

May 16, 2007



Magellan Petroleum Corporation Announces 3rd Quarter Earnings

HARTFORD, Conn., May 16 /PRNewswire-FirstCall/ -- Magellan Petroleum Corporation (Nasdaq: MPET) (ASX: MGN) reported consolidated net income of \$286,000 (\$.01 per share) on gross revenues of \$6.8 million in its fiscal third quarter ended March 31, 2007, as compared to net income of \$700,000 (\$.03 per share) on revenues of \$7.4 million in last year's third quarter. Exploration and dry hole costs for the 2007 quarter increased 337% over the 2006 quarter, due mostly to increased drilling costs of \$1.0 million related to the Cooper Basin.

For the nine-month period ended March 31, 2007, the Company reported net income of \$1.3 million (\$.03 per share) on \$22.1 million in revenues, compared to net income of \$446,000 (\$.02 per share) on revenues of \$20.0 million in the prior period last year.

Magellan reports on a consolidated basis with its 100% owned Australian subsidiary, Magellan Petroleum Australia Limited (MPAL). During fiscal 2006, Magellan completed its Exchange Offer to purchase the remaining MPAL shares that it did not own. The Company had \$28.5 million of cash and marketable securities at March 31, 2007, compared to \$20.9 million at March 31, 2006 and no long-term debt.

Magellan's president, Dan Samela said, "We are very pleased with the results for the first nine months of fiscal 2007. We are looking forward to generating revenue from our recent successful drilling campaign that commenced in the Nockatunga oil field on Petroleum Lease 51 on December 31, 2006. Planning for the completion for production and tie-in of the wells to the existing facilities is well advanced, with several of the wells expected to be on-line before the end of the fiscal year."

Statements in this press release which are not historical in nature are intended to be, and are hereby identified as, forward looking statements for purposes of the "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995. The Company cautions readers that forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward looking statements. Among these risks and uncertainties are the ultimate outcome of the MPAL tax audit by the Australian Taxation Office, pricing and production levels from the properties in which the Company has interests, and the extent of the recoverable reserves at those properties. In addition, the Company has a large number of exploration permits and faces the risk that any wells drilled may fail to encounter hydrocarbons in commercially recoverable quantities. The Company undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise

Comparative, consolidated results for the three and nine-month periods are shown in the following consolidated statements of income:

MAGELLAN PETROLEUM CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	2007	2006	2007	2006
REVENUES:				
Oil sales	\$2,305,561	\$3,462,059	\$8,458,469	\$8,101,231
Gas sales	3,879,437	3,382,087	11,773,787	10,315,315
Other production related revenues	663,624	514,272	1,853,616	1,495,570
Total revenues	6,848,622	7,358,418	22,085,872	19,912,116
COSTS AND EXPENSES:				
Production costs	1,535,250	2,061,517	5,132,656	6,220,500
Exploration and dry hole costs	1,568,281	358,577	4,541,543	2,516,535
Salaries and employee benefits	341,105	291,570	1,051,207	972,610
Depletion, depreciation and amortization	2,267,720	1,485,903	7,032,541	4,388,047
Auditing, accounting and legal services	114,106	84,383	438,115	299,972
Accretion expense	136,882	107,114	403,062	325,830
Loss on asset retirement obligation settlement	-	444,566	-	444,566
Shareholder communications	114,321	238,865	350,210	376,395
(Gain) loss on sale of field equipment	(7,772)	34,186	(7,966)	(115,581)
Other administrative expenses	638,309	247,670	1,806,083	1,965,339
Total operating costs and expenses	6,708,202	5,354,351	20,747,451	17,394,213
Operating income	140,420	2,004,067	1,338,421	2,517,903
Interest income	437,781	290,097	1,208,693	951,323
Income before income taxes and minority interests	578,201	2,294,164	2,547,114	3,469,226
Income tax provision	(292,274)	(716,936)	(1,238,958)	(1,332,193)
Income before minority interests	285,927	1,577,228	1,308,156	2,137,033
Minority interests	-	(877,049)	-	(1,691,093)
NET INCOME	285,927	700,179	1,308,156	445,940
Average number of shares outstanding				
Basic	41,500,325	25,783,243	41,500,325	25,783,243
Diluted	41,500,325	25,847,735	41,500,325	25,895,336
NET INCOME PER SHARE (BASIC AND DILUTED)	\$0.01	\$0.03	\$0.03	\$0.02

SOURCE Magellan Petroleum Corporation