalled \$4,000,000. All figures are unaudited.

Yours faithfully,



T.G. Davies,
General Manager.