

January 27, 2012



## **Magellan Petroleum Corporation Announces a New Pool Discovery in the East Poplar Unit and an Update for the Palm Valley Gas Field**

PORTLAND, Maine, Jan. 27, 2012 /PRNewswire/ -- Magellan Petroleum Corporation (the "Company") (NASDAQ: MPET) (ASX: MGN) through its wholly owned subsidiary, Nautilus Poplar, LLC has completed its EPU 117 well within the East Poplar Unit as a new pool producer in the Amsden formation at a depth of approximately 4800 feet. The well has just recently been completed and is currently producing approximately 106 barrels of oil per day with no appreciable water on a 10/64th choke with a flowing tubing pressure of 95 psi. This is the first production from this formation within the Unit. This well will be closely monitored to determine its ultimate commercial viability.

Tom Wilson, President and CEO, said: "We are pleased to announce this new pool discovery. This Unit on the Poplar Dome has produced for decades, and continues to provide outstanding opportunities in a variety of different intervals. While it's still too early to make definitive statements regarding this well and this formation and their ultimate productivity, it is nevertheless an exciting discovery and reminder of the potential of this Unit."

The Company also announces that its Australian subsidiary has commenced work in the Palm Valley Gas Field located in the Amadeus Basin of the Northern Territory to retrofit existing production and compression facilities to allow gas to be delivered from this field to a new purchaser, with deliveries to this new purchaser expected to begin on or before February 1, 2012. These deliveries will be pursuant to an interim gas sales agreement currently being finalized that will remain in effect until the completion of a long term (multi-year) sales agreement. The long term agreement is expected to be completed after the closing of the previously announced transaction between Magellan Petroleum (N.T.) Pty Ltd and Santos QNT Pty Ltd and Santos Limited. This transaction is expected to close prior to the end of the current quarter pending receipt of necessary governmental and industry approvals, which are in the process of being obtained. These gas sales from the Palm Valley Gas Field under either the interim or long term agreement replace a portion of the sales lost upon the expiration of the twenty five (25) year agreement with PWC that expired by its terms on January 16, 2012. When fully operational, the long term contract is expected to take the full existing production capacity of the Palm Valley Gas Field.

Tom Wilson, President and CEO, stated: "This interim agreement with a new gas purchaser will limit the disruption to our production and revenue receipt from the Palm Valley Gas Field while we await the completion of our transaction with Santos and the institution of the

anticipated attractive long term sales arrangement."

### **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 the Company and its subsidiaries 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: (i) whether the recent well activity for the EPU 117 well will continue or diminish materially; (ii) whether the Santos transaction will close as anticipated; (iii) whether the anticipated gas sales agreements pertaining to the Palm Valley Gas Field will be consummated as anticipated; and (iv) those set forth in the Company's Risk Factors section of its most recent 10K filed with the SEC.

### **ABOUT MAGELLAN**

Magellan is a US-based energy company principally engaged in the acquisition, exploration, development, and production of overlooked crude oil and "stranded" natural gas reserves. Magellan's strategy involves the exploitation of already discovered oil and natural gas properties worldwide into non-traditional, growing markets. The company's properties and exploration acreage are located primarily in Australia, the United Kingdom, and the United States.

SOURCE Magellan Petroleum Corporation