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## Magellan Petroleum Corporation Provides Evans Shoal Transaction Update

PORTLAND, Maine, June 16, 2011 /PRNewswire/ -- Magellan Petroleum Corporation (the "Company") (NASDAQ: MPET) (ASX: MGN) provides an update on the Evans Shoal transaction.

The conditions to completion of the Evans Shoal transaction were not satisfied by May 31st. Magellan and Santos have acknowledged that the Evans Shoal transaction will now not close. The Company has commenced discussions with Santos with the intention of agreeing with Santos, in the near future, on an appropriate resolution of all issues relating to the Evans Shoal transaction. The Company and Santos will continue these discussions in good faith, provided there is a basis for reaching an appropriate resolution. In the meantime, the Company will continue to reserve all its rights and claims against Santos.

The Company's position is that it is entitled to sums deposited in connection with the Evans Shoal transaction contemplated by the Assets Sale Deed, as amended. The Company does not accept Santos' assertion in Santos' press release of 31 May 2011 that "Santos will also retain a \$15 million non-refundable deposit paid by Magellan" and regards the treatment of this sum as a matter to be resolved between the parties.

Given the discussions with Santos, the Company has elected to forbear upon its rights with regard to completing the final closing under the Securities Purchase Agreement dated August 5, 2010 between the Company and Young Energy Prize SA, as amended, and has reserved its rights under that Agreement.

Magellan strongly believes in the future value of Methanol in the world's energy mix. Magellan continues to be focused on maximizing the value of its existing portfolio of assets in Australia, the USA and the UK. As part of their ongoing discussions, Santos and Magellan are exploring rationalization plans for their common interests in the Amadeus and Bonaparte basins, Northern Territory, Australia.

### **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 Private Securities Litigation Reform Act of 1995. These statements about Magellan and MPAL may relate to their 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 the ability of MPAL, with the assistance of the Company, to successfully resolve all issues relating to the Evans Shoal transaction, the likelihood and timing of the receipt of proceeds from YEP pursuant to the Securities Purchase Agreement, as amended, the ability of the Company to successfully

develop a strategy for methanol development, the ability of the Company and Santos to successfully implement rationalization plans for their common interests in the Amadeus and Bonaparte basins, Northern Territory, pricing and production levels from the properties in which Magellan and MPAL have interests, the extent of the recoverable reserves at those properties, the profitable integration of acquired businesses, including Nautilus Poplar LLC, 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, including the likelihood of success of other potential suppliers of gas to the current customers of Mereenie and Palm Valley production. In addition, MPAL 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.

SOURCE Magellan Petroleum Corporation