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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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<C> <S>
(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO
</Table>

COMMISSION FILE NUMBER 1-5507
MAGELLAN PETROLEUM CORPORATION
(Exact name of registrant as specified in its charter)

<Table>
<S> <C>

DELAWARE	06-0842255
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
10 COLUMBUS BOULEVARD, HARTFORD, CT	06106
(Address of principal executive offices)	(Zip Code)

</Table>

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE
(860) 293-2006

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

<Table>
<Caption>

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
<S>	<C>
Common stock, par value $.01 per share	Boston Stock Exchange

</Table>

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT

<Table>
<Caption>

TITLE OF CLASS	
<S>	<C>
Common stock, par value $.01 per share	NASDAQ SmallCap Market

</Table>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (sec. 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this

Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant at the $1.31 closing price on December 31, 2003 (the last business day of the most recently completed second quarter) was $33,453,370.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

Common stock, par value $.01 per share, 25,784,983 shares outstanding as of October 4, 2004.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement related to the Annual Meeting of Stockholders for the fiscal year ended June 30, 2004, are incorporated by reference in Part III of this Form 10-K to the extent stated herein.

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Unless otherwise indicated, all dollar figures set forth herein are in United States currency. Amounts expressed in Australian currency are indicated as "A.$00". The exchange rate at October 8, 2004 was approximately A.$1.00 equaled U.S.$.74.

PART I

ITEM 1. BUSINESS

Magellan Petroleum Corporation (the Company or MPC) is engaged in the sale of oil and gas and the exploration for and development of oil and gas reserves. At June 30, 2004, MPC's principal asset was a 55.06% equity interest in its subsidiary, Magellan Petroleum Australia Limited (MPAL), which has one class of stock that is publicly held and traded in Australia.

MPAL's major assets are two petroleum production leases covering the Mereenie oil and gas field (35% working interest) and one petroleum production lease covering the Palm Valley gas field (52% working interest). Both fields are located in the Amadeus Basin in the Northern Territory of Australia. Santos Ltd., a publicly owned Australian company, owns a 48% interest in the Palm Valley field and a 65% interest in the Mereenie field. Santos Ltd owned 18.2% of MPAL's outstanding stock at June 30, 2003. It sold all of its interest during 2004. Origin Energy Limited, a publicly owned Australian company, owned 17.1% of MPAL's outstanding stock at June 30, 2003. On July 10, 2003, a subsidiary of Origin Energy, Sagasco Amadeus Pty. Limited, agreed to exchange 1.2 million shares of MPAL for 1.3 million shares of the Company's common stock. After the exchange was completed on September 2, 2003, MPC's interest in MPAL increased to 55% and Origin Energy's interest decreased to 14.5%.

During July 2004, MPAL reached an agreement with Voyager Energy Limited for the purchase of its 40.936% working interest (38.703% net revenue interest) in its Nockatunga assets in southwest Queensland. The assets comprise several producing oil fields in Petroleum Leases 33, 50 and 51 together with exploration acreage in ATP 267P at a purchase price of approximately $1.4 million. The project is currently producing about 285 barrels of oil per day (MPAL share 115 bbls).

MPC has a direct 2.67% carried interest in the Kotaneelee gas field in the Yukon Territory of Canada. During September 2003, the litigants in the Kotaneelee litigation entered into a settlement agreement. During October 2003, the Company received approximately $851,000, after Canadian withholding taxes and reimbursement of certain past legal costs. The plaintiffs terminated all litigation against the defendants related to the field, including the claim that the defendants failed to fully develop the field. Since each party agreed to bear its own legal costs, there were no taxable costs assessed against any of the parties. See Item 3 -- Legal Proceedings.

The following chart illustrates the various relationships between MPC and the various companies discussed above.

The following is a tabular presentation of the omitted material:

MPC -- MPAL RELATIONSHIPS CHART

MPC owns 55% of MPAL.
MPC owns 2.67% of the Kotaneelee Field, Canada.
MPAL owns 52% of the Palm Valley Field, Australia.
MPAL owns 35% of the Mereenie Field, Australia.
MPAL owns 40.94% of the Nockatunga Field, Australia.
Origin Energy Limited owns 14.5% of MPAL.
SANTOS owns 48% of the Palm Valley Field, Australia.
SANTOS owns 65% of the Mereenie Field, Australia.
SANTOS owns 59.06% of the Nockatunga Field, Australia.

(a) General Development of Business.

Operational Developments Since the Beginning of the Last Fiscal Year.

AUSTRALIA

MEREENIE

MPAL (35%) and Santos (65%), the operator, (together known as the Mereenie Producers) own the Mereenie field which is located in the Amadeus Basin of the Northern Territory. MPAL's share of the Mereenie field proved developed oil reserves was approximately 249,000 barrels and 8.2 billion cubic feet (bcf) of gas at June 30, 2004. The Mereenie Producers installed during fiscal 2004 additional compression equipment in the field at an estimated cost of $13.1 million (MPAL share $4.6 million) that will increase field deliverability and partially meet certain gas contract requirements. In addition, two gas wells will be drilled later in 2004 to meet the gas contractual requirements until June 2007.

During fiscal 2004, MPAL's share of oil sales was 131,000 barrels and 3.9 bcf of gas sold, which is subject to net overriding royalties aggregating 4.0625% and the statutory government royalty of 10%. The oil is transported by means of a 167-mile eight-inch oil pipeline from the field to an industrial park near Alice Springs. The oil is then shipped south approximately 950 miles by road to the Port Bonython Export Terminal, Whyalla, South Australia for sale. The cost of transporting the oil to the terminal is being borne by the Mereenie Producers. The Mereenie Producers are providing Mereenie gas in the Northern Territory to the Power and Water Corporation (PAWC) and Gasgo Pty. Ltd. (Gasgo), a company PAWC wholly owns, for use in Darwin and other Northern Territory centers. See "Gas Supply Contracts" below. The petroleum lease covering the Merenie field expires in November 2023.

PALM VALLEY

MPAL has a 52% interest in, and is the operator of, the Palm Valley gas field which is also located in the Amadeus Basin of the Northern Territory. Santos, the operator of the Mereenie field, owns the remaining 48% interest in Palm Valley which provides gas to meet the Alice Springs and Darwin supply contracts with PAWC and Gasgo. See "Gas Supply Contracts" below. MPAL's share of the Palm Valley proved developed reserves was 13.9 bcf at June 30, 2004. During fiscal 2004, MPAL's share of gas sales was 2.9 bcf which is subject to a 10% statutory government royalty and net overriding royalties aggregating 7.3125%. MPAL drilled an additional development well, Palm Valley-11, in 2004. The well was a dry hole. Gasgo will pay for the cost of the well under the gas supply agreement. The producers and Gasgo have agreed to install additional compression equipment in the field that will assist field deliverability during the remaining Darwin gas contract period. Gasgo will pay for the cost of the additional compression under the gas supply agreement.

The production lease covering the Palm Valley field was renewed in November 2003 for an additional term of 21 years.

GAS SUPPLY CONTRACTS

In 1983, the Palm Valley Producers (MPAL and Santos) commenced the sale of gas to Alice Springs under a 1981 agreement. In 1985, the Palm Valley Producers and Mereenie Producers signed agreements for the sale of gas to PAWC for use in the PAWC's Darwin generating station and at a number of other generating stations in the Northern Territory. The gas is being delivered via the 922-mile Amadeus Basin to the Darwin gas pipeline which was built by an Australian consortium. Since 1985, there have been several additional contracts for the sale of Mereenie gas. The Palm Valley Darwin contract expires in the year 2012 and Mereenie contracts expire in the year 2009. Under the 1985 contracts, there is a difference in price between Palm Valley gas and most of the Mereenie gas for the first 20 years of the 25 year contracts which takes into account the additional cost to the pipeline consortium to build a spur line to the Mereenie field and increase the size of the pipeline from Palm Valley to Mataranka. The price of gas under the Palm Valley and Mereenie gas contracts is adjusted quarterly to reflect changes in the Australian Consumer Price Index.

At June 30, 2004, MPAL's commitment to supply gas under the above agreements was as follows:

<Table>
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PERIOD	BCF
Less than one year	7.22
Between 1-5 years	26.73
Greater than 5 years	4.55
Total	38.50

</Table>

DINGO GAS FIELD

MPAL has a 34.3% interest in the Dingo gas field which is held under a retention license. No market has emerged for the gas volumes that have been discovered in the Dingo gas field, which is located in the Amadeus Basin in the Northern Territory. MPAL's share of potential production from this permit area is subject to a 10% statutory government royalty and overriding royalties aggregating 4.8125%. The license was renewed for a further term of five years from October 2003 to October 2008.

BROWSE BASIN

During fiscal year 2000, MPAL (100%) was granted exploration permits WA-287-P and WA-288-P in the eastern Browse Basin, offshore Western Australia. During fiscal 2002, MPAL was granted a permit over area WA-311-P which is adjacent to WA-288-P. In 2002, INPEX Corporation, a Japanese company, earned a 65% interest in WA-288-P and WA-311-P by paying for the cost (except for MPAL's share of $150,000) of drilling the Strumbo-1 well that was a dry hole. MPAL has withdrawn from all of these permits.

During fiscal year 2001, MPAL acquired a 50% working interest in each of exploration permits WA-306-P and WA-307-P in the Barcoo Sub-basin of the southern Browse Basin, offshore Western Australia. Antrim Energy, a Canadian company, is the operator of the joint venture. During October 2004, Antrim Energy and ONGC Videsh Limited, an Indian company, funded the drilling of the South Galapagos-1 well in WA-306-P, including MPAL's estimated share of the well cost of $1,175,000. MPAL's interest in WA-306-P has reduced to 12.5%. At June 30, 2004, MPAL's share of the work obligations of the two permits totaled $4,603,000, of which $9,000 is committed.

CARNARVON BASIN

During fiscal year 1999, MPAL was awarded permit WA-291-P, offshore Western Australia in the Carnarvon Basin. Tap Oil, an Australian company, has agreed to participate in exploration on the permit and has a 50% interest in the permit. MPAL and Tap Oil are seeking additional partners to share the cost of drilling a well. At June 30, 2004, MPAL's share (50%) of the work obligations of the permit totaled $2,510,000, of which is $35,000 is committed.

MARYBOROUGH BASIN

MPAL holds a 100% interest in exploration permit ATP 613P in the Maryborough Basin in Queensland, Australia. MPAL (100%) also has applications pending for permits ATP 674P and ATP 733P which are adjacent to ATP 613P. Novus Australia Energy Company Limited earned a 50% interest in the North Area of the permit by drilling the Gregory River-3 well in 2003. The well was a dry hole and Novus withdrew from the area. At June 30, 2004, MPAL's share of the work obligations of permit ATP 613P totaled $1,119,000, of which $227,000 is committed.

COOPER/EROMANGA BASIN

PEL 94 & PEL 95

During fiscal year 1999, MPAL (50%) and its partner Beach Petroleum NL were successful in bidding for two exploration blocks (PEL 94 and PEL 95) in South Australia's Cooper Basin. Aldinga-1 was

completed in September 2002 and began producing in May 2003 at about 80 barrels of oil per day. By June 2004, production had declined to about 30 barrels of oil per day. During November 2003, the Waitpinga-1 well was drilled in PEL 94 and the Seacliff-1 well in PEL 95. Both wells were dry holes. In June 2004, an additional two wells were drilled, Myponga-1 in PEL 94 and Noarlunga-1 in PEL 95. Both these wells were dry holes. Black Rock Petroleum NL contributed to the cost of drilling the Myponga-1 well to earn a 15% interest in the PEL 94 permit. MPAL's interest in PEL 94 is reducing to 35%. MPAL's share of the cost of the four wells was approximately $1,000,000. These have been reflected as exploration and production costs in the consolidated financial statements. At June 30, 2004, MPAL's share of the work obligations of the two permits totaled $1,071,000, of which $17,000 is committed.

PEL 110 & PELA 116

During fiscal year 2001, MPAL and its partner Beach Petroleum NL were also successful in bidding for two additional exploration blocks, PEL 110 (37.5%) and PELA 116 (50%) in the Cooper Basin. PEL 110 was granted in February 2003 and PEL 116 remains under application. During October 2003, the Semaphore-1 well was drilled in PEL 110. The well was a dry hole. Cooper Energy NL contributed to the cost of the well to earn a 25% interest in PEL 110. At June 30, 2004, MPAL's share of the work obligations of the PEL 110 permit totaled $841,000, of which $420,000 is committed.

PL33 -- PL50 -- PL 51 -- ATP 267P, NOCKATUNGA

During July 2003, MPAL reached an agreement with Voyager Energy Limited for the purchase of its 40.936% working interest (38.703% net revenue interest) in its Nockatunga assets in southwest Queensland. The assets comprise several producing oil fields in PLs 33, 50 and 51 together with exploration acreage in ATP 267P at a purchase price of approximately $1.4 million. The project is currently producing about 285 barrels of oil per day (MPAL share 115 bbls). A development well, Thungo-8, was drilled in PL 51 in October 2003 and is currently producing at around 10 barrels of oil per day. Callisto-1 was drilled in ATP 267P during November 2003. The well was a dry hole. A 3D seismic survey is planned for late 2004 over PL51 and parts of PL33 and ATP 267P. MPAL's share of the cost is approximately $1,065,000. At June 30, 2004, MPAL's share of the work obligations of ATP 267P totaled $315,000, of which none is committed.

NEW ZEALAND

PEP 38222 & PEP 38225

During fiscal 2002, MPAL (100%) was granted exploration permit PEP 38222, offshore south of the South Island of New Zealand. At June 30, 2004, MPAL's share of the work obligations of the permit totaled $11,678,000, all of which is discretionary. In November 2003, MPAL (100%) was granted permit PEP 38225, which is adjacent to PEP 38222. At June 30, 2004, MPAL's obligations of the PEP 38225 permit totaled $11,748,000, of which none is committed.

PEP 38746 -- PEP 38748 -- PEP 38753 -- PEP 38765 -- PEP 38766

MPAL has a 25% interest in permits PEP 38746, PEP 38748 and PEP 38753 in the Taranaki Basin in the North Island, New Zealand. MPAL and its partners spudded the Warwiri-1 well in PEP 38753 during September 2003 at an approximate cost of $268,000 to MPAL, and the Bluff-1 well in PEP 38746 during October. Both wells were dry holes. MPAL has withdrawn from the PEP 38753 permit. At June 30, 2004, MPAL's share of the work obligations of the PEP 38746 and PEP 38748 permits totaled $105,000, of which none is committed. The drilling plans for the Hihi-1 and Kakariki-1 wells in PEP 38753 are in progress and spudding of these wells is expected in 2004.

MPAL was granted exploration permits PEP 38765 (12.5%) and PEP 38766 (25%) during February 2004. The drilling plan for the Miromiro-1 well in PEP 38765 is in progress and spudding of this well is expected later in calendar 2004. At June 30, 2004, MPAL's share of the work obligations of the PEP 38765 and PEP 38766 permits totaled $717,000, of which $175,000 is committed.

UNITED KINGDOM

PEDL 098 & PEDL 099

During fiscal year 2001, MPAL acquired an interest in two licenses in southern England in the Weald-Wessex basin. The two licenses, PEDL 098 (22.5%) in the Isle of Wight and PEDL 099 (40%) in the Portsdown area of Hampshire, were each granted for a period of six years. The drilling plan for the Sandhills-2 well as the PEDL 098 obligation well is in progress and spudding of this well is expected in 2004. At June 30, 2004, MPAL's share of the work obligations of the permits totaled $660,000, of which none is committed. The UK companies, Northern Petroleum and Montrose Industries, will fund MPAL's share of the cost of the Sandhills-2 well.

PEDL 112 & PEDL 113

During fiscal year 2002, MPAL acquired two additional licenses in southern England. The two licenses, PEDL 113 (22.5%, formerly 45%) in the Isle of Wight and PEDL 112 (33.3%) in the Kent area on the margin of the Weald-Wessex basin, were each granted for a period of six years. At June 30, 2004, MPAL's share of the work obligations of the permits totaled $818,000, of which $22,000 is committed.

PEDL 125 & PEDL 126

Effective July 1, 2003, MPAL acquired two additional licenses each granted for a period of six years in southern England, PEDL 125 (50%) in Hampshire and PEDL 126 (50%) in West Sussex. At June 30, 2004, MPAL's share of the work obligations of the two permits totaled $1,114,000, of which $28,000 is obligatory. The drilling plan for the Hedge End-2 well in PEDL 125 is in progress and spudding of this well is expected in 2005. MPAL's (50%) share of the cost of the well is estimated at approximately $1,130,000, of which $28,000 is committed.

CANADA

MPC owns a 2.67% carried interest in a lease (31,885 gross acres, 850 net acres) in the southeast Yukon Territory, Canada, which includes the Kotaneelee gas field. Devon Canada Corporation is the operator of this partially developed field which is connected to a major pipeline system. Production at Kotaneelee commenced in February 1991.

During September 2003, MPC entered into a settlement agreement with the litigants in the Kotaneelee litigation. In October 2003, the Company received approximately $851,000, after Canadian withholding taxes and reimbursement of certain past legal costs from the settlement. The plaintiffs, including MPC, terminated all litigation against the defendants related to the field, including the claim that the defendants failed to fully develop the field. Since each party agreed to bear its own legal costs, there were no taxable costs assessed against any of the parties. See Item 3. Legal Proceedings.

(b) Financial Information About Industry Segments.

The Company is engaged in only one industry, namely, oil and gas exploration, development, production and sale. The Company conducts such business through its two operating segments; MPC and its majority owned subsidiary MPAL.

(c) (1) Narrative Description of the Business.

MPC was incorporated in 1957 under the laws of Panama and was reorganized under the laws of Delaware in 1967. MPC is directly engaged in the exploration for, and the development and production and sale of oil and gas reserves in Canada, and indirectly through its subsidiary MPAL in Australia, New Zealand and the United Kingdom.

(i) Principal Products.

MPAL has an interest in the Palm Valley gas field and in the Mereenie oil and gas field. See Item 1(a) -- Australia -- for a discussion of the oil and gas production from the Mereenie and Palm Valley fields. MPC has a direct 2.67% carried interest in the Kotaneelee gas field in Canada.

(ii) Status of Product or Segment.

See Item 1(a) -- Australia and Canada -- for a discussion of the current and future operations of the Mereenie and Palm Valley fields in Australia, the Nockatunga fields in Australia and MPC's interest in the Kotaneelee field in Canada.

(iii) Raw Materials.

Not applicable.

(iv) Patents, Licenses, Franchises and Concessions Held.

MPAL has interests directly and indirectly in the following permits. Permit holders are generally required to carry out agreed work and expenditure programs.

<Table>
<Caption>

PERMIT	EXPIRATION DATE	LOCATION
- ------	---------------	--------
<S>	<C>	<C>
Petroleum Lease No. 4 and No. 5 (Mereenie) (Amadeus Basin)	November 2023	Northern Territory, Australia
Petroleum Lease No. 3 (Palm Valley)(Amadeus Basin)	November 2024	Northern Territory, Australia
Retention License 2 (Dingo) (Amadeus Basin)	October 2008	Northern Territory, Australia
ATP 613P (Maryborough Basin)	March 2007	Queensland, Australia
ATP 674P (Maryborough Basin)	Application pending	Queensland, Australia
ATP 733P (Maryborough Basin)	Application pending	Queensland, Australia
ATP 267P (Nockatunga, Cooper Basin)	November 2007	Queensland, Australia
ATP 732P (Cooper Basin)	Application pending	Queensland, Australia
WA-291-P (Carnarvon Basin)	February 2006	Offshore Western Australia
WA-306-P (Canning Basin)	July 2006	Offshore Western Australia
WA-307-P (Canning Basin)	August 2006	Offshore Western Australia
PEL 94 (Cooper Basin)	November 2006	South Australia
PEL 95 (Cooper Basin)	October 2006	South Australia
PEL110 (Cooper Basin)	February 2008	South Australia
PELA 116 (Cooper Basin)	Application pending	South Australia
PEP 38746 (Taranaki Basin)	August 2007	New Zealand
PEP 38748 (Taranaki Basin)	August 2007	New Zealand
PEP 38753 (Taranaki Basin)	August 2007	New Zealand
PEP 38765 (Taranaki Basin)	February 2009	New Zealand
PEP 38766 (Taranaki Basin)	February 2009	New Zealand
PEP 38222 (Great South Basin)	April 2008	New Zealand
PEP 38225 (Great South Basin)	November 2009	New Zealand
PEP 38256 (Taranaki Basin)	August 2007	New Zealand
PEDL 098 (Weald/Wessex Basins)	September 2006	United Kingdom
PEDL 099 (Weald/Wessex Basins)	September 2006	United Kingdom
PEDL 112 (Weald Basin)	January 2008	United Kingdom
PEDL 113 (Weald/Wessex Basins)	January 2008	United Kingdom
PEDL 125 (Hampshire)	July 2009	United Kingdom
PEDL 126 (West Sussex)	July 2009	United Kingdom

</Table>

Leases issued by the Northern Territory are subject to the Petroleum (Prospecting and Mining) Act of the Northern Territory. Lessees have the exclusive right to produce petroleum from the land subject to a lease upon payment of a rental and a royalty at the rate of 10% of the wellhead value of the petroleum produced. Rental payments may be offset against the royalty paid. The term of a lease is 21 years, and leases may be renewed for successive terms of 21 years each.

Since 1992, there has been an ongoing controversy regarding the Aborigines and the ownership of their traditional lands. There has been legislation aimed at resolving this controversy. The Company does not believe that this issue will have a material adverse impact on MPAL's properties.

(v) Seasonality of Business.

Although the Company's business is not seasonal, the demand for oil and especially gas is subject to fluctuations in the Australian weather.

(vi) Working Capital Items.

See Item 7 -- Liquidity and Capital Resources for a discussion of this information.

(vii) Customers.

Although the majority of MPAL's producing oil and gas properties are located in a relatively remote area in central Australia (See Item 1 -- Business and Item 2 -- Properties), the completion in January 1987 of the Amadeus Basin to Darwin gas pipeline has provided access to and expanded the potential market for MPAL's gas production.

Natural Gas Production

MPAL's principal customer and the most likely major customer for future gas sales is PAWC, a governmental authority of the Northern Territory Government, which also has substantial regulatory authority over MPAL's oil and gas operations. The loss of PAWC as a customer would have a material adverse effect on MPAL's business.

Oil Production

Presently all of the crude oil production from Mereenie is being shipped and sold through the Port Bonython Export Terminal, Whyalla, South Australia. Crude oil production from Aldinga and Nocatunga is shipped and sold through the IOR refinery at Eromanga, Southwest Queensland.

(viii) Backlog.

Not applicable.

(ix) Renegotiation of Profits or Termination of Contracts or Subcontracts at the Election of the Government.

Not applicable.

(x) Competitive Conditions in the Business.

The exploration for and production of oil and gas are highly competitive operations. The ability to exploit a discovery of oil or gas is dependent upon such considerations as the ability to finance development costs, the availability of equipment, and the possibility of engineering and construction delays and difficulties. The Company also must compete with major oil and gas companies which have substantially greater resources than the Company.

Furthermore, various forms of energy legislation which have been or may be proposed in the countries in which the Company holds interests may substantially affect competitive conditions. However, it is not possible to predict the nature of any such legislation which may ultimately be adopted or its effects upon the future operations of the Company.

At the present time, the Company's principal income producing operations are in Australia and for this reason, current competitive conditions in Australia are material to the Company's future. Currently, most indigenous crude oil is consumed within Australia. In addition, refiners and others import crude oil to meet the overall demand in Australia. The Palm Valley Producers and the Mereenie Producers are developing and separately marketing the production from each field. Because of the relatively remote location of the Amadeus Basin and the inherent nature of the market for gas, it would be impractical for each working interest partner to attempt to market its respective share of production from each field.

(xi) Research and Development.

Not applicable.

(xii) Environmental Regulation.

The Company is subject to the environmental laws and regulations of the jurisdictions in which it carries on its business, and existing or future laws and regulations could have a significant impact on the exploration for and development of natural resources by the Company. However, to date, the Company has not been required to spend any material amounts for environmental control facilities. The federal and state governments in Australia strictly monitor compliance with these laws but compliance therewith has not had any adverse impact on the Company's operations or its financial resources.

At June 30, 2004, the Company had accrued approximately $4.9 million for asset retirement obligations for the Mereenie, Palm Valley, Kotaneelee, Nockatunga and Dingo fields. See Note 2 of the Consolidated Financial Statements under Item 8. Financial Statements and Supplementary Data.

(xiii) Number of Persons Employed by Company.

At June 30, 2004, MPC had one full-time employee in the United States and

MPAL had 31 employees in Australia. MPC relies to a great extent on consultants for legal, accounting, administrative and geological services.

(d) (2) Financial Information Relating to Foreign and Domestic Operations.

See Note 10 to the Consolidated Financial Statements.

(3) Risks Attendant to Foreign Operations.

Most of the properties in which the Company has interests are located outside the United States and are subject to certain risks involved in the ownership and development of such foreign property interests. These risks include but are not limited to those of: nationalization; expropriation; confiscatory taxation; changes in foreign exchange controls; currency revaluations; price controls or excessive royalties; export sales restrictions; limitations on the transfer of interests in exploration licenses; and other laws and regulations which may adversely affect the Company's properties, such as those providing for conservation, proration, curtailment, cessation, or other limitations of controls on the production of or exploration for hydrocarbons. Thus, an investment in the Company represents a speculation with risks in addition to those inherent in domestic petroleum exploratory ventures.

Since 1992, there has been an ongoing controversy regarding the Aborigines and the ownership of their traditional lands. There has been legislation aimed at resolving this controversy. The Company does not believe that this issue will have a material adverse impact on MPAL's properties.

(4) Data Which are Not Indicative of Current or Future Operations.

None.

ITEM 2. PROPERTIES.

(a) MPC has interests in properties in Australia through its 55% equity interest in MPAL which holds interests in the Northern Territory, Queensland, South Australia and Western Australia. MPAL also has

interests in New Zealand and the United Kingdom. In Canada, MPC has a direct interest in one lease. For additional information regarding the Company's properties, See Item 1 -- Business.

(b) (1) The information regarding reserves, costs of oil and gas activities, capitalized costs, discounted future net cash flows and results of operations is contained in Supplementary Oil & Gas Information under Item 8 -- Financial Statements and Supplementary Data.

The following graphic presentation has been omitted, but the following is a description of the omitted material:

AUSTRALIAN MAP WITH MPAL PROJECTS SHOWN

The following graphic presentation has been omitted, but the following is a description of the omitted material:

AMADEUS BASIN PROJECTS MAP

The map indicates the location of the Amadeus Basin interests in the Northern Territory of Australia. The following items are identified:

Palm Valley Gas Field
Mereenie Oil & Gas Field
Dingo Gas Field
Nockatunga Oil Field
Palm Valley -- Alice Springs Gas Pipeline
Palm Valley -- Darwin Gas Pipeline
Mereenie Spur Gas Pipeline

The following graphic presentation has been omitted, but the following is a description of the omitted material:

CANADIAN PROPERTY INTERESTS MAP

The map indicates the location of the Kotaneelee Gas Field in the Yukon Territories of Canada. The map identifies the following items:

Kotaneelee Gas Field
Pointed Mountain Gas Field
Beaver River Gas Field

The following graphic presentation has been omitted, but the following is a description of the omitted material:

UNITED KINGDOM PROPERTY INTERESTS MAP

The map indicates the location of the MPAL property interests in the United Kingdom.

The following graphic presentation has been omitted, but the following is a description of the omitted material:

NEW ZEALAND PROPERTY INTERESTS MAP

The map indicates the location of the MPAL property interests in New Zealand.

(2) Reserves Reported to Other Agencies.

None

(3) Production.

MPC's net production volumes for gas and oil during the three years ended June 30, 2004 were as follows (data for Canada has not been included since MPC is in a carried interest position and the data is not material)

<Table>
<Caption>

<S>	JUNE 30, 2004 <C>	2003 <C>	2002 <C>
Australia:			
Gas (bcf)...	7	6	7
Crude oil (bbl)..	151,582	126,000	161,650

</Table>

The average sales price per unit of production for Australia for the following fiscal years is as follows:

<Table>
<Caption>

<S>	JUNE 30, 2004 <C>	2003 <C>	2002 <C>
Australia:			
Gas (per mcf).......................................	A.$ 2.61	A.$ 2.65	A.$ 2.53
Crude oil (per bbl).................................	A.$42.12	A.$42.82	A.$41.70

</Table>

The average production cost per unit of production for the following fiscal years has been impacted by transportation costs on Mereenie oil in Australia. During fiscal 2004, 2003 and 2002, the cost of remedial work on various wells in the Mereenie field and lower production levels increased production costs.

<Table>
<Caption>

	JUNE 30, 2004	2003	2002

<S> <C> <C> <C>

Australia:			
Gas (per mcf).......................................	A.$ .49	A.$ .48	A.$ .46
Crude oil (per bbl).................................	A.$25.68	A.$29.15	A.$25.09

</Table>

Amounts presented above are in Australian dollars to show a more meaningful trend of underlying operations. For the year ended June 30, 2004, 2003 and 2002 the average foreign exchange rates were .7179, .5852, and .5238, respectively.

(4) Productive Wells and Acreage.

Productive wells and acreage at June 30, 2004:

<Table>
<Caption>

	PRODUCTIVE WELLS					
	OIL		GAS		DEVELOPED ACREAGE	
	GROSS	NET	GROSS	NET	GROSS ACRES	NET ACRES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Australia...........................	42.0	15.6	13.0	5.40	78,771	32,551
Canada..............................	--	--	2.0	.05	3,350	89
	42.0	15.6	15.0	5.45	82,121	32,640

</Table>

(5) Undeveloped Acreage.

The Company's undeveloped acreage (except as indicated below) is set forth in the table below:

GROSS AND NET ACREAGE AS OF JUNE 30, 2004

MPAL has interests in the following properties (before royalties). MPC has an interest in these properties through its 55% interest in MPAL.

<Table>
<Caption>

	MPAL			MPC	
	GROSS ACRES	NET ACRES	INTEREST %	NET ACRES	INTEREST %
<S>	<C>	<C>	<C>	<C>	<C>
Australia					
Northern Territory -- (Amadeus Basin)					
Mereenie (OL4&5)(1)...................	69,407	24,292	35.00	13,376	19.27
Palm Valley (OL3)(2)..................	157,833	82,109	52.00	45,209	28.64
Dingo (RL2)...........................	115,596	39,696	34.34	21,857	18.91
	342,836	146,097		80,440	
Queensland:					
Maryborough Basin (ATP 613P)...........	288,002	288,002	100.00	158,574	55.06
Maryborough Basin (ATP 674P)...........	1,954,017	1,954,017	100.00	1,075,882	55.06
Maryborough Basin (ATP 733)............	326,534	326,534	100.00	179,790	55.06
	2,568,553	2,568,553		1,414,246	
South Australia:					
Cooper Basin (PELA 94)(4)..............	669,370	234,280	35.00	128,995	19.27
Cooper Basin (PELA 95).................	960,830	480,415	50.00	264,516	27.53
Cooper Basin (PELA 110)................	361,114	135,418	37.50	74,561	20.65
Cooper Basin (PELA 116)................	705,185	352,593	50.00	194,138	27.53
Cooper Basin (PL 33/50/51).............	88,179	36,101	40.94	19,877	22.54
Cooper Basin (ATP 267).................	177,346	72,605	40.94	39,976	22.54

Cooper Basin (ATP 732).................	654,056	654,056	100.00	360,123	55.06
	----------	----------		---------	
	3,616,080	1,965,468		1,082,186	
	----------	----------		---------	
Western Australia:					
Carnarvon WA-291-P.....................	2,221,518	1,110,759	50.00	611,584	27.53
Browse WA-306..........................	1,194,739	149,342	12.50	82,228	6.88
Browse WA-307..........................	856,843	428,422	50.00	235,889	27.53
	----------	----------		---------	
	4,273,100	1,688,523		929,701	
	----------	----------		---------	
United Kingdom PEDL 098..................	56,810	12,782	22.50	7,038	12.39
PEDL 099..............................	39,273	15,709	40.00	8,649	22.02
PEDL 112..............................	98,800	32,933	33.33	18,133	18.35
PEDL 113..............................	27,170	6,113	22.50	3,368	12.39
PEDL 125/126..........................	112,385	56,193	50.00	30,940	27.53
	----------	----------		---------	
	334,438	123,730		68,128	
	----------	----------		---------	
New Zealand					
PEP 38222.............................	3,002,779	3,002,779	100.00	1,653,330	55.06
PEP 38746/48/53........................	64,961	16,240	25.00	8,942	13.77

</Table>

<Table>
<Caption>

<S>	MPAL GROSS ACRES <C>	MPAL NET ACRES <C>	MPAL INTEREST % <C>	MPC NET ACRES <C>	MPC INTEREST % <C>
PEP 38256.............................	688,389	172,097	25.00	94,757	13.77
PEP 38765.............................	3,211	401	12.50	221	6.88
PEP 38766.............................	494	124	25.00	68	13.77
PEP 38225.............................	2,908,919	2,908,919	100.00	1,601,651	55.06
	----------	----------	------	---------	-----
	6,668,753	6,100,560		3,358,969	
	----------	----------		---------	
Total MPAL..............................	17,803,760	12,592,931		6,933,670	
	----------	----------		---------	
PROPERTIES HELD DIRECTLY BY MPC:					
Canada					
Yukon and Northwest Territories:					
Carried interest(3).................	31,885			850	2.67
	----------			---------	
Total....................................	17,835,645			6,934,520	
	==========			=========	

</Table>

- ---------------

(1) Includes 41,644 gross developed acres and 14,575 net acres.

(2) Includes 31,567 gross developed acres and 16,422 net acres.

(3) Includes 3,350 gross developed acres and 89 net acres.

(4) Includes 346 gross developed acres and 173 net acres.

(6) Drilling Activity.

Productive and dry net wells drilled during the following years (data concerning Canada and the United States is insignificant):

<Table>
<Caption>

YEAR ENDED	AUSTRALIA/NEW ZEALAND EXPLORATION	AUSTRALIA/NEW ZEALAND DEVELOPMENT

JUNE 30,	PRODUCTIVE	DRY	PRODUCTIVE	DRY
2004	--	3.11..	.41	.52
2003	.50	1.90	--	--
2002	--	.35	--	--

(7) Present Activities.

There were two wells being drilled at June 30, 2004. During August 2004, the Company decided to plug and abandon development well Palm Valley-11. See Item 1 -- Cooper Basin and New Zealand for a discussion of the present activities of MPAL.

(8) Delivery Commitments.

See discussion under Item 1 concerning the Palm Valley and Mereenie fields.

ITEM 3. LEGAL PROCEEDINGS.

KOTANEELEE GAS FIELD

MPC's 2.67% carried interest in the Kotaneelee gas field is held in trust by Canada Southern Petroleum Ltd. (Canada Southern) which has a 30.7% carried interest in the field. Canada Southern and MPC (the plaintiffs) had believed that the working interest owners in the Kotaneelee gas field had not adequately pursued the attainment of contracts for the sale of Kotaneelee gas.

In October 1989 and March 1990, Canada Southern filed statements of claim in the Court of Queens Bench of Alberta, Judicial District of Calgary, Canada, against the working interest partners in the Kotaneelee gas field. MPC was subsequently added as a Plaintiff in the action. The named defendants were Amoco

Canada Petroleum Corporation, Ltd., Dome Petroleum Limited (now Amoco Canada Resources Ltd.), and Amoco Production Company (collectively the Amoco Dome Group), Columbia Gas Development of Canada Ltd., Mobil Oil Canada Ltd. and Esso Resource of Canada Ltd. (collectively the defendants).

During September 2003, the litigants in the Kotaneelee litigation entered into a settlement agreement. In October 2003, the Company received approximately $851,000, after Canadian withholding taxes and reimbursement of certain past legal costs. The plaintiffs terminated all litigation against the defendants related to the field, including the claim that the defendants failed to fully develop the field. Since each party agreed to bear its own legal costs, there were no taxable costs assessed against any of the parties.

The components of the settlement payment, which was recorded in September 2003 are as follows:

Gas sales	$1,135,000
Interest income	102,000
Canadian withholding taxes	(386,000)
Total	$ 851,000

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following information with respect to the current and former executive officers of the Company is furnished pursuant to Instruction 3 to Item 401(b) of Regulation S-K.

<Table>

<Caption>

NAME	AGE	OFFICE HELD	LENGTH OF SERVICE AS AN OFFICER	OTHER POSITIONS HELD WITH COMPANY
<S>	<C>	<C>	<C>	<C>
James R. Joyce(1).....	62	President and Chief Financial Officer	Since 1993 Since 1990	Director
T. Gwynn Davies.......	57	General Manager -- MPAL	Since 2001	None
Daniel J. Samela(2)...	56	Treasurer	Since 2004	None

</Table>

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(1) Retired as officer and director effective June 30, 2004.

(2) Effective July 1, 2004 office held is President and Chief Financial Officer.

All officers of MPC are elected annually by the Board of Directors and serve at the pleasure of the Board of Directors.

MPC is not aware of any arrangements or understandings between any of the individuals named above and any other person pursuant to which any individual named above was selected as an officer.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF SECURITIES

(a) Principal Market

The principal market for MPC's common stock is the NASDAQ SmallCap market under the symbol MPET. The stock is also traded on the Boston Stock Exchange under the symbol MPC. The quarterly high

and low prices and the number of shares traded on the most active market, NASDAQ, during the calendar quarterly periods indicated were as follows:

<Table>
<Caption>

2004	1ST QTR.	2ND QTR.	3RD QTR.	4TH QTR.
<S>	<C>	<C>	<C>	<C>
High...	1.37	1.57	2.32	1.80
Low..	.98	1.00	1.36	1.02

</Table>

<Table>
<Caption>

2003	1ST QTR.	2ND QTR.	3RD QTR.	4TH QTR.
<S>	<C>	<C>	<C>	<C>
High...	1.03	1.27	1.37	1.57
Low..	.81	.79	.98	1.00

</Table>

<Table>
<Caption>

2002	1ST QTR.	2ND QTR.	3RD QTR.	4TH QTR.
<S>	<C>	<C>	<C>	<C>
High...	.95	1.11	1.07..	.91
Low..	.64	.80	.63...	.68

</Table>

(b) Approximate Number of Holders of Common Stock at October 12, 2004

<Table>
<Caption>

TITLE OF CLASS NUMBER OF RECORD HOLDERS

Common stock, par value $.01 per share.....................	7,752

</Table>

(c) Frequency and Amount of Dividends

MPC has never paid a cash dividend on its common stock.

RECENT SALES OF UNREGISTERED SECURITIES

On September 2, 2003, the Company completed its previously announced acquisition of 1,200,000 shares of its majority-owned subsidiary, MPAL, from Sagasco Amadeus Pty Limited (Sagasco), a subsidiary of Origin Energy Limited, a diversified energy company based in Sydney, Australia. The acquisition of MPAL shares by the Company was made pursuant to a share sale agreement entered into by the Company and Sagasco, dated as of July 10, 2003 (Share Sale Agreement). The MPAL share acquisition followed the receipt of governmental approval in Australia and has increased the Company's holdings in MPAL from 52.4% to approximately 55%.

In consideration for its receipt of the MPAL shares, the Company issued to Sagasco 1,300,000 shares of its common stock, par value $.01 per share in a private placement transaction conducted outside the United States pursuant to the exemption from registration provided by Regulation S under the Securities Act of 1933. The fair value of the 1,300,000 shares on July 10, 2003 was $1,508,000, based on the closing price of the Company's common stock on the Nasdaq SmallCap Market on that date.

At the closing, the Company also entered into a registration rights agreement with Sagasco, dated as of September 2, 2003 (Registration Rights Agreement), pursuant to which the Company has agreed to register, upon receipt of a written demand by Sagasco, the 1,300,000 shares of common stock for public resale by Sagasco under the Securities Act. Sagasco exercised its rights under the Registration Rights Agreement to cause the Company to prepare and file a registration statement under the Securities Act covering the public resale by Sagasco of the 1,300,000 shares. On October 8, 2003, the Company filed a registration statement on Form S-3 to register the 1.3 million shares issued to Origin Energy for resale that was declared effective on February 20, 2004. As of April 21, 2004, Origin Energy had resold all of the 1.3 million shares of the Company's common stock.

ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth the number of shares that the Company has repurchased under any of its repurchase plans for the stated periods, the cost per share of such repurchases and the number of shares that may yet be repurchased under the plans:

<Table>
<Caption>

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLAN(1)	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER PLAN
April 1-30, 2004..........	0	0	0	319,150
May 1-31, 2004...........	0	0	0	319,150
June 1-30, 2004..........	0	0	0	319,150

</Table>

- ---------------

(1) The Company through its stock repurchase plan may purchase up to one million shares of its common stock in the open market. Through June 30, 2004, the Company had purchased 680,850 of its shares at an average price of $1.01 per share, or a total cost of approximately $686,000, all of which shares have been cancelled.

ITEM 6. SELECTED FINANCIAL DATA.

The following table sets forth selected data (in thousands) and other operating information of the Company. The selected consolidated financial data in the table are derived from the consolidated financial statements of the Company. This data should be read in conjunction with the consolidated financial statements, related notes and other financial information included herein.

<Table>
<Caption>

	YEARS ENDED JUNE 30,				
	2004	2003	2002	2001	2000
<S>	<C>	<C>	<C>	<C>	<C>
FINANCIAL DATA					
Operating revenues	$ 19,424	$ 14,736	$ 13,700	$ 14,008	$ 16,330
Total revenues	20,524	15,596	14,352	14,900	17,147
Net income before cumulative effect of accounting change	350	890	92	1,072	1,490
Net income	350	152	92	1,072	1,490
Net income per share (basic and diluted)	.01	.01	--	.04	.06
Working capital	21,897	21,798	17,862	15,398	15,046
Cash provided by operating activities	11,503	9,074	8,157	4,668	8,157
Property and equipment (net)	24,421	21,592	17,046	16,482	21,741
Total assets	52,894	50,741	40,166	37,498	43,976
Long-term liabilities	5,256	5,629	3,974	3,982	5,190
Minority interests	16,533	16,931	13,933	12,701	14,696
Stockholders' equity:					
Capital	44,660	43,152	43,332	43,426	43,838
Accumulated deficit	(15,248)	(15,598)	(15,751)	(15,843)	(16,914)
Accumulated other comprehensive loss	(4,491)	(5,407)	(8,965)	(10,410)	(7,827)
Total stockholders' equity	24,920	22,147	18,616	17,173	19,097
Exchange rate A.$ = U.S. at end of period	.70	.67	.56	.51	.60
Common stock outstanding shares end of period	25,783	24,427	24,607	24,698	25,108
Book value per share	.97	.91	.76	.70	.76
Quoted market value per share	1.31	1.20	.88	1.07	1.28
OPERATING DATA					
Standardized measure of discounted future cash flow relating to proved oil and gas reserves. (approximately 45% attributable to minority interests)	30,000	26,000	26,000	33,000	44,000
Annual production (net of royalties)					
Gas (bcf)	5.7	6.0	6.0	5.7	6.0
Oil (bbls) (In thousands) (net of royalties)	151	126	141	148	172

</Table>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

FORWARD LOOKING STATEMENTS

Statements included in Management's Discussion and Analysis of Financial Condition and Results of Operations 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 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 there is the risk that any wells drilled may fail to encounter hydrocarbons in commercial quantities. The Company undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

CRITICAL ACCOUNTING POLICIES

OIL AND GAS PROPERTIES

The Company follows the successful efforts method of accounting for its oil and gas operations. Under this method, the costs of successful wells, development dry holes and productive leases are capitalized and amortized on a units-of-production basis over the life of the related reserves. Cost centers for amortization purposes are determined on a field-by-field basis. The Company records its proportionate share in joint venture operations in the respective classifications of assets, liabilities and expenses. Unproved properties with significant acquisition costs are periodically assessed for impairment in value, with any impairment charged to expense. The successful efforts method also imposes limitations on the carrying or book value of proved oil and gas properties. Oil and gas properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company estimates the future undiscounted cash flows from the affected properties to determine the recoverability of carrying amounts. In general, analyses are based on proved developed reserves, except in circumstances where it is probable that additional resources will be developed and contribute to cash flows in the future.

Exploratory drilling costs are initially capitalized pending determination of proved reserves but are charged to expense if no proved reserves are found. Other exploration costs, including geological and geophysical expenses, leasehold expiration costs and delay rentals, are expensed as incurred. Because the Company follows the successful efforts method of accounting, the results of operations may vary materially from quarter to quarter. An active exploration program may result in greater exploration and dry hole costs.

ASSET RETIREMENT OBLIGATIONS

Effective July 1, 2002, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") 143, "Accounting for Asset Retirement Obligations." SFAS 143 requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time that the obligations are incurred. Upon initial recognition of a liability, that cost is capitalized as part of the related long-lived asset (oil & gas properties) and amortized on a units-of-production basis over the life of the related reserves. Accretion expense in connection with the discounted liability is recognized over the remaining life of the related reserves. See Note 2 to the consolidated financial statements regarding the cumulative effect of the accounting change and its effect on net income.

The estimated liability is based on the future estimated cost of land reclamation, plugging the existing oil and gas wells and removing the surface facilities equipment in the Palm Valley, Mereenie, Kotaneelee, Nockatunga and Dingo fields. The liability is a discounted liability using a credit-adjusted risk-free rate on the date such liabilities are determined. A market risk premium was excluded from the estimate of asset retirement obligations because the amount was not capable of being estimated. Revisions to the liability could occur due to changes in the estimates of these costs, acquisition of additional properties and as new wells are drilled.

Estimates of future asset retirement obligations include significant management judgment and are based on projected future retirement costs. Such costs could differ significantly when they are incurred.

REVENUE RECOGNITION

The Company recognizes oil and gas revenue from its interests in producing wells as oil and gas is produced and sold from those wells. Oil and gas sold is not significantly different from the Company's share of production. Revenues from the purchase, sale and transportation of natural gas are recognized upon completion of the sale and when transported volumes are delivered. Shipping and handling costs in connection with such deliveries are included in production costs (cost of goods sold). Revenue under carried interest agreements is recorded in the period when the net proceeds become receivable, measurable and collection is reasonably assured. The time the net revenues become receivable and collection is reasonably assured depends on the terms and conditions of the relevant agreements and the practices followed by the operator. As a result, net revenues from carried interests may lag the production month by one or more months.

LIQUIDITY AND CAPITAL RESOURCES

During September 2003, the litigants in the Kotaneelee litigation entered into a settlement agreement. In October 2003, the Company received approximately $851,000, after Canadian withholding taxes and reimbursement of certain past legal costs. The plaintiffs terminated all litigation against the defendants related to the field, including the claim that the defendants failed to fully develop the field. Since each party has agreed to bear its own legal costs, there were no taxable costs assessed against any of the parties. The settlement was recorded during the quarter ending September 30, 2003. See Note 2 to the consolidated financial statements.

CONSOLIDATED

At June 30, 2004, the Company on a consolidated basis had approximately $20.4 million of cash and cash equivalents and marketable securities.

Net cash provided by operations was $11,503,323 in 2004 compared to $9,073,000 in 2003. The increase is primarily related to the cash received from the Kotaneelee settlement and increased collections from MPAL's largest customer. Cash flow from operations is primarily the result of MPAL's oil and gas activities.

During 2004, the Company had net investments in marketable securities of $990,000 compared to $493,000 in 2003. The increase in investments was the result of MPC investing the cash received from the Kotaneelee settlement.

The Company invested $9,723,210 and $6,365,000 in oil and gas exploration activities during 2004 and 2003, respectively. The net increase resulted from an increase in investment in the Mereenie and Palm Valley fields and the acquisition of Nockatunga. The Company continues to invest in exploratory projects that result in exploratory and dry hole expenses in the consolidated financial statements.

AS TO MPC (UNCONSOLIDATED)

At June 30, 2004, MPC, on an unconsolidated basis, had working capital of approximately $3.6 million. Working capital is comprised of current assets less current liabilities. MPC's current cash position, its annual MPAL dividend and the anticipated revenue from the Kotaneelee field should be adequate to meet its current cash requirements. MPC has in the past invested and may in the future invest substantial portions of its cash to maintain or increase its majority interest in its subsidiary, MPAL. On July 10, 2003, a subsidiary of Origin Energy, Sagasco Amadeus Pty. Limited, agreed to exchange 1.2 million shares of MPAL for 1.3 million shares of the Company's common stock. After the exchange was completed on September 2, 2003, the Company's interest in MPAL increased to 55%.

In addition to the aforementioned stock exchange, during fiscal 2004, MPC purchased 24,259 shares of MPAL's stock at a cost of $22,259 and increased its interest in MPAL from 55.00% to 55.06%.

During fiscal 2004, MPC received a dividend from MPAL of approximately $911,000.

During the fiscal year 2001, MPC announced a stock repurchase plan to purchase up to one million shares of its common stock in the open market. Through June 30, 2004, MPC had purchased 680,850 of its shares at a cost of approximately $686,000. There were no shares purchased during fiscal 2004.

AS TO MPAL

At June 30, 2004, MPAL had working capital of approximately $18.3 million. MPAL has budgeted approximately $5.3 million for specific exploration projects in fiscal year 2004 as compared to the $5.0 million expended during fiscal 2004. However, the total amount to be expended may vary depending on when various projects reach the drilling phase. The current composition of MPAL's oil and gas reserves are such that MPAL's future revenues in the long term are expected to be derived from the sale of gas in Australia. MPAL's current contracts for the sale of Palm Valley and Mereenie gas will expire during fiscal year 2012 and 2009, respectively. Unless MPAL is able to obtain additional contracts for its remaining gas reserves or be successful in its current exploration program, its revenues will be materially reduced after 2009.

MPAL expects to fund its exploration costs through its cash and cash equivalents and cash flow from Australian operations. MPAL also expects that it will seek partners to share its exploration costs. If MPAL's efforts to find partners are unsuccessful, it may be unable or unwilling to complete the exploration program for some of its properties.

OFF BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

We do not use off-balance sheet arrangements such as securitization of receivables with any unconsolidated entities or other parties. The Company does not engage in trading or risk management activities and does not have material transactions involving related parties. The following is a summary of our consolidated contractual obligations:

<Table>
<Caption>

	PAYMENTS DUE BY PERIOD				
CONTRACTUAL OBLIGATIONS	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
<S>	<C>	<C>	<C>	<C>	<C>
Long-Term Debt Obligations............	--	--	--	--	--
Capital Lease Obligations............	--	--	--	--	--
Operating Lease Obligations............	858,000	163,000	347,000	348,000	--
Purchase Obligations(1)...	4,496,000	4,102,000	394,000	--	--
Other Long-Term Liabilities Reflected on the Registrant's Balance Sheet Under GAAP........	4,852,000	34,000	155,000	4,663,000	--
Total...............	$10,206,000	$4,299,000	$896,000	$5,011,000	--

</Table>

- ---------------

(1) Represents firm commitments for exploration and capital expenditures. Exploration contingent expenditures of $36,419,000 which are not legally binding have been excluded from the table above and based on exploration decisions would be due as follows: $17,195, 000 (less than 1 year),

$16,649,000 (1-3 years), $2,575,000 (3-5 years).

In January 2003, the FASB issued Interpretation No. (FIN) 46, "Consolidation of Variable Interest Entities," was effective for the Company on December 31, 2003. FIN 46 requires that the party to a VIE that absorbs the majority of the VIE's losses, defined as the "primary beneficiary," consolidate the VIE. The Company has determined that it is not required to consolidate or disclose information about a VIE. In December 2003, the FASB issued a revised version of FIN 46R that was effective for the Company for fiscal year 2004. FIN 46R did not have an impact on the Company's consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes standards on how to classify and measure certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise effective for the Company for the first quarter of fiscal 2004. The adoption of SFAS No. 150 did not have an impact on the Company's financial statements.

In December 2003, the FASB issued SFAS No. 132 (Revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits." (SFAS No. 132R) This statement revises employers' disclosures about pension plans and other postretirement benefit plans, requires additional disclosures about the assets, obligations, cash flows, and the net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans and requires companies to disclose various elements of pension and postretirement benefit costs in interim period financial statements. The annual disclosures in SFAS No. 132R are effective for the Company's defined benefit pension plan for the fiscal year ended June 30, 2004. The required disclosures are included in Note 8. Pension plan costs.

RESULTS OF OPERATIONS

2004 VS. 2003

Revenues

Oil sales increased 48% in 2004 to $4,923,000 from $3,329,000 in 2003 because of a 23% Australian foreign exchange rate increase discussed below and new oil sales from the Cooper Basin and the Nockatunga project. Oil unit sales are expected to continue to decline in the Mereenie field unless additional development wells are drilled to maintain production levels. MPAL is dependent on the operator (65% control) of the Mereenie field to maintain production. Oil unit sales (net of royalties) in barrels (bbls) and the average price per barrel sold during the periods indicated were as follows:

<Table>
<Caption>

	TWELVE MONTHS ENDED JUNE 30,			
	2004 SALES		2003 SALES	
	BBLS	AVERAGE PRICE A.$ PER BBL	BBLS	AVERAGE PRICE A.$ PER BBL
<S>	<C>	<C>	<C>	<C>
Australia:				
Mereenie Field	110,955	43.44	124,553	42.87
Cooper Basin	6,522	37.29	800	34.41
Nockatunga Project	34,105	38.73	--	--
Total	151,582	42.12	125,353	42.82

</Table>

Amounts presented above are in Australian dollars to show a more meaningful trend of underlying operations. For the years ended June 30, 2004, 2003 and 2002 the average foreign exchange rates were .7179, .5852, and .5238, respectively.

Gas sales increased 26% to $12,870,000 in 2004 from $10,182,000 in 2003 because of the 23% Australian foreign exchange rate increase discussed below and the $1,135,000 in gross proceeds from the Canadian Kotaneelee gas field settlement. In addition, the recurring portion of Kotaneelee revenues declined from $536,000 in 2003 to $423,000 in 2004 due to reduced production. This trend is likely to continue. These increases were partially offset by a 2% decrease in volume and a 3% decrease in Australian gas prices.

The volumes in billion cubic feet (bcf) (net of royalties) and the average price of gas per thousand cubic feet (mcf) sold during the periods indicated were as follows:

<Table>
<Caption>

	TWELVE MONTHS ENDED JUNE 30,			
	2004 SALES		2003 SALES	
	BCF	A.$ AVERAGE PRICE PER MCF	BCF	A.$ AVERAGE PRICE PER MCF
<S>	<C>	<C>	<C>	<C>
Australia: Palm Valley.................	2.376	2.25	2.604	2.43
Australia: Mereenie....................	3.287	2.86	3.218	2.82
Total................................	5.663	2.61	5.822	2.65

</Table>

Other production related revenues increased 33% to $1,632,000 in 2004 from $1,225,000 in 2003. Other production related revenues are primarily MPAL's share of gas pipeline tariff revenues which increased as a result of the higher volumes of gas sold at Mereenie, and because of the 23% Australian foreign exchange rate increase discussed below.

Interest and other income increased 28% to $1,099,000 in 2004 from $860,000 in 2003 primarily because of the $102,000 interest received from the funds held in escrow from the Kotaneelee settlement and because of the 23% Australian foreign exchange rate increase discussed below.

Costs and Expenses

Production costs increased 21% in 2004 to $5,416,000 from $4,461,000 in 2003 in part because of the 23% Australian foreign exchange rate increase discussed below. During 2004, production costs also increased because of the new costs of $545,000 for the Nockatunga project. These increases were partially offset by a decrease in production costs applicable to two wells that were plugged and abandoned in the Mereenie field in 2003. In addition, a Mereenie two well workover program was completed during the 2003 period.

Exploration and dry hole costs increased 10% to $3,225,000 in 2004 from $2,920,000 in 2003. The 2004 and 2003 costs related to the exploration work being performed on MPAL's properties. The primary reason for the increase in 2004 is the 23% Australian foreign exchange rate increase discussed below. For the 2004 period, exploration costs totaled $1,509,000 and dry hole costs totaled $1,716,000. For the 2003 period, exploration costs totaled $2,043,000 and dry hole costs totaled $877,000. The dry holes were drilled on MPAL properties in Australia and New Zealand.

Salaries and employee benefits increased 95% to $3,812,000 in 2004 from $1,958,000 in 2003. During the 2004 period, there was a 23% increase in the Australian foreign exchange rate discussed below. In addition, MPAL curtailed its pension plan in 2004 which resulted in a $1,248,000 charge, of which $961,000 was non cash.

Depletion, depreciation and amortization increased 71% from $3,719,000 in 2003 to $6,342,000 in 2004. During the 2004 period, there was a 23% increase in the Australian foreign exchange rate as discussed below. Depletion expense for the Palm Valley and Mereenie fields increased 55% during the period primarily because of the increase in oil and gas properties related to MPC's increased interest in MPAL and the current Mereenie development program. In addition, in 2004, $528,000 in DD&A was also recorded for the Nockatunga project and the

Cooper Basin. The reserves in the Cooper Basin were reduced by 50% from 50,000 barrels to 25,000 barrels during the current period because of lower oil production than estimated. In the 2003 period the Palm Valley gas reserves were increased by 35% and DD&A decreased by approximately $405,000 because of this change in gas reserves.

Auditing, accounting and legal expenses increased 2% in 2004 to $414,000 from $404,000 in 2003 primarily because of the 23% Australian foreign exchange rate increase discussed below. The increase was partially offset because the 2003 period included higher audit fees in connection with the adoption of the new accounting standard for asset retirement obligations.

Accretion expense increased 47% in the 2004 period from $243,000 in 2003 to $357,000 in 2004. Accretion expense represents the accretion on the asset retirement obligations (ARO) under SFAS 143 that was adopted effective July 1, 2002. The increase in the 2004 period results from the 23% increase in the Australian foreign exchange rate as discussed below and the additions for the Nockatunga project and the Kotaneelee gas field.

Shareholder communications costs increased 5% from $171,000 in 2003 to $180,000 in 2004 primarily because of MPC and MPAL's increased costs related to their status as public companies.

Other administrative expenses increased 78% from $370,000 in 2003 to $660,000 in 2004. During the 2004 period, there was a 23% increase in the Australian foreign exchange rate as discussed below. In addition, there were increases in consultants' fees ($134,000), directors' fees and expenses ($101,000), insurance costs ($120,000), rent ($72,000) and travel expenses ($26,000) during the 2004 period that were partially offset by an increase in the amount of overhead charges that MPAL as operator was able to charge its partners.

The Company anticipates that it will be required in the future to incur significant administrative, auditing and legal expenses with respect to new SEC and accounting rules adopted pursuant to the Sarbanes-Oxley Act of 2002, particularly the requirements to document, test and audit the Company's internal controls to comply with Section 404 of the Act and rules adopted thereunder.

Income tax benefits for the years ended June 30, 2004 and 2003 were $778,085 and $773,548, respectively. The income tax benefits were reduced $362,000 in 2004 related to Canadian withholding taxes as a result of increased revenues from the Kotaneelee Settlement. Income tax benefits were further reduced as a result of a decrease from $1,202,000 in 2003 to $929,000 in 2004 of financing related benefits received by MPAL. As a result of a change in Australian tax law during 2004, MPAL does not expect to receive similar financing benefits in the future. These reductions were offset by tax benefits from MPAL's operating losses.

EXCHANGE EFFECT

THE VALUE OF THE AUSTRALIAN DOLLAR RELATIVE TO THE U.S. DOLLAR INCREASED to $.6993 at June 30, 2004 compared to $.6737 at June 30, 2003. This resulted in a $915,000 credit to accumulated translation adjustments for fiscal 2004. The 4% increase in the value of the Australian dollar increased the reported asset and liability amounts in the balance sheet at June 30, 2004 from the June 30, 2003 amounts. The annual average exchange rate used to translate MPAL's operations in Australia for fiscal 2004 was $.7179, which is a 23% increase compared to the $.5852 rate for fiscal 2003.

2003 VS. 2002

Revenues

OIL SALES INCREASED 2% IN 2003. Oil sales in Australia in 2003 amounted to $3,329,000 as compared to $3,259,000 in 2002 because of a 3% increase in oil prices and the 12% Australian foreign exchange increase discussed below which was partially offset by the 10% decrease in the number of units produced. Cooper Basin production began in May 2003. Oil unit sales (before deducting royalties) in barrels (bbls) and the average price per barrel sold during the periods indicated were as follows:

<Table>
<Caption>

<S>	FISCAL 2003 SALES BBLS <C>	FISCAL 2003 SALES AVERAGE PRICE PER BBL <C>	FISCAL 2002 SALES BBLS <C>	FISCAL 2002 SALES AVERAGE PRICE PER BBL <C>
Australia -- Amadeus Basin..............	144,934	A.$42.87	161,650	A.$41.70
Australia -- Cooper Basin...............	930	A.$34.41	--	--

</Table>

GAS SALES INCREASED 17% IN FISCAL 2003. Gas sales increased from $8,667,000 in 2002 to $10,182,000 in 2003 primarily because of the 5% increase in the average price of gas sold in Australia and the 12% Australian foreign exchange increase discussed below. Gas sales in 2003 include $535,000 ($483,000 in 2002) of gas sales from the Kotaneelee gas field in Canada. The volumes in billion cubic feet (bcf) (before deducting royalties) and the average price of gas per thousand cubic feet (mcf) sold in Australia during the periods indicated were as follows:

<Table>
<Caption>

<S>	FISCAL 2003 SALES BCF <C>	FISCAL 2003 SALES AVERAGE PRICE PER MCF (A.$) <C>	FISCAL 2002 SALES BCF <C>	FISCAL 2002 SALES AVERAGE PRICE PER MCF (A.$) <C>
Australia -- Amadeus Basin:				
Palm Valley				
Alice Springs contract....................	0.838	3.29	0.959	3.15
Darwin contract...........................	2.225	2.11	2.285	2.08
Mereenie				
Darwin contract...........................	3.704	2.80	3.233	2.55
Other.....................................	0.082	3.62	0.368	3.56
	-----		-----	
Total..................................	6.849		6.845	
	=====		=====	

</Table>

OTHER PRODUCTION INCOME DECREASED 31% TO $1,225,000 IN 2003 from $1,774,000 in 2002. Other production income includes royalties and MPAL's share of gas pipeline tariffs. The primary reason for this decrease was that MPAL's share of gas pipeline tariffs in 2002 included an additional amount of $855,000 of pipeline tariff revenue to reflect a resolution of a dispute regarding the calculation of the pipeline tariffs. The decrease in 2003 was partially offset by the 12% Australian foreign exchange increase as discussed below.

INTEREST INCOME IN 2003 INCREASED 32%. Interest income in 2003 amounted to $860,000 as compared to $652,000 in 2002. More funds were available in Australia for investment at higher interest rates than in 2002 and there was a 12% Australian foreign exchange increase as discussed below.

Costs and Expenses

PRODUCTION COSTS INCREASED 18% IN 2003 to $4,461,000 from $3,770,000 in 2002 primarily because of the 12% increase in the Australian foreign exchange rate discussed below. During 2003, two wells were plugged and abandoned in the Mereenie field at a cost of approximately $86,000. The $27,000 difference between the amount of the asset retirement obligation of $59,000 and the abandonment costs of $86,000 is included in production costs. In addition, a Mereenie two well workover program was completed in 2003.

EXPLORATORY AND DRY HOLE COSTS DECREASED 30% TO $2,920,000 IN 2003 from $4,143,000 in 2002. The 2003 and 2002 costs related primarily to the geological and geophysical work and seismic acquisition on MPAL's exploration permits. The costs in 2003 include MPAL's share of the dry hole costs of the Strumbo-1 well ($150,000) located offshore Western Australia, two Cooper Basin wells ($600,000) and the Gregory River-3 well ($524,000) in the Maryborough Basin in Queensland.

In addition, the costs in 2002 include the dry hole costs (a total of $2.7 million incurred primarily in the second quarter of fiscal 2002) of the Carbine-1 and the Maribo-1 wells which were drilled in the Browse Basin offshore Western Australia.

SALARIES AND EMPLOYEE BENEFITS INCREASED 57% TO $1,958,000 IN 2003 from $1,248,000 in 2002. During 2003, MPAL changed its classification of salary costs as overhead charged to its joint venture partners. Although this change resulted in an amount of $433,000 being charged to salaries and employee benefits there was a corresponding credit of $433,000 in other administrative expenses. The information necessary to reclassify 2002's expense amounts is not available. In addition, there was a 12% increase in the Australian foreign exchange rate as discussed below. There were also regular annual increases in salaries.

DEPRECIATION, DEPLETION AND AMORTIZATION INCREASED 8% IN 2003 to $3,719,000 from $3,447,000 in 2002. During 2003, the Palm Valley gas reserves were increased by approximately 35% to reflect the current

operating performance of the field and the capability of the field to produce additional quantities of gas. This change reduced DD&A expense for 2003 by approximately $207,000. In addition, based on a 2003 study, salvage value was included in the calculation of DD&A. This change reduced DD&A expense by approximately $177,000 for 2003. The decrease in DD&A was offset by the 12% increase in the Australian exchange rate discussed below.

AUDITING, ACCOUNTING AND LEGAL EXPENSES INCREASED 45% from $278,000 in 2002 to $404,000 in 2003 because of an increase in MPC's and MPAL's audit fees and the 12% increase in the Australian exchange rate discussed below.

ACCRETION EXPENSE WAS $243,000 IN 2003 which represents the accretion on the Asset Retirement Obligation under SFAS 143 which was adopted effective July 1, 2002. The corresponding expense for 2002 would have been $261,000.

SHAREHOLDER COMMUNICATIONS COSTS INCREASED 13% to $171,000 in 2003 compared to $152,000 in 2002 primarily because of MPAL's increased costs in satisfying its statutory obligations in Australia as a public company and MPC's costs in holding its Annual Meeting of Shareholders and an increase in its Nasdaq listing fees.

OTHER ADMINISTRATIVE EXPENSES DECREASED 52% from $776,000 in 2002 to $370,000 in 2003 primarily because of an increase in the amount of overhead that MPAL, as operator, charged its partners during 2003. During 2003, MPAL also changed its classification of salary costs as overhead charged to its joint venture partners. Although this change of $433,000 resulted in an amount being charged to salaries and employee benefits, there was a corresponding credit of $433,000 in other administrative expenses. The information necessary to reclassify 2002's expense amounts is not available. The increase in the amount of overhead charged was partially offset by a 12% increase in the Australian foreign exchange rate and increases in consultants expenses ($51,000), directors fees ($52,000), insurance ($41,000) and rent ($51,000).

Income Taxes

INCOME TAX BENEFIT FOR 2003 WAS $774,000 compared to an income tax provision of $39,000 for 2002. The components of income tax expense (benefit) in thousands were as follows:

<Table>
<Caption>

	2003	2002
<S>	<C>	<C>
Pretax consolidated income	$1,349	$ 537
MPC's losses not recognized	326	236
Permanent differences	(682)	(872)
Book taxable income (loss)	$ 993	$ (99)
Australian tax rate	30%	30%
Australian income tax (provision) benefit	$ (298)	$ 30

Tax benefit attributable to reconciliation of year end deferred tax liability	1,202	43
MPAL Australian benefit for income tax	904	73
MPC income tax provision	(130)	(112)
Consolidated income tax (provision) benefit	$ 774	$ (39)
Effective tax rate	(57)%	7%

</Table>

MPC's 2003 and 2002 income tax represents the 25% Canadian withholding tax on its Kotaneelee net proceeds. The tax benefits of $1,202,000 in fiscal 2003 and $43,000 in fiscal 2002 relate primarily to tax deductions taken in connection with financing current year exploration activities in Australia.

Exchange Effect

THE VALUE OF THE AUSTRALIAN DOLLAR RELATIVE TO THE U.S. DOLLAR INCREASED to $.6737 at June 30, 2003 compared to $.5635 at June 30, 2002. This resulted in a $3,508,000 credit to accumulated translation adjustments for fiscal 2003. The 20% increase in the value of the Australian dollar increased the reported asset and liability amounts in the balance sheet at June 30, 2003 from the June 30, 2002 amounts. The annual average exchange rate used to translate MPAL's operations in Australia for fiscal 2003 was $.5852, which is a 12% increase compared to the $.5238 rate for fiscal 2002.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

The Company does not have any significant exposure to market risk, other than as previously discussed regarding foreign currency risk and the risk of fluctuations in the world price of crude oil, as the only market risk sensitive instruments are its investments in marketable securities. For the twelve months ended June 30, 2004, oil sales represented approximately 28% of production revenues, therefore, an increase in the world price of crude oil would only have a modest positive impact on the Company's earnings, while a decrease in crude oil prices would have a similar negative impact on earnings. Gas sales, which represented approximately 72% of production revenues in 2004, are derived primarily from the Palm Valley and Mereenie fields in the Northern Territory of Australia and the gas prices are set according to long term contracts that are subject to changes in the Australian Consumer Price Index. At June 30, 2004, the carrying value of such investments including those classified as cash and cash equivalents was approximately $24 million, which approximates the fair value of the securities. Since the Company expects to hold the investments to maturity, the maturity value should be realized.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Magellan Petroleum Corporation

We have audited the accompanying consolidated balance sheet of Magellan Petroleum Corporation ("the Company") as of June 30, 2004, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

October 13, 2004
Hartford, CT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Magellan Petroleum Corporation

We have audited the accompanying consolidated balance sheet of Magellan Petroleum Corporation as of June 30, 2003 and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the two years in the period ended June 30, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Magellan Petroleum Corporation at June 30, 2003 and the consolidated results of its operations and its cash flows for each of the two years in the period ended June 30, 2003, in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 1 and 2 to the consolidated financial statements, in 2003 the Company changed its method of accounting for asset retirement obligations.

/s/ Ernst & Young LLP

Stamford, Connecticut
September 19, 2003

MAGELLAN PETROLEUM CORPORATION

CONSOLIDATED BALANCE SHEETS

<Table>
<Caption>

	JUNE 30, 2004	JUNE 30, 2003
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents................................	$ 20,406,620	$ 20,041,464
Accounts receivable -- Trade............................	2,931,609	4,174,869
Accounts receivable -- Working Interest Partners..........	1,044,619	1,099,130
Marketable securities....................................	2,584,296	1,796,503
Inventories...	595,948	423,931
Other assets..	318,141	297,118

Total current assets	27,881,233	27,833,015
Marketable securities	592,138	390,000
Property and equipment:		
Oil and gas properties (successful efforts method)	69,970,134	59,407,254
Land, buildings and equipment	2,264,004	2,093,555
Field equipment	1,482,639	1,421,636
	73,716,777	62,922,445
Less accumulated depletion, depreciation and amortization	(49,295,770)	(41,330,271)
Net property and equipment	24,421,007	21,592,174
Other assets	--	926,168
Total assets	$ 52,894,378	$ 50,741,357

LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 4,367,305	$ 4,709,281
Accrued liabilities	1,550,045	1,218,997
Income taxes payable	267,645	106,246
Total current liabilities	6,184,995	6,034,524
Long term liabilities:		
Deferred income taxes	403,261	1,770,727
Asset retirement obligations	4,852,416	3,858,263
Total long term liabilities	5,255,677	5,628,990
Minority interests	16,533,491	16,930,838
Commitments (Note 11)	--	--
Stockholders' equity:		
Common stock, par value $.01 per share: Authorized 200,000,000 shares outstanding 25,783,243 and 24,427,376 shares	257,832	244,274
Capital in excess of par value	44,402,182	42,907,741
Total capital	44,660,014	43,152,015
Accumulated deficit	(15,248,422)	(15,598,483)
Accumulated other comprehensive loss	(4,491,377)	(5,406,527)
Total stockholders' equity	24,920,215	22,147,005
Total liabilities, minority interests and stockholders' equity	$ 52,894,378	$ 50,741,357

</Table>

See accompanying notes.

MAGELLAN PETROLEUM CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

<Table>
<Caption>

	YEARS ENDED JUNE 30,		
	2004	2003	2002
<S>	<C>	<C>	<C>
REVENUES:			
Oil sales	$ 4,922,585	$ 3,329,243	$ 3,259,213
Gas sales	12,870,065	10,182,104	8,667,431
Other production related revenues	1,631,613	1,224,729	1,773,808
Interest income	1,099,440	859,865	651,653

Total revenues	20,523,703	15,595,941	14,352,105
COSTS AND EXPENSES:			
Production costs	5,416,465	4,461,365	3,770,438
Exploratory and dry hole costs	3,225,066	2,920,104	4,143,449
Salaries and employee benefits	3,812,012	1,958,371	1,248,136
Depletion, depreciation and amortization	6,341,998	3,718,660	3,447,444
Auditing, accounting and legal services	413,754	404,215	278,045
Accretion expense	356,981	242,854	--
Shareholder communications	179,840	171,385	151,897
Other administrative expenses	659,751	369,942	776,077
Total costs and expenses	20,405,867	14,246,896	13,815,486
Income before income taxes, minority interests and cumulative effect of accounting change	117,836	1,349,045	536,619
Income tax (provision) benefit	778,085	773,548	(39,099)
Income before minority interests and cumulative effect of accounting change	895,921	2,122,593	497,520
Minority interests	(545,860)	(1,232,200)	(405,799)
Income before cumulative effect of accounting change	350,061	890,393	91,721
Cumulative effect of accounting change -- net	--	(737,941)	--
NET INCOME	$ 350,061	$ 152,452	$ 91,721
Average number of shares:			
Basic	25,644,566	24,560,068	24,622,980
Diluted	25,682,160	24,560,068	24,622,980
Per share (basic and diluted)			
Income before cumulative effect of accounting change	$ .01	$ .04	$ --
Cumulative effect of accounting change -- net	--	(.03)	--
Net income	$ .01	$ .01	$ --

</Table>

See accompanying notes.

MAGELLAN PETROLEUM CORPORATION

CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY
THREE YEARS ENDED JUNE 30, 2004

<Table>
<Caption>

	NUMBER OF SHARES	COMMON STOCK	CAPITAL IN EXCESS OF PAR VALUE	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL	COMPREHENSIVE INCOME
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
JUNE 30, 2001	24,698,226	$246,982	$43,179,475	$(15,842,656)	$(10,410,321)	$17,173,480	
Net income	--	--	--	91,721	--	91,721	$ 91,721
Foreign currency translation adjustments	--	--	--	--	1,729,157	1,729,157	1,729,157
Unrealized loss on available-for-sale securities	--	--	--	--	(283,360)	(283,360)	(283,360)
Total comprehensive income	--	--	--	--	--	--	$1,537,518
Repurchases of common stock	(90,850)	(908)	(93,634)	--	--	(94,542)	

JUNE 30, 2002	24,607,376	$246,074	$43,085,841	$(15,750,935)	$ (8,964,524)	$18,616,456	
Net income	--	--	--	152,452	--	152,452	$ 152,452
Foreign currency translation adjustments	--	--	--	--	3,507,783	3,507,783	3,507,783
Reclassification adjustment on available-for-sale securities	--	--	--	--	50,214	50,214	50,214
Total comprehensive income	--	--	--	--	--	--	$3,710,449
Repurchases of common stock	(180,000)	(1,800)	(178,100)	--	--	(179,900)	
JUNE 30, 2003	24,427,376	$244,274	$42,907,741	$(15,598,483)	$ (5,406,527)	$22,147,005	
Net income	--	--	--	350,061	--	350,061	350,061
Foreign currency translation adjustments	--	--	--	--	915,150	915,150	915,150
Total comprehensive income	--	--	--	--	--	--	1,265,211
Stock exchange	1,300,000	13,000	1,495,000			1,508,000	
Issuance of common stock	55,867	558	(559)	--	--	(1)	
JUNE 30, 2004	25,783,243	$257,832	$44,402,182	$(15,248,422)	$ (4,491,377)	$24,920,215	

</Table>

See accompanying notes.

MAGELLAN PETROLEUM CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

<Table>
<Caption>

<S>	2004 <C>	2003 <C>	2002 <C>
	YEARS ENDED JUNE 30,		
OPERATING ACTIVITIES:			
Net income	$ 350,061	$ 152,452	$ 91,721
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of accounting change	--	2,025,690	--
Depletion, depreciation and amortization	6,341,998	3,718,660	3,447,444
Accretion expense	356,981	242,854	--
Deferred income taxes	(1,445,241)	(1,494,621)	(608,454)
Minority interests	545,860	552,158	405,799
Exploration and dry hole costs	3,225,066	2,920,104	4,143,449
Increase (decrease) in operating assets and liabilities:			
Accounts and notes receivable	1,553,110	(1,372,029)	(244,207)
Other assets	905,146	(214,946)	(204,813)
Inventories	(142,397)	(69,275)	85,178
Accounts payable and accrued liabilities	(353,739)	2,794,805	1,249,511
Income taxes payable	166,477	(123,087)	(675,909)
Settlement of asset retirement obligation	--	(58,901)	--
Reserve for future site restoration costs	--	--	467,030
Net cash provided by operating activities	11,503,322	9,073,864	8,156,749
INVESTING ACTIVITIES:			

Additions to property and equipment................	(6,498,243)	(3,445,159)	(1,751,643)
Oil and gas exploration activities.................	(3,225,066)	(2,920,104)	(4,143,449)
Sale of available-for-sale securities.............	--	93,334	--
Marketable securities matured.....................	5,760,239	2,071,687	2,540,151
Marketable securities purchased...................	(6,750,171)	(2,564,501)	(2,426,263)
Net cash used in investing activities................	(10,713,241)	(6,764,743)	(5,781,204)
FINANCING ACTIVITIES:			
Dividends to MPAL minority shareholders............	(744,971)	(628,209)	(586,379)
Repurchases of common stock........................	--	(179,900)	(94,542)
Net cash used in financing activities................	(744,971)	(808,109)	(680,921)
Effect of exchange rate changes on cash and cash equivalents.......................................	320,046	2,755,601	1,298,036
Net increase in cash and cash equivalents............	365,156	4,256,613	2,992,660
Cash and cash equivalents at beginning of year.......	20,041,464	15,784,851	12,792,191
Cash and cash equivalents at end of year.............	$ 20,406,620	$20,041,464	$15,784,851
Cash Payments:			
Income taxes......................................	12,000	173,000	1,360,776
Interest..	--	--	9,808

</Table>

See accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

Magellan Petroleum Corporation (the Company or MPC) is engaged in the sale of oil and gas and the exploration for and development of oil and gas reserves. At June 30, 2004 and 2003, MPC's principal asset was a 55% and 52.44%, respectively, equity interest in its subsidiary, Magellan Petroleum Australia Limited (MPAL), which has one class of stock that is publicly held and traded in Australia. MPAL's major assets are two petroleum production leases covering the Mereenie oil and gas field (35% working interest), one petroleum production lease covering the Palm Valley gas field (52% working interest), and three petroleum production leases covering the Nockatunga oil field (41% working interest). Both fields are located in the Amadeus Basin in the Northern Territory of Australia. MPC has a direct 2.67% carried interest in the Kotaneelee gas field in the Yukon Territory of Canada.

On July 10, 2003, a subsidiary of Origin Energy, Sagasco Amadeus Pty. Limited, agreed to exchange 1.2 million shares of MPAL for 1.3 million shares of the Company's common stock. After the exchange was completed on September 2, 2003, MPC's interest in MPAL increased to 55%. In fiscal 2004 and 2003, MPC purchased 24,000 (for $22,000) and 184,000 shares (for $174,000), respectively of MPAL.

The accompanying consolidated financial statements include the accounts of MPC and its majority owned subsidiary, MPAL, collectively the Company. All intercompany transactions have been eliminated.

REVENUE RECOGNITION

The Company recognizes oil and gas revenue from its interests in producing wells as oil and gas is produced and sold from those wells. Oil and gas sold is not significantly different from the Company's share of production. Revenues from the purchase, sale and transportation of natural gas are recognized upon completion of the sale and when transported volumes are delivered. Shipping and handling costs in connection with such deliveries are included in production costs (cost of goods sold). Revenue under carried interest agreements is recorded in the period when the net proceeds become receivable, measurable and collection is reasonably assured. The time the net revenues become receivable and collection is reasonably assured depends on the terms and conditions of the relevant agreements and the practices followed by the operator. As a result, net revenues from carried interests may lag the production month by one or more months.

OIL AND GAS PROPERTIES

Oil and gas properties are located in Australia, New Zealand, Canada and the United Kingdom. The Company follows the successful efforts method of accounting for its oil and gas operations. Under this method, the costs of successful wells, development dry holes and productive leases are capitalized and amortized on a units-of-production basis over the life of the related reserves. Cost centers for amortization purposes are determined on a field-by-field basis. The Company records its proportionate share in its working interest agreements in the respective classifications of assets, liabilities and expenses. Unproved properties with significant acquisition costs are periodically assessed for impairment in value, with any impairment charged to expense. The successful efforts method also imposes limitations on the carrying or book value of proved oil and gas properties. Oil and gas properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company estimates the future undiscounted cash flows from the affected properties to determine the recoverability of carrying amounts. In general, analyses are based on proved developed reserves, except in circumstances where it is probable that additional resources will be developed and contribute to cash flows in the future.

Exploratory drilling costs are initially capitalized pending determination of proved reserves but are charged to expense if no proved reserves are found. Other exploration costs, including geological and geophysical expenses, leasehold expiration costs and delay rentals, are expensed as incurred.

Effective July 1, 2002, the Company adopted the provisions of SFAS 143, "Accounting for Asset Retirement Obligations." SFAS 143 requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time that the obligations are incurred. Upon initial recognition

of a liability, that cost is capitalized as part of the related long-lived asset (oil & gas properties) and amortized on a units-of-production basis over the life of the related reserves. Accretion expense in connection with the discounted liability is recognized over the remaining life of the related reserves.

The estimated liability is based on the future estimated cost of plugging the existing oil and gas wells and removing the surface facilities equipment in the Palm Valley and Mereenie fields in the Northern Territory of Australia, the Nockatunga fields in Queensland, the Aldinga fields in South Australia, and the Kotaneelee fields in Southeast Yukon Territory of Canada. The liability is a discounted liability using a credit-adjusted risk-free rate, based on the date the liability was recorded and the geographic locations of the fields as follows: Mereenie and Palm Valley, approximately 8%; Nockatunga, 6.25%; Aldinga, 6.3%; and Kotaneelee, 4.5%. A market risk premium was excluded from the estimate of asset retirement obligations because the amount was not capable of being estimated. Revisions to the liability could occur due to changes in the estimates of these costs, acquisition of additional properties and as new wells are drilled.

Effective July 1, 2002, the Company adopted the provisions of SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 supersedes previous guidance related to the impairment or disposal of long-lived assets. For long-lived assets to be held and used, it resolves certain implementation issues of the former standards, but retains the basic requirements of recognition and measurement of impairment losses. For long-lived assets to be disposed of by sale, it broadens the definition of those disposals that should be reported separately as discontinued operations. There was no impact on the Company in adopting SFAS 144.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

LAND, BUILDINGS AND EQUIPMENT AND FIELD EQUIPMENT

Land, buildings and equipment and field equipment are carried at cost. Depreciation and amortization are provided on a straight-line basis over their estimated useful lives. The estimated useful lives are: buildings -- 40 years, equipment and field equipment -- 3 to 15 years.

INVENTORIES

Inventories consist of crude oil in various stages of transit to the point of sale and are valued at the lower of cost (determined on an average cost basis) or market.

FOREIGN CURRENCY TRANSLATIONS

The accounts of MPAL, whose functional currency is the Australian dollar, are translated into U.S. dollars in accordance with Statement of Financial Accounting Standards No. 52. The translation adjustment is included as a component of stockholders' equity and comprehensive income (loss), whereas gain or loss on foreign currency transactions is included in the determination of income. All assets and liabilities are translated at the rates in effect at the balance sheet dates. Revenues, expenses, gains and losses are translated using quarterly weighted average exchange rates during the period. At June 30, 2004 and 2003, the Australian dollar was equivalent to U.S. $.70 and $.67, respectively. The annual average exchange rate used to translate MPAL's operations in Australia for the fiscal years 2004, 2003 and 2002 was $.72, $.59 and $.52, respectively.

ACCOUNTING FOR INCOME TAXES

The Company follows FASB Statement 109, the liability method in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial

reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance for deferred tax assets when it is more likely than not that such assets will not be recovered.

FINANCIAL INSTRUMENTS

The carrying value for cash and cash equivalents, accounts receivable, marketable securities and accounts payable approximates fair value based on anticipated cash flows and current market conditions.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid short term investments with maturities of three months or less at the date of acquisition to be cash equivalents. Cash and cash equivalents are carried at cost which approximates market value. The components of cash and cash equivalents are as follows:

<Table>
<Caption>

	JUNE 30,	
	2004	2003
<S>	<C>	<C>
Cash	$ 1,648,074	$ 179,696
U.S. government obligations	398,852	274,310
Australian money market accounts and short-term commercial paper	18,359,694	19,587,458
	$20,406,620	$20,041,464

</Table>

MARKETABLE SECURITIES

At June 30, 2004 and 2003, MPC had the following marketable securities which are expected to be held until maturity:

JUNE 30, 2004	PAR VALUE	MATURITY DATE	AMORTIZED COST	FAIR VALUE
Short-term securities				
U.S. government agency note.....	$ 800,000	Jul. 7, 2004	$ 796,896	$ 799,840
U.S. government agency note.....	300,000	Aug. 24, 2004	298,785	299,430
U.S. government agency note.....	500,000	Sep. 15, 2004	497,813	498,600
U.S. government agency note.....	400,000	Oct. 7, 2004	398,104	398,360
State of Connecticut bond.......	200,000	Nov. 15, 2004	200,514	200,582
U.S. government agency note.....	100,000	Nov. 23, 2004	99,378	99,360
Lewiston, Maine Pension bond....	290,000	Dec. 15, 2004	292,806	293,213
Total short-term................	$2,590,000		$2,584,296	$2,589,385
Long-term securities				
State of Connecticut bond.......	$ 200,000	Nov. 15, 2005	$ 202,138	$ 201,378
Lewiston, Main Pension bond.....	390,000	Dec. 15, 2005	390,000	401,532
Total long-term.................	$ 590,000		$ 592,138	$ 602,910

JUNE 30, 2003	PAR VALUE	MATURITY DATE	AMORTIZED COST	FAIR VALUE
Short-term securities				
State of Connecticut bond.......	$ 400,000	Jul. 1, 2003	$ 400,000	$ 400,000
U.S. Treasury Bill.............	200,000	Aug. 7, 2003	199,216	199,834
U.S. Treasury Bill.............	400,000	Sep. 11, 2003	398,312	399,312
U.S. Treasury Bill.............	500,000	Oct. 2, 2003	498,975	498,840
State of Connecticut bond.......	300,000	Nov. 15, 2003	300,000	300,528
Total short-term................	$1,800,000		$1,796,503	$1,798,514
Long-term securities				
Lewiston, Maine Pension bond....	$ 390,000	Dec. 15, 2005	$ 390,000	$ 416,735

EARNINGS PER SHARE

Earnings per common share are based upon the weighted average number of common and common equivalent shares outstanding during the period. The only reconciling item in the calculation of diluted EPS is the dilutive effect of stock options which was computed using the treasury stock method. In 2004, the Company had 595,000 stock options that were issued that had a strike price below the year end stock price and resulted in 37,594 incremental diluted shares. There were no other potentially dilutive items at June 30, 2004. The exercise price of outstanding stock options exceeded the average market price of the common stock during the years 2003 and 2002. The Company's basic and diluted calculations of EPS are the same in 2003 and 2002 because the exercise of options is not assumed in calculating diluted EPS, as the result would be anti-dilutive.

STOCK OPTIONS

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB No. 25) and related interpretations in accounting for its stock options. Under APB No. 25, because the exercise price of the Company's stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized. See Note 4 Capital and Stock Options for the pro forma impact of stock options on net income and earnings per share.

For the purpose of pro forma disclosures required by SFAS 123, "Accounting for Stock Based Compensation," as amended by SFAS 148 "Accounting for

Stock-Based Compensation -- Transition and Disclosure," the estimated fair value of the stock options is generally expensed in the year of grant since most of the options are vested and immediately exercisable. See Note 4, Capital and Stock Options for the pro forma impact of stock options on net income and earnings per share.

ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss at June 30, 2004 and 2003 was as follows:

<Table>
<Caption>

	2004	2003
Foreign currency translation adjustments	$(4,491,377)	$(5,406,527)

</Table>

SALES TAXES

Government sales taxes related to MPAL's oil and gas production revenues are collected by MPAL and remitted to the Australian government. Such amounts are excluded from revenue and expenses.

2. OIL AND GAS PROPERTIES

MPC had the following amounts recorded in oil and gas properties at June 30, 2004 and 2003.

<Table>
<Caption>

LOCATION	2004	2003
Mereenie and Palm Valley (Australia)	$66,945,763	$58,819,439
Nockatunga (Australia)	2,258,338	--
Aldinga (Australia)	604,747	581,837
Kotaneelee (Canada)	148,765	--
Other	12,521	5,978
	$69,970,134	$59,407,254

</Table>

ACCUMULATED DEPLETION, DEPRECIATION AND AMORTIZATION

<Table>
<Caption>

LOCATION	2004	2003
Mereenie and Palm Valley (Australia)	$45,644,688	$38,639,460
Nockatunga (Australia)	218,594	--
Aldinga (Australia)	428,863	12,672
Kotaneelee (Canada)	30,059	--
	$46,322,204	$38,652,132

</Table>

DEPLETION, DEPRECIATION AND AMORTIZATION

During the years ended June 30, 2004, 2003 and 2002, the depletion rate of Mereenie and Palm Valley was 20.9%, 17.6% and 17.3%, respectively. During the year ended June 30, 2004, the depletion rate for Nockatunga, Aldinga and Kontaneelee was 9.5% 70.2% and 25%, respectively.

NOCKATUNGA ACQUISITION

During July 2003, MPAL reached an agreement with Voyager Energy Limited for the purchase of its 40.936% working interest (38.703% net revenue interest) in its Nockatunga assets in southwest Queensland. The assets comprise several producing oil fields in PLs 33, 50 and 51 together with exploration acreage in ATP 267P at a purchase price of approximately $1.4 million.

EXPLORATORY AND DRY HOLE COSTS

The 2004, 2003 and 2002 costs relate primarily to the geological and geophysical work and seismic acquisition on MPAL's exploration permits. The costs (in thousands) for MPAL by location were as follows:

<Table>
<Caption>

<S>	2004 <C>	2003 <C>	2002 <C>
U.S./Belize	$ --	$ (38)	$ 62
Australia/New Zealand	3,225	2,958	4,081
Total	$3,225	$2,920	$4,143

</Table>

See Note 11 commitments for a summary of MPAL's required and contingent commitments for exploration expenditures for the five year period beginning July 1, 2004.

3. ASSET RETIREMENT OBLIGATIONS

Upon the adoption of SFAS 143 on July 1, 2002, the Company recorded a discounted liability (asset retirement obligation) of $3,794,000, increased oil and gas properties by $526,000 and recognized a one-time, cumulative effect after-tax charge of $738,000 (net of $316,000 deferred tax benefit and minority interest of $680,000) which has been reflected as a cumulative effect of accounting change.

37

If the provisions of SFAS 143 had been adopted in prior years, net income would have decreased by approximately $77,000 for the fiscal year ended June 30, 2002. The adoption of SFAS 143 decreased net income before cumulative effect of accounting change by approximately $76,000 for the fiscal year ended June 30, 2003. The pro forma effects for the year ended June 30, 2002, assuming the adoption of SFAS 143 as of July 1, 2001, had no impact on earnings per share.

A reconciliation of the Company's asset retirement obligations for the year ended June 30, 2004 and 2003, is as follows:

<Table>
<Caption>

<S>	2004 <C>	2003 <C>
Balance at beginning of year	$3,858,000	$3,794,000
Liabilities incurred	489,000	29,000
Liabilities settled	--	(59,000)
Accretion expense	357,000	243,000
Revisions to estimate	--	(923,000)
Exchange effect	148,000	774,000
Balance at end of year	$4,852,000	$3,858,000

</Table>

During fiscal year 2003, two wells were plugged and abandoned in the Mereenie field at a cost of approximately $86,000. The $27,000 difference between the amount of the asset retirement obligation of $59,000 and the abandonment costs of $86,000 is included in production costs.

4. CAPITAL AND STOCK OPTIONS

MPC's certificate of incorporation provides that any matter to be voted upon must be approved not only by a majority of the shares voted, but also by a majority of the stockholders casting votes present in person or by proxy and entitled to vote thereon.

On December 8, 2000, MPC announced a stock repurchase plan to purchase up to one million shares of its common stock in the open market. Through June 30, 2003, MPC had purchased 680,850 of its shares at a cost of approximately $686,000, all of which were cancelled. No shares have been repurchased during 2004.

On July 10, 2003, a subsidiary of Origin Energy, Sagasco Amadeus Pty. Limited, agreed to exchange 1.2 million shares of MPAL for 1.3 million shares of the Company's common stock. The exchange was completed on September 2, 2003. The fair value of the 1,300,000 shares on July 10, 2003 was $1,508,000, based on the closing price of the Company's common stock on the Nasdaq SmallCap market on that date.

The Company's Stock Option Plan provides for options to be granted at a price of not less than fair value on the date of grant and for a term of not greater than ten years. As of June 30, 2004, 205,000 options were available for future issuance under the plan.

The following is a summary of option transactions for the three years ended June 30, 2004:

<Table>
<Caption>

OPTIONS OUTSTANDING	EXPIRATION DATES	NUMBER OF SHARES	EXERCISE PRICES ($)
<S>	<C>	<C>	<C>
June 30, 2001.....................		921,000	1.28-1.57
Expired.........................		(50,000)	1.57

June 30, 2002.....................		871,000	1.28-1.57
Granted.........................	Jan. 2008	50,000	.85

June 30, 2003.....................		921,000	.85-1.57
Expired.........................		(126,000)	1.57
Cancelled.......................		(25,000)	.85
Exercised.......................		(175,000)	.85-1.28

June 30, 2004.....................		595,000	(1.28 weighted average price)
		========	

</Table>

SUMMARY OF OPTIONS OUTSTANDING AT JUNE 30, 2004

<Table>
<Caption>

	EXPIRATION DATES	TOTAL	VESTED	EXERCISE PRICES ($)
<S>	<C>	<C>	<C>	<C>
Granted 2000...............................	Feb. 2005	595,000	595,000	1.28

</Table>

All of the options have been granted at the fair value at the date of grant. Upon exercise of options, the excess of the proceeds over the par value of the shares issued is credited to capital in excess of par value. No charges have been made against income in accounting for options during the three year period ended June 30, 2004.

The pro forma information regarding net income and earnings per share as required by Statement 123, as amended, has been determined as if the Company had accounted for its stock options under the fair value method of that Statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model.

Option valuation models require the input of highly subjective assumptions including the expected stock price volatility. The assumptions used in the 2000 valuation model were: risk free interest rate -- 6.65%, expected life -- 5 years, expected volatility -- .419, expected dividend -- 0. The assumptions used in the 2003 valuation model were: risk free interest rate -- 3.16%, expected life -- 5 years, expected volatility -- .439, expected dividend -- 0.

The Company's pro forma information follows:

<Table>
<Caption>

<S>	NET INCOME <C>	BASIC <C>	DILUTED <C>
Net income as reported -- June 30, 2002	$ 92,000	$ --	$ --
Stock option expense	(31,000)	--	--
Pro forma net income -- June 30, 2002	$ 61,000	$ --	$ --
Net income as reported -- June 30, 2003	$152,000	$.01	$.01
Stock option expense	(22,000)	--	
Pro forma net income -- June 30, 2003	$130,000	$.01	$.01
Net income as reported -- June 30, 2004	$350,000	$.01	$.01
Stock option expense	--	--	
Pro forma net income -- June 30, 2004	$350,000	$.01	$.01

</Table>

5. INCOME TAXES

Components of income before income taxes, minority interests and cumulative effect of accounting change by geographic area (in thousands) are as follows:

<Table>
<Caption>

<S>	YEARS ENDED JUNE 30, 2004 <C>	2003 <C>	2002 <C>
United States	$(548)	$ (329)	$(313)
Foreign	666	1,678	850
Total	$ 118	$1,349	$ 537

</Table>

Reconciliation of the provision for income taxes (in thousands) computed at the Australian statutory rate to the reported provision for income taxes is as follows:

<Table>
<Caption>

<S>	YEARS ENDED JUNE 30, 2004 <C>	2003 <C>	2002 <C>
Income before income taxes, minority interests and cumulative effect of accounting change	$ 118	$1,349	$ 537
MPC's non-Australian (income) losses	(550)	326	236
Permanent differences -- Australia	(706)	(682)	(872)
Book taxable income (loss) -- Australia	$(1,138)	$ 993	$ (99)
Australian tax rate	30%	30%	30%
Australian income tax (provision) benefit	$ 341	$ (298)	$ 30
Reversal of prior year reserve on MPAL Deferred Tax Assets	929	1,202	43

MPAL Australian tax (provision) benefit	1,270	904	73
MPC income tax provision(a)	(492)	(130)	(112)
Consolidated income tax (provision) benefit	$ 778	$ 774	$ (39)
Current income tax provision	$ (667)	$ (130)	$(648)
Deferred income tax benefit	1,445	904	609
Consolidated income tax (provision) benefit	$ 778	$ 774	$ (39)
Effective tax rate	--	(57)%	7%

</Table>

- ---------------

(a) MPC's income tax provisions represent the 25% Canadian withholding tax on its Kotaneelee gas field carried interest net proceeds.

Significant components of the Company's deferred tax assets and liabilities were as follows:

<Table>
<Caption>

<S>	JUNE 30, 2004 <C>	JUNE 30, 2003 <C>
Deferred tax liabilities		
Acquisition and development costs	$(2,068,000)	$(3,192,000)
Deferred tax assets		
Asset retirement obligations	1,665,000	1,421,000
Net operating losses	2,633,000	3,400,000
Foreign tax credits	223,000	329,000
Interest	214,000	214,000
Total deferred tax assets	4,735,000	5,364,000
Valuation allowance	(3,070,000)	(3,943,000)
Net deferred tax liabilities	$ (403,000)	$(1,771,000)

</Table>

The net deferred tax liabilities at June 30, 2004 and 2003, respectively, consist of deferred tax liabilities of $2,068,000 and $3,192,000, primarily relating to the deduction of acquisition and development costs which are capitalized for financial statement purposes, offset by deferred tax assets of $1,665,000 and $1,421,000, primarily relating to asset retirement obligations which will result in tax deductions when paid. The tax benefits of $929,000 in fiscal 2004 and $1,202,000 in fiscal 2003 relate primarily to additional tax benefits taken in connection with financing prior year exploration activities in Australia. These benefits were reserved in prior years and as a result of the benefits becoming recoverable during the current year, such reserves were reversed.

UNITED STATES

At June 30, 2004, the Company had approximately $12,216,000 and $853,000 of net operating loss carry forwards for federal and state income tax purposes, respectively, which are scheduled to expire periodically between the years 2004 and 2023. Of this amount, MPC has federal loss carry forwards that expire as follows: $265,000 in 2007, $2,055,000 in 2008, $408,000 in 2020, $52,000 in 2021 and 110,000 in 2023. MPAL's U.S. subsidiary has federal loss carry forwards that expire as follows: $220,000 in 2005, $2,392,000 in 2006, $1,669,000 in 2010, $1,764,000 in 2011, $2,855,000 in 2012, $229,000 in 2013, $96,000 in 2019, $25,000 in 2021, $73,000 in 2022 and $2,000 in 2023 and $1,000 in 2024. MPC also has approximately $223,000 of foreign tax credit carryovers, which are scheduled to expire periodically between the years 2005 and 2006. MPC's state loss carry forwards expire periodically between the years 2005 and 2024. For financial reporting purposes, a valuation allowance has been recognized to offset the deferred tax assets related to those carry forwards and other deductible temporary differences.

6. RELATED PARTY AND OTHER TRANSACTIONS

G&O'D INC, a firm that provides accounting and administrative services, office facilities and support staff to MPC, was paid $24,723, $20,830 and $34,120 in fees for fiscal years 2004, 2003 and 2002 respectively. James R. Joyce, the former President and Chief Financial Officer of MPC, is the owner of G&O'D INC. Mr. Joyce retired from his position effective June 30, 2004. Effective January 1, 2000, Mr. Joyce became a paid officer of MPC and received an annual salary of $175,000 for calendar year 2004 ($175,000 for 2003 and $160,000 for 2002). Mr. Timothy L. Largay, a director of the Company is a member of the law firm of Murtha Cullina LLP, which firm was paid fees of $120,563, $69,459 and $36,597 for fiscal years 2004, 2003 and 2002, respectively.

7. LEASES

At June 30, 2004, future minimum rental payments applicable to MPC's and MPAL's non-cancelable operating (office) lease were $163,000, $170,000, $177,000, $183,000, and $165,000 for 2005, 2006, 2007, 2008 and 2009, respectively.

Operating lease rental expenses for each of the years ended June 30, 2004, 2003 and 2002 were $311,497, $239,026 and $188,494, respectively.

On August 6, 2004, MPC entered into a four-year operating lease of its corporate offices, with estimated annual payments of $24,000.

8. PENSION PLAN

MPAL maintains a defined benefit pension plan and contributes to the plan at rates which (based on actuarial determination) are sufficient to meet the cost of employees' retirement benefits. No employee contributions are required. Plan participants are entitled to defined benefits on normal retirement, death or disability. MPAL is only legally obligated to pay employees their pro rata share of the fair value of plan assets. However, MPAL is committed to making up any shortfall in the plan's assets to meet payments to employees as they become due. On August 31, 2004, the MPAL Board formally terminated the Plan. The termination was effective as of June 30, 2004 and a settlement and curtailment loss of $1,237,425 was recognized for the year ended June 30, 2004.

The following table sets forth the actuarial present value of benefit obligations and funded status for the MPAL pension plan:

<Table>
<Caption>

	JUNE 30,	
	2004	2003
<S>	<C>	<C>
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year	$1,980,930	$1,507,445
Service cost	148,075	144,216
Interest cost	94,212	96,803
Actuarial gains and losses	(46,378)	11,690
Benefits paid	(447,277)	--
Settlement and curtailment	414,694	
Expenses paid	(71,763)	(74,025)
Foreign currency effect	72,901	294,801
Benefit obligation at end of year	$2,145,394	$1,980,930
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	$1,911,692	$1,606,083
Actual return on plan assets	226,341	(90,703)
Contributions by employer	164,368	156,247
Benefits paid	(447,277)	--
Foreign currency effect	75,320	314,090
Other (expenses)	(71,763)	(74,025)

	2004	2003
Fair value of plan assets at end of year	$1,858,681	$1,911,692

</Table>

<Table>
<Caption>

	JUNE 30, 2004	JUNE 30, 2003
<S>	<C>	<C>
RECONCILIATION OF FUNDED STATUS		
Funded Status	$ (286,713)	$ (69,238)
Unamortized transition asset	--	(29,970)
Unamortized loss	--	1,025,376
(Accrued) Prepaid benefit costs	$ (286,713)	$ 926,168

</Table>

The net pension expense for the MPAL pension plan was as follows:

<Table>
<Caption>

	YEARS ENDED JUNE 30, 2004	2003	2002
<S>	<C>	<C>	<C>
Settlement and curtailment	1,237,425	--	--
Service cost	148,075	$144,216	$ 185,256
Interest cost	94,212	96,803	132,530
Expected return on plan assets	(94,104)	(97,205)	(175,691)
Net amortization and deferred items	26,835	15,299	(17,011)
Net pension cost	$1,412,443	$159,113	$ 125,084
Plan contributions by MPAL	$ 228,958	$156,247	$ 142,467

</Table>

Significant assumptions used in determining pension cost and the related obligations were as follows:

<Table>
<Caption>

	2004	2003	2002
<S>	<C>	<C>	<C>
Assumed discount rate	5.0%	5.5%	5.5%
Rate of increase in future compensation levels	3.5%	3.5%	4.0%
Expected long term rate of return on plan assets	5.0%	5.0%	5.0%
Australian exchange rate	$.70	$.67	$.56

</Table>

At June 30, 2004, Plan assets were held 98% in equity mutual funds and 2% in cash. Such assets are held for distribution to plan participants. As a result of the Plan's termination, the Plan assets are expected to be distributed during 2005 with no additional pension plan expenditures anticipated.

9. SEGMENT INFORMATION

The Company has two reportable segments, MPC and its majority owned subsidiary, MPAL. Although each company is in the same business, MPAL is also a publicly held company with its shares traded on the Australian Stock Exchange. MPAL issues separate audited consolidated financial statements and operates independently of MPC.

Segment information (in thousands) for the Company's two operating segments is as follows:

<Table>
<Caption>

	YEARS ENDED JUNE 30, 2004	2003	2002
<S>	<C>	<C>	<C>
Revenues:			
MPC	$ 2,629	$ 1,313	$ 1,222
MPAL	18,806	14,969	13,754
Elimination of intersegment dividend	(911)	(686)	(624)
Total consolidated revenues	$ 20,524	$ 15,596	$14,352

</Table>

<Table>
<Caption>

	YEARS ENDED JUNE 30, 2004	2003	2002
<S>	<C>	<C>	<C>
Interest income:			
MPC	$ 160	$ 85	$ 115
MPAL	939	775	537
Total consolidated	$ 1,099	$ 860	$ 652
Net income before cumulative effect of accounting change:			
MPC	$ 969	$ 229	$ 276
Equity in earnings of MPAL, net of related costs(1)	292	1,347	440
Elimination of intersegment dividend	(911)	(686)	(624)
Consolidated net income before cumulative effect of accounting change:	$ 350	$ 890	$ 92
Net income:			
MPC	$ 969	$ 229	$ 276
Equity in earnings of MPAL, net of related costs(1)	292	609	440
Elimination of intersegment dividend	(911)	(686)	(624)
Consolidated net income	$ 350	$ 152	$ 92
Assets:			
MPC	$ 25,339	$ 22,268	
MPAL	47,884	47,038	
Equity elimination	(20,329)	(18,565)	
Total consolidated assets	$ 52,894	$ 50,741	
Other significant items:			
Depletion, depreciation and amortization:			
MPC	$ 30	$ --	$ --
MPAL	6,311	3,719	3,447
Total consolidated	$ 6,341	$ 3,719	$ 3,447
Exploratory and dry hole costs:			
MPC	$ --	$ --	$ --
MPAL	3,225	2,920	4,143
Total consolidated	$ 3,225	$ 2,920	$ 4,143
Income tax expense (benefit):			
MPC	$ 492	$ 130	$ 112
MPAL	(1,270)	(904)	(73)

Total consolidated	$ (778)	$ (774)	$ 39

</Table>

- ---------------

(1) Equity in earnings of MPAL of $670,000 is reported net of $378,000 in oil and gas property depletion related to MPC book value of oil and gas property and resulting from its step reporting of MPAL.

10. GEOGRAPHIC INFORMATION

As of each of the stated dates, the Company's revenue, operating income, net income or loss and identifiable assets (in thousands) were geographically attributable as follows:

<Table>
<Caption>

	YEARS ENDED JUNE 30,		
	2004	2003	2002
<S>	<C>	<C>	<C>
Revenue:			
Australia	$18,806	$14,968	$13,757
United States	160	92	113
Canada	1,558	535	482
	$20,524	$15,595	$14,352
Operating income (loss):			
Australia	$ (103)	$ 1,732	$ 396
New Zealand	(909)	(628)	(64)
United States-Canada	1,525	569	407
	513	1,673	739
Corporate overhead and interest, net of other income (expense)	(395)	(324)	(202)
Consolidated operating income before income taxes, minority interests and cumulative effect of accounting change	$ 118	$ 1,349	$ 537
Net income (loss):			
Australia	$ 718	$ 835	$ 504
New Zealand	(425)	(246)	(23)
United States	57	(437)	(389)
	$ 350	$ 152	$ 92
Identifiable assets:			
Australia	$48,652	$47,495	
Corporate assets	4,242	3,246	
	$52,894	$50,741	

</Table>

Substantially all (99% in 2004, 99% in 2003 and 92% in 2002) of MPAL's gas sales were to the Power and Water Corporation (PAWC) of the Northern Territory of Australia (NTA). All of MPAL's crude oil production was sold to the Mobil Port Stanvac Refinery near Adelaide during the three years ended June 30, 2004.

11. COMMITMENTS

We do not use off-balance sheet arrangements such as securitization of receivables with any unconsolidated entities or other parties. The Company does not engage in trading or risk management activities and does not have material transactions involving related parties.

GAS SUPPLY CONTRACTS

In 1983, the Palm Valley Producers (MPAL and Santos) commenced the sale of gas to Alice Springs under a 1981 agreement. In 1985, the Palm Valley Producers and Mereenie Producers signed agreements for the sale of gas to PAWC for use in PAWC's Darwin generating station and at a number of other generating stations in the Northern Territory. The gas is being delivered via the 922-mile Amadeus Basin to Darwin gas pipeline which was built by an Australian consortium. Since 1985, there have been several additional contracts for the sale of Mereenie gas. The Palm Valley Darwin contract expires in the year 2012 and Mereenie contracts expire in the year 2009. Under the 1985 contracts, there is a difference in price between Palm Valley gas and most of the Mereenie gas for the first 20 years of the 25 year contracts which takes into account the additional cost to the pipeline consortium to build a spur line to the Mereenie field and increase the size of the pipeline from Palm Valley to Mataranka. The price of gas under the Palm Valley and Mereenie gas contracts is adjusted quarterly to reflect changes in the Australian Consumer Price Index.

At June 30, 2004, MPAL's commitment to supply gas under the above agreements was as follows:

PERIOD	BCF
Less than one year	7.22
Between 1-5 years	26.73
Greater than 5 years	4.55
Total	38.50

MPC owns a 2.67% carried interest in the Kotaneelee gas field in the Yukon Territory which has been in production since February 1991 with two producing wells. For financial statement purposes in fiscal 1987 and 1988, MPC wrote down its costs relating to the Kotaneelee field to a nominal value because of the uncertainty as to the date when sales of Kotaneelee gas might begin and the immateriality of the carrying value of the investment. Since October 1989, the field has been the subject of litigation, because the carried interest owners (including MPC) believed that the working interest parties had not adequately pursued the attainment

of contracts for the sale of Kotaneelee gas. A decision in the litigation was rendered on September 14, 2001. The decision of the trial court was generally favorable to the Company but the decision was appealed by all of the parties.

During September 2003, the litigants in the Kotaneelee litigation entered into a settlement agreement. In October 2003 the Company received approximately $851,000, after Canadian withholding taxes and reimbursement of certain past legal costs. The plaintiffs terminated all litigation against the defendants related to the field, including the claim that the defendants failed to fully develop the field. Since each party agreed to bear its own legal costs, there were no taxable costs assessed against any of the parties.

The components of the settlement payment, which was recorded in September 2003 are as follows:

Gas sales	$1,135,000
Interest income	102,000
Canadian withholding taxes	(386,000)
Total	$ 851,000

The Kotaneelee settlement agreement provides that the carried interest partners will share in the abandonment of the Kotaneelee field wells and facilities.

12. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary (in thousands, except for per share amounts) of the quarterly results of operations for the years ended June 30, 2004 and 2003:

<Table>
<Caption>

2004	QTR 1	QTR 2	QTR 3	QTR 4
<S>	<C>	<C>	<C>	<C>
Total revenues	$ 5,732	$ 4,841	$ 5,110	$ 4,841
Costs and expenses	(3,900)	(5,634)	(4,599)	(6,273)
Income tax (provision) benefit	(411)	61	(115)	1,243
Minority interests	(354)	226	(254)	(164)
Net income (loss)	1,067	(506)	142	(353)
Per share (basic & diluted)	.04	(.02)	.01	(.01)
Average number of shares outstanding	25,092	25,727	25,894	25,820

</Table>

<Table>
<Caption>

2003	QTR 1	QTR 2	QTR 3	QTR 4
<S>	<C>	<C>	<C>	<C>
Total revenues	$ 3,188	$ 3,884	$ 4,071	$ 4,452
Costs and expenses	(3,373)	(3,200)	(3,377)	(4,297)
Income tax (provision) benefit	(1)	(212)	(190)	1,177
Minority interests	14	(317)	(274)	(655)
Net income (loss) before cumulative effect of accounting change	(172)	155	230	677
Cumulative effect of accounting change	(738)	--	--	--
Net income (loss)	(910)	155	230	677
Per share (basic & diluted)				
Before cumulative effect of accounting change	(.01)	.01	.01	.03
Cumulative effect of accounting change	(.03)	--	--	--
Net Income	(.04)	.01	.01	.03
Average number of shares outstanding	24,607	24,607	24,571	24,560

</Table>

13. SUPPLEMENTARY OIL AND GAS DISCLOSURE (UNAUDITED)

The consolidated data presented herein include estimates which should not be construed as being exact and verifiable quantities. The reserves may or may not be recovered, and if recovered, the cash flows there from, and the costs related thereto, could be more or less than the amounts used in estimating future net cash flows. Moreover, estimates of proved reserves may increase or decrease as a result of future operations and economic conditions, and any production from these properties may commence earlier or later than anticipated.

ESTIMATED NET QUANTITIES OF PROVED DEVELOPED AND PROVED OIL AND GAS RESERVES:

<Table>
<Caption>

	NATURAL GAS	OIL
	(BCF)	(1,000 BBLS)

PROVED RESERVES:	AUSTRALIA*	CANADA**	AUSTRALIA
<S>	<C>	<C>	<C>
June 30, 2001	52.169	.587	523
Revision of previous estimates	(5.828)	--	138
Extensions and discoveries	--	--	--
Purchase of reserves	.353	--	--
Production	(5.914)	(.053)	(141)
June 30, 2002	40.780	.534	520
Extensions and discoveries	--	--	35
Revision of previous estimates	2.497	--	125
Production	(5.893)	(.107)	(126)
June 30, 2003	37.384	.427	554
Extensions and discoveries	--	--	--
Revision of previous estimates	(.631)	(.180)	(.110)
Purchase of reserves	--	--	322
Production	(5.728)	(.077)	(150)
June 30, 2004	31.025	.170	616
Proved Developed Reserves:			
June 30, 2001	52.169	.587	496
June 30, 2002	29.102	.534	520
June 30, 2003	28.855	.427	554
June 30, 2004	22.346	.170	616

</Table>

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* The amount of proved reserves applicable to the Palm Valley and Mereenie fields only reflects the amount of gas committed to specific contracts. Approximately 44.9% of reserves are attributable to minority interests at June 30, 2004 (47.6% for 2003 and 48% for 2002).

** On January 19, 2001, MPC's carried interest account in the Kotaneelee reached undisputed payout status.

COSTS OF OIL AND GAS ACTIVITIES (IN THOUSANDS):

<Table>
<Caption>

	AUSTRALIA/NEW ZEALAND		
FISCAL YEAR	EXPLORATION COSTS	DEVELOPMENT COSTS	ACQUISITION COSTS
<S>	<C>	<C>	<C>
2004	$3,741	$3,926	$2,086
2003	4,484	2,753	3
2002	4,082	1,288	270

</Table>

CAPITALIZED COSTS SUBJECT TO DEPLETION, DEPRECIATION AND AMORTIZATION (DD&A) (IN THOUSANDS):

<Table>
<Caption>

	JUNE 30, 2003	
AUSTRALIA/NEW ZEALAND	2004	2003
<S>	<C>	<C>
Costs subject to DD&A	$ 69,970	$ 59,407

Costs not subject to DD&A	--	--
Less accumulated DD&A	(45,949)	(38,652)
Net capitalized costs	$ 24,021	$ 20,755

</Table>

DISCOUNTED FUTURE NET CASH FLOWS:

The following is the standardized measure of discounted (at 10%) future net cash flows (in thousands) relating to proved oil and gas reserves during the three years ended June 30, 2004. At June 30, 2004, approximately 44.9% (47.6% for 2003 and 48.% for 2002) of the reserves and the respective discounted future net cash flows are attributable to minority interests.

<Table>
<Caption>

	AUSTRALIA		
	2004	2003	2002
Future cash inflows	$ 82,449	$ 78,192	$ 74,503
Future production costs	(19,361)	(20,844)	(13,481)
Future development costs	(16,599)	(15,681)	(11,735)
Future income tax expense	(9,369)	(5,292)	(12,421)
Future net cash flows	37,120	36,375	36,866
10% annual discount for estimating timing of cash flows	(7,639)	(10,675)	(11,079)
Standardized measures of discounted future net cash flows	$ 29,841	$ 25,700	$ 25,787

</Table>

<Table>
<Caption>

	CANADA		
	2004	2003	2002
Future cash inflows	$ 754	$1,460	$1,029
Future production costs	(125)	(213)	(229)
Future development costs	--	--	--
Future income tax expense	(157)	(312)	(200)
Future net cash flows	472	935	600
10% annual discount for estimating timing of cash flows	(72)	(149)	(76)
Standardized measures of discounted future net cash flows	$ 400	$ 786	$ 524

</Table>

<Table>
<Caption>

	TOTAL		
	2004	2003	2002
Future cash inflows	$ 83,203	$ 79,652	$ 75,532
Future production costs	(19,486)	(21,057)	(13,710)
Future development costs	(16,599)	(15,681)	(11,735)
Future income tax expense	(9,526)	(5,604)	(12,621)
Future net cash flows	37,592	37,310	37,466
10% annual discount for estimating timing of cash flows	(7,711)	(10,824)	(11,155)
Standardized measures of discounted future net cash flows	$ 29,881	$ 26,486	$ 26,311

</Table>

The following are the principal sources of changes in the above standardized measure of discounted future net cash flows (in thousands):

	2004	2003	2002
Net change in prices and production costs	$ 7,597	$(5,020)	$ 581
Extensions and discoveries	--	360	--
Revision of previous quantity estimates	981	1,059	(6,850)
Changes in estimated future development costs	(2,156)	(4,587)	(2,868)
Sales and transfers of oil and gas produced	(10,314)	(8,070)	(7,763)
Previously estimated development cost incurred during the period	3,110	3,110	1,327
Accretion of discount	2,344	2,992	2,975
Acquisitions	3,213	--	--
Net change in income taxes	(2,345)	6,100	3,958
Net change in exchange rate	965	4,231	2,428
	$ 3,395	$ 175	$(6,212)

ADDITIONAL INFORMATION REGARDING DISCOUNTED FUTURE NET CASH FLOWS:

AUSTRALIA

Reserves -- Natural Gas

Future net cash flows from net proved gas reserves in Australia were based on MPAL's share of reserves in the Palm Valley and Mereenie fields which has been limited to the quantities of gas committed to specific contracts and the ability of the fields to deliver the gas in the contract years. Gas prices are computed on the prices set forth in the respective gas sales contracts at June 30, 2004.

Reserves and Costs -- Oil

At June 30, 2004, future net cash flows from the net proved oil reserves in Australia were calculated by the Company. Estimated future production and development costs were based on current costs and rates for each of the three years ended at June 30, 2004. All of the crude oil reserves are developed reserves. Undeveloped proved reserves have not been estimated since there are only tentative plans to drill additional wells.

Income Taxes

Future Australian income tax expense applicable to the future net cash flows has been reduced by the tax effect of approximately A.$22,005,000, A.$$25,658,000 and A.$13,982,000 in unrecouped capital expenditures at June 30, 2004, 2003 and 2002, respectively. The tax rate in computing Australian future income tax expense was 30%.

CANADA

Reserves and Costs

On January 19, 2001, the Company's carried interest account in the Kotaneelee gas field reached undisputed payout status. During the 4th quarter of the fiscal year 2001, the Company began accruing its share of Kotaneelee net proceeds as income. Future net cash flows from net proved gas reserves in Canada were based on the Company's share of reserves in the Kotaneelee gas field which was prepared by independent petroleum consultants, Paddock Lindstrom & Associates Ltd., Calgary, Canada. The estimates were based on the selling price of gas Can. $5.90 at June 30, 2004 (Can. $4.61 -- 2003) and estimated future production and development costs at June 30, 2004.

RESULTS OF OPERATIONS

The following are the Company's results of operations (in thousands) for the oil and gas producing activities during the three years ended June 30, 2004:

	AMERICAS			AUSTRALIA/NEW ZEALAND		
	2004	2003	2002	2004	2003	2002
Revenues:						
Oil sales	$ --	$ --	$ --	$ 4,923	$ 3,329	$ 3,259
Gas sales	1,557	535	482	11,312	9,647	8,185
Other production income	--	--	--	1,632	1,214	1,781
Total revenues	1,557	535	482	17,867	14,190	13,225
Costs:						
Production costs	--	--	--	5,416	4,424	3,770
Depletion, exploratory and dry hole costs	30	(38)	62	9,009	6,620	7,419
Total costs	30	(38)	62	14,425	11,044	11,189
Income before taxes and minority interest	1,527	573	420	3,442	3,146	2,036
Income tax provision*	(382)	(134)	(121)	(1,027)	(944)	(611)
Income before minority interests	1,145	439	299	2,415	2,202	1,425
Minority interests**	--	(18)	30	(1,085)	(1,047)	(684)
Net income from operations	$1,145	$ 421	$ 329	$ 1,330	$ 1,155	$ 741
Depletion per unit of production	$ .39	--	--	A.$ 7.25	A.$ 5.27	A.$ 5.35

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* Income tax provision Australia 30%. Americas 25% due to a 25% Canadian withholding tax on Kotaneelee gas sales.

** Minority interests 44.9% in 2004, 47.6% in 2003 and 48.0% in 2002.

ITEM 9.

PREVIOUS INDEPENDENT ACCOUNTANTS

On August 15, 2003, the Audit Committee of the Board of Directors of the Company determined to dismiss Ernst & Young LLP as the Company's independent auditors, effective upon completion of the annual audit for the fiscal year ended June 30, 2003. This decision was subject to the condition that Magellan Petroleum Australia Limited (MPAL), the Company's majority owned subsidiary, make a similar determination to dismiss Ernst & Young as its independent auditors. Ernst & Young had served as the Company's independent auditors for many years. On September 4, 2003, the audit committee of the Board of Directors of MPAL made a similar determination to dismiss Ernst & Young as its independent accountants, effective upon the completion of the annual audit for the fiscal year ended June 30, 2003.

The reports of Ernst & Young on the Company's financial statements for the two fiscal years ended June 30, 2003 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to audit scope or accounting principles.

Ernst & Young LLP was dismissed on September 26, 2003, upon filing of the Company's annual report on Form 10-K for the fiscal year ended June 30, 2003.

The report of Ernst & Young LLP was dated September 19, 2003.

In connection with the audits of the Company's financial statements for each of the two fiscal years ended June 30, 2003 and through September 19, 2003, there were no disagreements with Ernst & Young on any matter of accounting principles or practices, financial statement disclosure, or auditing scope and procedures which, if not resolved to Ernst & Young's satisfaction, would have caused Ernst & Young to make reference to the matter in their report. In addition, there were no "reportable events" as that term is described in Item 304(a)(1)(v) of Regulation S-K.

NEW INDEPENDENT ACCOUNTANTS

Effective October 30, 2003, the Audit Committee of the Company's Board of Directors retained Deloitte & Touche LLP as the Company's new independent auditors for the fiscal year ended June 30, 2004.

During the Company's two most recent fiscal years and the subsequent interim period(s) prior to engaging Deloitte & Touche LLP, neither the Company nor anyone acting on behalf of the Company consulted Deloitte & Touche LLP regarding (i) either (a) the application of accounting principles to a specified transaction, either completed or proposed, or (b) the type of audit opinion that might be rendered on the Company's financial statements; or (ii) any matter that was either the subject of a disagreement (as defined in paragraph 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as described in paragraph 304(A)(1)(v) of Regulation S-K). In addition, during the Company's two most recent fiscal years and the subsequent interim period(s) prior to engaging Deloitte & Touche LLP, no written report was provided by Deloitte & Touche LLP to the Company and no oral advice was provided that Deloitte & Touche LLP concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue.

ITEM 9A. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of the Company's management, including Daniel J. Samela, the Company's President, Chief Executive Officer and Chief Financial and Accounting Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities and Exchange Act of 1934) as of June 30, 2004. Based on this evaluation, the Company's President concluded that the Company's disclosure controls and procedures were effective such that the material information required to be included in the Company's Securities and Exchange Commission reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to the Company, including its consolidated subsidiaries, and was made known to him by others within those entities, particularly during the period when this report was being prepared.

INTERNAL CONTROL OVER FINANCIAL REPORTING.

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth fiscal quarter of the Company's fiscal year ended June 30, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

PART III

For information concerning Item 10 -- Directors and Executive Officers of the Company, Item 11 -- Executive Compensation, Item 12 -- Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters Item 13 -- Certain Relationships and Related Transactions and Item 14 -- Principal Accounting Fees and Services, see the Proxy Statement of Magellan Petroleum

Corporation relative

to the Annual Meeting of Stockholders for the fiscal year ended June 30, 2004, to be filed with the Securities and Exchange Commission, which information is incorporated herein by reference. For information concerning the Executive Officers of the Company, see Part I.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about the Company's common stock that may be issued upon the exercise of options and rights under the Company's existing equity compensation plan as of June 30, 2004.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (A) (#)	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (B) ($)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A)) (C) (#)
Equity compensation plans approved by security holders	595,000	$1.28	205,000

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements.

The financial statements listed below and included under Item 8 are filed as part of this report.

	PAGE REFERENCE
Reports of Independent Registered Public Accounting Firms	27
Consolidated balance sheets as of June 30, 2004 and 2003	29
Consolidated statements of income for each of the three years in the period ended June 30, 2004	30
Consolidated statements of changes in stockholders' equity for each of the three years in the period ended June 30, 2004	31
Consolidated statements of cash flows for each of the three years in the period ended June 30, 2004	32
Notes to consolidated financial statements	33-47
Supplementary oil and gas information (unaudited)	48-51

(2) Financial Statement Schedules.

All schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and the notes thereto.

(c) Exhibits.

The following exhibits are filed as part of this report:

ITEM NUMBER

2. Plan of acquisition, reorganization, arrangement, liquidation or succession.

None.

3. Articles of Incorporation and By-Laws.

(a) Restated Certificate of Incorporation as filed on May 4, 1987 with the State of Delaware and Amendment of Article Twelfth as filed on February 12, 1988 with the State of Delaware filed as exhibit 4(b)

to Form S-8 Registration Statement, filed on January 14, 1999, are incorporated herein by reference. Certificate of Amendment to Certificate of Incorporation as filed on December 26, 2000 with the State of Delaware, filed as Exhibit 3(a) to the Company's quarterly report on Form 10-Q filed on February 13, 2001 and incorporated herein by reference.

(b) Copy of the By-Laws, as amended on July 22, 2004 is filed herein.

4. Instruments defining the rights of security holders, including indentures.

None.

9. Voting Trust Agreement.

None.

10. Material contracts.

(a) Petroleum Lease No. 4 dated November 18, 1981 granted by the Northern Territory of Australia to United Canso Oil & Gas Co. (N.T.) Pty Ltd. filed as Exhibit 10(a) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(b) Petroleum Lease No. 5 dated November 18, 1981 granted by the Northern Territory of Australia to Magellan Petroleum (N.T.) Pty. Ltd. filed as Exhibit 10(b) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(c) Gas Sales Agreement between The Palm Valley Producers and The Northern Territory Electricity Commission dated November 11, 1981 filed as Exhibit 10(c) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(d) Palm Valley Petroleum Lease (OL3) dated November 9, 1982 filed as Exhibit 10(d) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(e) Agreements relating to Kotaneelee.

(1) Copy of Agreement dated May 28, 1959 between the Company et al and Home Oil Company Limited et al and Signal Oil and Gas Company filed as Exhibit 10(e) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(2) Copies of Supplementary Documents to May 28, 1959 Agreement (see (e)(1) above), dated June 24, 1959, consisting of Guarantee by Home Oil Company Limited and Pipeline Promotion Agreement filed as Exhibit 10(e) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(3) Copy of Modification to Agreement dated May 28, 1959 (see (e)(1) above), made as of January 31, 1961. Filed as Exhibit 10(e) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(4) Copy of Letter Agreement dated February 1, 1977 between the Company and Columbia Gas Development of Canada, Ltd. for operation of the Kotaneelee gas field filed as Exhibit 10(e) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(f) Palm Valley Operating Agreement dated April 2, 1985 between Magellan Petroleum (N.T.) Pty. Ltd., C. D. Resources Pty. Ltd., Farmout Drillers N.L., Canso Resources Limited, International Oil Proprietary, Pancontinental Petroleum Limited, I.E.D.C. Australia Pty. Ltd., Southern Alloys Ventures Pty. Limited and Amadeus Oil N.L. filed as Exhibit 10(f) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(g) Mereenie Operating Agreement dated April 27, 1984 between Magellan Petroleum (N.T.) Pty., United Oil & Gas Co. (N.T.) Pty. Ltd., Canso Resources Limited, Oilmin (N.T.) Pty. Ltd., Krewliff

Investments Pty. Ltd., Transoil (N.T.) Pty. Ltd. and Farmout Drillers NL and Amendment of October 3, 1984 to the above agreement filed as Exhibit 10(g) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(h) Palm Valley Gas Purchase Agreement dated June 28, 1985 between Magellan Petroleum (N.T.) Pty. Ltd., C. D. Resources Pty. Ltd., Farmout Drillers N.L., Canso Resources Limited, International Oil Proprietary, Pancontinental Petroleum Limited, IEDC Australia Pty Limited, Amadeus Oil N.L., Southern Alloy Venture Pty. Limited and Gasgo Pty. Limited. Also included are the Guarantee of the Northern Territory of Australia dated June 28, 1985 and Certification letter dated June 28, 1985 that the Guarantee is binding. All of the above were filed as Exhibit 10(h) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) and are incorporated herein by reference.

(i) Mereenie Gas Purchase Agreement dated June 28, 1985 between Magellan Petroleum (N.T.) Pty. Ltd., United Oil & Gas Co. (N.T.) Pty. Ltd., Canso Resources Limited, Moonie Oil N.L., Petromin No Liability, Transoil No Liability, Farmout Drillers N.L., Gasgo Pty. Limited, The Moonie Oil Company Limited, Magellan Petroleum Australia Limited and Flinders Petroleum N.L. Also included is the Guarantee of the Northern Territory of Australia dated June 28, 1985. All of the above were filed as Exhibit 10(i) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) and are incorporated herein by reference.

(j) Agreements dated June 28, 1985 relating to Amadeus Basin -Darwin Pipeline which include Deed of Trust Amadeus Gas Trust, Undertaking by the Northern Territory Electric Commission and Undertaking from the Northern Territory Gas Pty Ltd. filed as Exhibit 10(j) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(k) Agreement between the Mereenie Producers and the Palm Valley Producers dated June 28, 1985 filed as Exhibit 10(k) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(l) Form of Agreement pursuant to Article SIXTEENTH of the Company's Certificate of Incorporation and the applicable By-Law to indemnify the Company's directors and officers filed as Exhibit 10(l) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(m) 1998 Stock Option Plan, filed as Exhibit 4(a) to Form S-8 Registration Statement on January 14, 1999, filed as Exhibit 10(m) to Annual Report on Form 10-K for the year ended June 30, 1999 (File No. 001-5507) is incorporated herein by reference.

(n) 1989 Stock Option Plan filed as Exhibit O to Annual Report on Form 10-K for the year ended June 30, 2002 (File No. 001-5507) is incorporated herein by reference.

(o) Palm Valley Gas Purchase Agreement Deed of Amendment dated January 17, 2003 filed as Exhibit 10(p) to Annual Report on Form 10-K for the year ended June 30, 2003 (file No. 001-5507) is incorporated herein by reference.

(p) Share sale agreement dated July 10, 2003 between Sagasco Amadeus Pty. Limited and Magellan Petroleum Corporation filed as Exhibit 10(p) to Annual Report on Form 10-K for the year ended June 30, 2003 (File No. 001-5507) is incorporated herein by reference.

(q) Registration Rights Agreement date September 2, 2003 between 2003 between Sagasco Amadeus Pty. Limited and Magellan Petroleum Corporation filed as Exhibit 10(p) to Annual Report on Form 10-K for the year ended June 30, 2003 (File No. 001-5507) is incorporated herein by reference.

(r) Employment Agreement between Daniel J. Samela and Magellan Petroleum Corporation effective March 1, 2004, filed as Exhibit 10(1) to Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 (File No. 001-5507) is incorporated herein by reference.

(s) Palm Valley Renewal of Petroleum Lease dated November 6, 2003 is filed herein.

11. Statement re computation of per share earnings.

Not applicable.

12. Statement re computation of ratios.

None.

13. Annual report to security holders, Form 10-Q or quarterly report to security holders.

Not applicable.

16. Letter re change in certifying accountant.

Letter of Ernst & Young LLP dated August 27, 2003 filed as exhibit 16 to Current Report on Form 8-K filed on August 27, 2003 (File No. 001-5507) is incorporated herein by reference.

18. Letter re change in accounting principles.

None.

21. Subsidiaries of the registrant.

Filed herein.

22. Published report regarding matters submitted to vote of security holders.

Not applicable.

23. Consent of experts and counsel.

1. Consent of Deloitte & Touche LLP is filed herein.

2. Consent of Ernst & Young LLP is filed herein.

3. Consent of Paddock Lindstrom & Associates, Ltd. is filed herein.

24. Power of attorney.

None.

31. Rule 13a-14(a) Certifications.

Certification of Daniel J. Samela, Chief Executive Officer and Chief Financial and Accounting Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, is filed herein.

32. Section 1350 Certifications.

Certification of Daniel J. Samela, President, Chief Executive Officer and Chief Financial and Accounting Officer, pursuant to 18 U.S.C. sec. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is filed herein.

(d) Financial Statement Schedules.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAGELLAN PETROLEUM CORPORATION
(Registrant)

/s/ DANIEL J. SAMELA

Daniel J. Samela
President, Chief Executive Officer,
Chief Financial and Accounting Officer

Dated: October 13, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

<Table>
<S> <C> <C> <C>

/s/ DANIEL J. SAMELA -------------------------------------- Daniel J. Samela	President, Chief Executive Officer, Chief Financial and Accounting Officer	Dated: October 13, 2004
/s/ DONALD V. BASSO -------------------------------------- Donald V. Basso	Director	Dated: October 13, 2004
/s/ TIMOTHY L. LARGAY -------------------------------------- Timothy L. Largay	Director	Dated: October 13, 2004
/s/ WALTER MCCANN -------------------------------------- Walter McCann	Director	Dated: October 13, 2004
/s/ RONALD P. PETTIROSSI -------------------------------------- Ronald P. Pettirossi	Director	Dated: October 13, 2004

</Table>

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3(b)	By laws as amended on July 22, 2004.
10(s)	Palm Valley Renewal of Petroleum Lease dated November 6, 2003.
21.	Subsidiaries of the Registrant.
23.	1. Consent of Deloitte & Touche LLP 2. Consent of Ernst & Young LLP 3. Consent of Paddock Lindstrom & Associates, Ltd.
31.	Rule 13a-14(a) Certifications.
32.	Section 1350 Certifications.

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EXHIBIT 3(B)

BYLAWS, AS AMENDED ON JULY 22, 2004

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MAGELLAN PETROLEUM CORPORATION

ARTICLE I

OFFICES

SECTION 1. REGISTERED OFFICE. The registered office of the corporation shall be at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, Delaware.

SECTION 2. OTHER OFFICES. The corporation may also have other offices at such other places within or without the State of Delaware as the board of directors may from time to time determine.

ARTICLE II

MEETING OF STOCKHOLDERS

SECTION 1. PLACE OF MEETINGS. All meetings of the stockholders of the corporation may be held at the principal office of the corporation in the State of Delaware, or at such other place or places, within or without the State of Delaware, as the board of directors may from time to time determine.

SECTION 2.1. ANNUAL MEETING.

The annual meeting of the stockholders for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held on such date as the board of directors shall each year fix. The day, place and hour of each annual meeting shall be specified in the notice of annual meeting. The meeting may be postponed or adjourned from time to time and place to place until its business is completed.

At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors, (b) otherwise properly brought before the meeting by or at the direction of the board of directors, or (c) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be

timely, a stockholder's notice must he delivered to or mailed and received at the principal executive offices of the corporation, not less than sixty (60) nor more than ninety (90) days prior to the meeting; provided, however, that in the event that less than seventy days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth day following the date on which such notice of the date of the annual meeting was mailed or such public disclosure was made. For purposes of this Section 2.1, public disclosure shall be deemed to have been made to stockholders when disclosure of the date of the meeting is first made in a press release reported by the Dow Jones News Services, Associated Press, Reuters Information Services, Inc. or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended.

A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting

(a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting;

(b) the name and address, as they appear on the corporation's books, of the stockholder intending to propose such business;

(c) the class and number of shares of the corporation which are beneficially owned by the stockholder;

(d) a representation that the stockholder is a holder of record of capital stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present such business;

(e) any material interest of the stockholder in such business.

Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 2.1. The presiding officer of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this Section 2.1, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

SECTION 2.2. NOTICE OF STOCKHOLDER NOMINEES.

Only persons who are nominated in accordance with the procedures set forth in these By-Laws shall be eligible for election as directors. Nominations of persons for

election to the board of directors of the corporation may be made at a meeting of stockholders (a) by or at the direction of the board of directors or (b) by any stockholder of the corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 2.2. Nominations by stockholders shall be made pursuant to timely notice in writing to the Secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than sixty (60) days nor more than ninety (90) days prior to the meeting; provided, however, that in the event that less than seventy days' (70) notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. For purposes of this Section 2.2, public disclosure shall be deemed to have been made to stockholders when disclosure of the date of the meeting is first made in a press release reported by the Dow Jones News Services, Associated Press, Reuters Information Services, Inc. or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended.

Each such notice shall set forth:

(a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated;

(b) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;

(c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; and

(d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the board of directors.

To be effective, each notice of intent to make a nomination given hereunder shall be accompanied by the written consent of each nominee to being named in a proxy statement and to serve as a director of the corporation if elected.

No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in these By-Laws. The presiding officer of the meeting shall, if the facts warrant, determine and declare to the meeting that nomination was not made in accordance with the procedures prescribed by these By-Laws, and if he should so

determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

SECTION 3. SPECIAL MEETINGS; NOTICE.

Special meetings of the stockholders, other than those required by statute, may be called at any time by the Chairman of the board of directors, or by the President of the corporation, or by the board of directors pursuant to a resolution approved by a majority of the entire board of directors. Notice of every special meeting, stating the time, place and purpose, shall be given by mailing, postage prepaid, at least ten but not more than sixty days before each such meeting, a copy of such notice addressed to each stockholder of the corporation at his post office address as recorded on the books of the corporation. The board of directors may postpone or reschedule any previously scheduled special meeting.

Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation's notice of meeting. Nominations of persons for election to the board of directors may be made at a special meeting of stockholders at which directors are to be selected pursuant to the notice of meeting (a) by or at the direction of the board of directors or (b) by any stockholder of the corporation who is a stockholder of record at the time of giving of notice provided for in this By-Law, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this By-Law. Nominations by stockholders of persons for election to the board of directors may be made at such a special meeting of stockholders if the stockholder's notice required by Article II, Section 2.2 of these By-Laws shall be delivered to the Secretary at the principal executive offices of the corporation not earlier than the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the 10th day following the day on which public disclosure is first made of the date of the special meeting and of the nominees proposed by the board of directors to be selected at such meeting. For purposes of this Section 3, public disclosure shall be deemed to have been made to stockholders when disclosure of the date of the meeting is first made in a press release reported by the Dow Jones News Services, Associated Press, Reuters Information Services, Inc. or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended.

SECTION 4. NOTICE OF MEETINGS.

Notice of the time and place of the annual meeting and of any special meeting of the stockholders shall be mailed or cabled by the Secretary to each stockholder entitled to vote at such meeting, at his last known post office address, at least ten (10) days prior to such meeting. The notice of a special meeting shall also set forth the objects of the meeting. All or any of the stockholders may in writing waive notice of any meeting, before or after the holding of such meeting, and the presence of a stockholder at any meeting, in person or by proxy, shall be deemed waiver of notice thereof by him. Meetings of the stockholders may be held at any time and place and for any purpose, without notice, when all of the stockholders entitled to vote at such meetings are present in person or by proxy, or when all of such stockholders waive such notice in writing and consent to the holding of such meetings.

SECTION 5. QUORUM.

The holders for the time being of thirty-three and one third percent (33 1/3 %) of the total number of shares of stock issued and outstanding and entitled to be voted at any meeting, present in person or by proxy, shall constitute a quorum for the transaction of business, unless the representation of a larger number shall be required by law. In the absence of a quorum, the stockholders attending or represented at the time and place at which a meeting shall have been called, may adjourn the meeting from time to time until a quorum shall be present. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted by a quorum of the stockholders at the meeting as originally convened.

SECTION 6. VOTING AT STOCKHOLDERS' MEETINGS.

At all meetings of the stockholders, subject to the provisions of the corporation's Certificate of Incorporation and subject to Section 8 of this Article, each holder of stock of the corporation having the right to vote at such meeting shall be entitled to one vote for each share standing registered in his name on the record date for such meeting.

SECTION 7. PROXIES AND VOTING.

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

SECTION 8. MANNER OF VOTING.

All elections shall be by ballot, and any matter to be voted at any meeting of stockholders must be approved, not only by a majority of the shares voted at such meeting (or such greater number of shares as would otherwise be required by law or the Certificate of Incorporation), but also by a majority of the stockholders present in person or by proxy and entitled to vote thereon; provided, however, except and only in the case of the election of directors, if no candidate for one or more directorships receives both such majorities, and any vacancies remain to be filled, each person who receives the majority in number of the stockholders present in person or by proxy and voting thereon shall be elected to fill such vacancies by virtue of having received such majority. When shares are held by members or stockholders of another company, association or similar entity and such persons act in concert, or when shares are held by or for a group of stockholders whose members act in concert by virtue of any contract, agreement or understanding, such persons shall be deemed to be one stockholder for the purposes of this

Section.

SECTION 9. STOCK REGISTER.

The officer or agent having charge of the stock register shall keep a complete alphabetical list of the stockholders entitled to vote, together with the residence of each and the number of shares by each, which list and stock register shall be kept on file at any office of the corporation or at the office of any transfer agent or registrar of transfers appointed by the board of directors. The stock register shall be the only evidence as to who are the stockholders entitled to vote at any meeting of the stockholders thereof.

SECTION 10. PRESIDING OFFICER AND SECRETARY; CONDUCT OF BUSINESS.

Subject to Article IV, Section 2, the president, or in his absence, the vice president, shall call meetings of the stockholders to order and shall act as chairman of the meetings; but in the absence of the president and vice president, the board of directors may appoint any stockholder to act as the chairman of the meeting, and, in default of an appointment by the board of directors of a chairman, the stockholders may elect a chairman to preside at the meeting. The Secretary of the corporation shall act as Secretary of all meetings of the stockholders, but in his absence the presiding officer may appoint any person to act as Secretary of the meeting.

The presiding officer of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. ELECTION AND REMOVAL OF DIRECTORS.

(a) Number, Election and Terms. The powers of the corporation shall be exercised by the board of directors, except such as are by law or by the Certificate of Incorporation or by the By-Laws of the corporation reserved to the stockholders. The board of directors shall consist of four (4) members, but such number may be altered from time to time by an amendment of these By-Laws. At the 1985 Annual Meeting of Stockholders, the directors shall be divided into three classes, as nearly equal in number as possible, with the term of office of the first class to expire at the 1986 Annual Meeting of Stockholders, the term of office of the second class to expire at the 1987 Annual Meeting of Stockholders and the term of office of the third class to expire at the 1988 Annual Meeting of Stockholders, or in each case thereafter when their respective successors are elected and have qualified or upon their earlier death, resignation or removal. At each Annual Meeting of Stockholders following such initial classification and election, directors elected to succeed those directors whose terms expire shall be elected for a term of office to

expire at the third succeeding Annual Meeting of Stockholders after their election, or in each case thereafter when their respective successors are elected and have qualified or upon their earlier death, resignation or removal. Directors need not be stockholders.

(b) Newly Created Directorships and Vacancies. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from an increase in the authorized number of directors or any vacancies in the board of directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall only be filled by or in the manner directed by a majority vote of the directors then in office, and directors so chosen shall hold office for a term expiring at the Annual Meeting of Stockholders at which the term of the class to which they have been elected expires. No decrease in the number of directors constituting the board of directors shall shorten the term of any incumbent director.

(c) Removal. Notwithstanding any other provision in these By-Laws to the contrary and subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire board of directors, may be removed from office at any time, but only for cause and only by the affirmative vote of at least a majority of the votes cast at a stockholders' meeting called to consider such removal and a majority of the stockholders present in person or by proxy and entitled to vote thereon.

SECTION 2. QUORUM.

A majority of the total number of directors shall constitute a quorum of the board of directors for the conduct of business of the corporation. In the absence of a quorum the director or directors present in person, at the time and place at which the meeting shall have been called, may adjourn the meeting from time to time, and from place to place until a quorum shall be present. The act of a majority of the directors present in person at a meeting at which a quorum is present, shall be the act of the board of directors, except in situations where the Delaware General Corporation Law imposes a different rule.

SECTION 3. VOTING BY PROXY.

Directors may not be represented and may not vote by proxy at directors' meetings.

SECTION 4. REGULAR MEETINGS.

Regular meetings of the board may be held upon such notice, or without notice, as the board of directors may by resolution from time to time determine.

SECTION 5. SPECIAL MEETINGS.

Special meetings of the board shall be held whenever called by the president, or a majority of the entire board of directors, on two (2) days' notice to each director, either in person or by mail, telephone or by telegraph. Special meetings of the board may be

held for any purpose, without notice, whenever all of the directors are present in person, or shall in writing waive notice of and consent to the holding of such meeting.

SECTION 6. PLACE OF MEETING.

Any meeting of the board of directors may be held at such place or places as may from time to time be established by resolution of the board, or as may be fixed in the notice of such meeting, or as may be agreed to in writing by all the directors of the corporation.

SECTION 7. COMPENSATION.

The board of directors shall have authority to fix fees of directors in compensation for their service as directors and as members of special or standing committees of the board of directors, including reasonable allowance of expenses actually incurred in connection with their duties.

SECTION 8. VOTING SECURITIES HELD BY THE CORPORATION.

The directors shall have power to determine who shall be entitled to vote in the name and behalf of the corporation upon, or to assign and transfer, any shares of stock, bonds, or other securities of other companies held by the corporation, and the directors may designate an officer who shall have power to appoint a person or persons to vote, assign or transfer any securities of other companies held by the corporation.

SECTION 9. INDEMNIFICATION AGREEMENTS.

The corporation shall enter into appropriate agreements with its directors and officers (and with such other employees and agents as the board of directors deems appropriate in its sole and exclusive discretion) both to indemnify such directors and officers (and such other employees and agents, if any) and to advance to such directors and officers (and such other employees and agents, if any) the funds for litigation expenses to the fullest extent permitted by the laws of the State of Delaware, as the same presently exist or may hereafter be amended, changed or modified.

Any repeal or modification of the foregoing paragraph shall not adversely affect the rights of any director of officer (or any such employee or agent) of the corporation relating to claims arising in connection with events which took place prior to the date of such repeal or modification.

ARTICLE IV

OFFICERS

SECTION 1. ELECTION, TERM AND VACANCIES.

The officers of the corporation shall be a president, one or more vice presidents, a secretary and a treasurer, all of whom shall be elected by the board of directors. The board may also appoint such other officers and agents as it may deem necessary, who shall have such authority and perform such duties as may from time to time be prescribed by the board. Officers elected by the board shall hold office for one year, or until their successors are elected and qualified, provided, that any officer may be removed at any time by the board. Vacancies occurring among the officers of the corporation shall be filled by the board of directors. No officer need be a director and any person may hold two or more offices, except those of president and vice president.

SECTION 2. PRESIDENT.

The president shall be the chief executive officer of the corporation. He shall preside at all meetings of the directors and stockholders at which he is present. He shall have general management of the business of the corporation, subject to the board of directors, and shall see that all orders and resolutions of the board are carried into effect. He shall execute contracts and other obligations authorized by the board, and may, without previous authority of the board, make such contracts as the ordinary business of the corporation shall require. He shall have the usual powers and duties vested in the office of president of a corporation, but may delegate any of his powers to one or more of the vice presidents. He shall have power to select and appoint all necessary officers and servants of the corporation except the vice presidents, secretary and treasurer, and such other officers as may be selected by the board of directors. He shall have power to remove any officers and servants appointed by him, and to make new appointments to fill vacancies in any such offices.

SECTION 3. VICE PRESIDENTS.

The vice presidents of the corporation shall be vested with such powers and duties as the president or the board of directors may from time to time decide. In the absence or inability of the president to serve, the vice presidents shall be vested with all the powers of the president. The board of directors shall decide the order in which the vice presidents shall succeed to the powers and duties of the president during his absence.

SECTION 4. SECRETARY.

The Secretary shall attend all meetings of the stockholders, of the board of directors and of any committees of the board of directors, and record the votes and proceedings of such meetings in books to be kept for that purpose. He shall keep the corporate seal in safe custody and affix it to any instrument requiring the same. He shall attend to the giving and serving of notices of meetings, and shall have charge of such books and papers as properly belong to his office, or as may be committed to his care by the board of directors or executive committee. He shall also perform such other duties as pertain to his office or as may be required by the board of directors, or as may be delegated to him from time to time by the president.

SECTION 5. TREASURER.

The treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in banks belonging to the corporation, and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board or the president, taking proper vouchers for such disbursements, and shall render to the president or board of directors, whenever they require it, an account of all his transactions as treasurer and of the financial condition of the company.

SECTION 6. ASSISTANT SECRETARY AND ASSISTANT TREASURER.

The board of directors shall have power at any time to elect an assistant secretary and/or an assistant treasurer of the corporation, or may at any time authorize the president to appoint such officers. The assistant secretary shall perform such duties as may be delegated to him by the Secretary, or as may be required by the board of directors or the president, and shall in the absence of the Secretary perform all the functions and have all the duties and responsibilities of Secretary. The assistant treasurer shall perform such duties as may be delegated to him by the treasurer, and shall also perform such other duties as may be required by the board of directors or by the president. In the absence of the treasurer, the assistant treasurer shall have all the powers and all the duties and responsibilities of the treasurer. One person may hold the officers of assistant secretary and assistant treasurer.

SECTION 7. OATHS AND BONDS.

The board of directors may by resolution require any officers, agents or employees of the corporation to give oaths or to furnish bonds for the faithful performance of their respective duties.

SECTION 8. SIGNATURES.

All checks, drafts or orders for the payment of money, and all acceptances, bills of exchange and promissory notes may be signed by any officer or officers of the corporation, or by any other person designated by resolution of the board of directors.

SECTION 9. DELEGATION OF DUTIES.

In the event of death, resignation, retirement, disqualification, disability, sickness, absence, removal from office or refusal to act of any officer or agent of the corporation, or for any reason that the board of directors may deem sufficient, the board of directors may delegate the powers and duties of such officer or agent to any other officer or agent, or to any director, for the time being.

ARTICLE V

SHARES OF STOCK

SECTION 1. CERTIFICATES OF STOCK.

All certificates of shares of the capital stock of the corporation shall be in such form, not inconsistent with the law and the Certificate of Incorporation of the corporation, as may be approved by the board of directors, and be signed by the president or vice president and by the Secretary of the corporation. All certificates of stock shall be consecutively numbered, and the names of the persons owning the shares represented thereby, together with the number of such shares and the date of issue, shall be entered on the books of the corporation.

SECTION 2. REGISTERED STOCKHOLDERS.

The corporation shall be entitled to treat the holder of record of any share or shares of stock in this company as the holder in fact thereof, and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Delaware.

SECTION 3. CANCELLED AND LOST CERTIFICATES.

All surrendered certificates of stock shall be cancelled, and no certificate shall be issued until a like certificate for the same number of shares shall have been surrendered and cancelled. Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact, and shall advertise the same in such manner as the board of directors may require, and shall, if the board of directors so required, give the corporation a bond of indemnity in such sum as they may direct, whereupon a new certificate may be issued on the same tenor and for the same number of shares as the one alleged to have been lost or destroyed.

SECTION 4. TRANSFER OF SHARES.

Transfer of stock shall be made on the books of the corporation by the holder in person or by attorney, upon the surrender and cancellation of the certificate or certificates for such shares; but the board of directors may appoint a bank or trust company to act as the transfer agent or registrar of transfers of such certificates.

SECTION 5. ADDRESSES OF STOCKHOLDERS.

Every stockholder shall furnish the Secretary with an address to which notices of meetings and all other notices may be addressed, but in default thereof, such notices may be sent to stockholders at their last known address or at the principal office of the corporation, except as otherwise provided in these By-Laws.

SECTION 6. REGULATIONS.

The board of directors shall have the power and authority to make such rules and regulations as they may deem expedient governing the issue, transfer and registration of the certificates for shares of the capital stock of the corporation.

SECTION 7. RECORD DATE.

In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) days nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the board of directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the date next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the board of directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the board of directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the board of directors to fix a record date. The board of directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the board of directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the board of directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or any officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered

mail, return receipt requested. If no record date has been fixed by the board of directors and prior action by the board of directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the board of directors adopts the resolution taking such prior action.

ARTICLE VI

DIVIDENDS

SECTION 1. DIVIDENDS AND RESERVES.

Before payment of any dividend or making any distribution of profits, the board of directors may set aside out of the surplus or net profits of the corporation, such sum or sums as in their absolute discretion they may deem proper as a reserve fund for depreciation, renewal, repair and maintenance or for such other purposes as the directors shall think conducive to the interests of the corporation. Dividends upon the issued and outstanding stock of the corporation may be declared at any regular or special meeting of the board of directors.

SECTION 2. STOCK DIVIDENDS.

When the directors shall so determine, dividends may be paid in stock of the corporation; provided the stock requisite for such purpose shall be authorized and provided, if such stock has not theretofore been issued, there shall be transferred from surplus to the capital of the corporation an amount at least equal to the minimum amount for which such stock could be lawfully issued.

ARTICLE VII

FISCAL YEAR

The fiscal year of the corporation shall end on the last day of June in each year.

ARTICLE VIII

SEAL

The corporate seal is, and until otherwise ordered and directed by the board of directors shall be, an impression upon paper or wax, bearing the name of the corporation, the year of its organization and the words "Corporate Seal Delaware."

ARTICLE IX

AMENDMENTS

These By-Laws may be altered, amended or repealed by the vote of a majority of the board of directors at any regular or special meeting of the board; provided notice of such proposed alteration, amendment or repeal shall have been included in the notice of such meeting, or shall have been waived in writing by all the directors, or at any regular or special meeting of the board at which all of the directors are present, without such notice or waiver of notice. Notwithstanding any other provision in these By-Laws to the contrary and subject to the rights of the holders of any series of Preferred Stock then outstanding, these By-Laws may also be altered, amended or repealed by the stockholders at any regular or special meeting called for that purpose by the favorable vote of sixty-six and two-thirds percent (66 2/3 %) of the voting power of all outstanding voting stock of the corporation generally entitled to vote at such meeting and sixty-six and two-thirds percent (66 2/3%) of the stockholders present in person or by proxy and entitled to vote at such meeting.

EXHIBIT 10(S)

PALM VALLEY RENEWAL OF PETROLEUM LEASE, DATED NOVEMBER 6, 2003

NORTHERN TERRITORY OF AUSTRALIA

Petroleum (Prospecting and Mining) Act 1954-1984

RENEWAL OF PETROLEUM LEASE

RENEWAL NO. 1 OF LEASE NO. L3

I, SYDNEY JAMES STIRLING, the Treasurer acting for and on behalf of the Minister for Business, Industry and Resource Development, in pursuance of the powers conferred by section 50 of the Petroleum (Prospecting and Mining) Act 1954-1984 (an Act continued in force by section 119 of the Petroleum Act in relation to leases granted or renewed under that Act) and all other powers me enabling, do hereby renew Lease No. L3 granted to MAGELLAN PETROLEUM (N.T.) PTY LTD (A.B.N. 95 009 718 183), SANTOS LIMITED (A.B.N. 80 007 550 923), SANTOS EXPLORATION PTY. LTD (A.B.N. 77 005 784 305), CANSO RESOURCES PTY LTD (A.B.N. 43 002 133 833) and FARMOUT DRILLERS PTY LTD (A.B.N. 54 000 393 635) for the period ending 7 November 2024.

The renewal is subject to the provisions of the Petroleum (Prospecting and Mining) Act 1954-1984 and the Regulations thereunder (as continued in force by section 119 of the Petroleum Act).

Dated at Darwin this 6th day of November 2003.

/s/ S. Stirling
Treasurer acting for and on behalf of the
Minister for Business, Industry and Resource Development

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Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

<TABLE>
<CAPTION>

Subsidiary	State of Incorporation	Ownership
<S>	<C>	<C>
Magellan Petroleum Australia Limited	Queensland, Australia	55%

Magellan Petroleum Australia Limited owns the following subsidiaries directly or indirectly:

Magellan Petroleum (N.T.) Pty. Ltd.	Queensland, Australia	100%
Paroo Petroleum Pty. Ltd.	Queensland, Australia	100%
Paroo Petroleum (Holdings), Inc.	Delaware, U.S.A.	100%
Paroo Petroleum (USA), Inc.	Delaware, U.S.A.	100%
Magellan Petroleum (W.A.) Pty. Ltd.	Queensland, Australia	100%
Magellan Petroleum (Belize) Limited	Belize, C.A.	100%
Magellan Petroleum (Eastern) Pty. Ltd.	Queensland, Australia	100%
Magellan Petroleum (Southern) Pty. Ltd.	Queensland, Australia	100%
Magellan Petroleum (NZ)Limited	New Zealand	100%
Magellan Petroleum (Ventures)Pty Ltd.	Queensland, Australia	100%
Jarl Pty. Ltd	Queensland, Australia	100%

</TABLE>

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 33-38429 of Magellan Petroleum Corporation on Form S-8 of our report dated October 13, 2004 appearing in this Annual Report on Form 10-K of Magellan Petroleum Corporation for the year ended June 30, 2004.

/s/ Deloitte & Touche LLP

Hartford, Connecticut
October 13, 2004

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-38429) pertaining to the Stock Option Plan of Magellan Petroleum Corporation of our report dated September 19, 2003 with respect to the consolidated financial statements of Magellan Petroleum Corporation included in its Annual Report on Form-10-K for the year ended June 30, 2004.

/s/ Ernst & Young LLP

Stamford, Connecticut

October 13, 2004

Exhibit 23.3

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS

The undersigned firm of Independent Petroleum Engineers, of Calgary, Alberta, Canada, knows that it is named as having prepared a constant dollar evaluation dated September 23, 2004 of the Kotaneelee interests of Magellan Petroleum Corporation, and hereby gives its consent to the use of its name and to the use of the said estimates.

Paddock Lindstrom & Associates Ltd.

/s/ L. K. Lindstrom

October 11, 2004 L. K. Lindstrom, P. Eng.
President

Exhibit 31

RULE 13A-14(A) CERTIFICATIONS

I, Daniel J. Samela, certify that:

1. I have reviewed this annual report (report) on Form 10-K of Magellan Petroleum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Intentionally omitted]

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 13, 2004 /s/ Daniel J. Samela

Daniel J. Samela
President and Chief Executive Officer,
Chief Financial and Accounting Officer

Exhibit 32

SECTION 1350 CERTIFICATIONS

In connection with the Annual Report of Magellan Petroleum Corporation (the "Company") on Form 10-K for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel J. Samela, President, Chief Executive Officer and Chief Financial and Accounting Officer of the Company, does hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

October 13, 2004 By: /s/ Daniel J. Samela

Daniel J. Samela
President, Chief Executive Officer
and Chief Accounting
and Financial Officer

The foregoing certifications are accompanying the Report solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and are not deemed filed by the Company for purposes of the Securities Exchange Act of 1934.