UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(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, 2001

OR

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

For the transition period from ------------------- to -----------------

Commission file number 1-5507

MAGELLAN PETROLEUM CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	06-0842255
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

149 Durham Road, Madison, Connecticut	06443
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (203) 245-7664

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value $.01 per share	Boston Stock Exchange
	Pacific Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act

(Title of Class)

Common stock, par value $.01 per share NASDAQ SmallCap Market

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.
|X| Yes |_| No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.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|

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was $22,917,000 at September 20, 2001.

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, 24,624,376 shares outstanding as of September 20, 2001.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement related to the Annual Meeting of Stockholders for the fiscal year ended June 30, 2001, are incorporated by reference in Part III of this Form 10-K to the extent stated herein.

TABLE OF CONTENTS

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 September 20, 2001 was approximately A.$1.00 equaled U.S. $ .49.

PART I

Item 1. Business

Magellan Petroleum Corporation (the Company or MPC) is engaged, directly and indirectly, through its majority-owned subsidiary, in the sale of oil and gas and the exploration for and development of oil and gas reserves. At June 30, 2001, MPC's principal asset was a 51.3% 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 (50.8% 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, a 65% interest in the Mereenie field and 18.2% of MPAL's outstanding stock. Origin Energy Limited, a publicly owned Australian company, owned 17.1% of MPAL's outstanding stock at June 30, 2001.

MPC has a direct 2.67% carried interest in the Kotaneelee gas field in the Yukon Territory of Canada which had not provided MPC any substantial revenue until recently. During May 2001, the working interest partners in the field began making payments on behalf of the carried interest owners including MPC. 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 51.3% of MPAL.
MPAL owns 50.8% of the Palm Valley Field, Australia.
MPAL owns 35% of the Mereenie Field, Australia.
Origin Energy Limited owns 17.1% of MPAL.
SANTOS owns 18.2% of MPAL.
SANTOS owns 48% of the Palm Valley Field, Australia.
SANTOS owns 65% of the Mereenie 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 522,000 barrels at June 30, 2001.

During 2001, MPAL's share of oil sales was 170,000 barrels and 3.5 billion cubic feet (bcf) of gas sold which is subject to net overriding royalties aggregating 3.0625% 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. Most of the oil is then shipped south approximately 950 miles by rail and road to a refinery in the Adelaide area. The cost of transporting the oil to the refinery is being borne by the producers. The Mereenie Producers are providing Mereenie gas in the Northern Territory to the Power and Water Authority (PAWA) and Gasgo Pty. Ltd., a company PAWA wholly owns, for use in Darwin and other Northern Territory centers. See "Gas Supply Contracts" below.

Palm Valley

MPAL has a 50.8% 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 a 48% interest in Palm Valley which provides gas to meet the Alice Springs and Darwin supply contracts with PAWA. See "Gas Supply Contracts" below. During fiscal 2001, MPAL's share of gas sales was 3.2 bcf which is subject to a 10% statutory government royalty and net overriding royalties aggregating 4.2548%. As of June 30, 2001, the remaining estimated proved reserves at Palm Valley were reduced by approximately 46% to reflect the inability of the field to deliver the amount of gas that has been contracted. Under the terms of the sales contract, PAWA is obligated to pay for the capital costs of maintaining production levels to meet the annual contract volumes. For more than four years, PAWA has been on notice that additional drilling would be necessary to meet the contract supply requirements. PAWA still has the matter under consideration.

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 PAWA for use in PAWA'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 following is a summary of MPAL's interest in the Palm Valley and the Mereenie gas supply contracts:

	Maximum contract (balance/after royalties) (bcf)	Percentage of contract completed	Contract Period
Palm Valley:			
Alice Springs (1981)	1.53	90	1983-2003
Darwin (1985)	21.54	63	1987-2009

	23.07		
Mereenie:			
Darwin (1985)	7.06	59	1987-2009
Darwin (1999)	17.64	12	1999-2009
Darwin (2001)	3.51	4	2001-2008
Other	.87	-	Various

	29.08		

Total	52.15		
	=====		

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.

Dingo Gas Field

MPAL has a 34.3% interest in the Dingo gas field which is held under Retention License 2 and is subject to renewal in 2003. The Dingo gas field, which is located in the Amadeus Basin in the Northern Territory, has approximately 25 bcf of presently proved and recoverable reserves based on four delineation wells. MPAL's share of potential production from these permit areas is subject to a 10% statutory government royalty and overriding royalties aggregating 2.5043%.

Browse Basin

During the fiscal year 1999, MPAL and its partners were granted exploration permits WA-281-P, WA-282-P and WA-283-P in the Browse Basin offshore Western Australia. MPAL's share (17.5%) of the remaining work obligations for the three permits total $5,503,000 at June 30, 2001 and are as follows: $1,947,000 for the year 2002, $1,286,000 for 2003, $2,216,000 for 2004 and $54,000 for 2005. A well is scheduled to be drilled in permits WA-281-P and WA-283-P during the last quarter of the calendar year 2001.

During fiscal year 2000, MPAL was granted exploration blocks WA-287-P and WA-288-P in the Eastern Browse Basin. During fiscal 2001, MPAL applied for a permit over area WA-311-P which is adjacent to WA-288-P and the permit was granted on September 3, 2001. MPAL's share (100%) of the work obligations of the three permits total $9,553,000 and are as follows: $469,000 for the fiscal year 2002, $3,623,000 for 2003, $307,000 for 2004, $5,103,000 for 2005 and $51,000 for 2006. The expenditures for the year 2002 are obligatory and are discretionary for the years 2003-2006.

Carnarvon Basin

During fiscal year 1999, MPAL was awarded permit WA-291-P, offshore Western Australia in the Carnarvon Basin. MPAL's share (100%) of the remaining work obligations of the permit total $3,717,000 at June 30, 2001 and are as follows: $26,000 for the fiscal year 2002, $3,573,000 for 2003, $92,000 for 2004 and $26,000 for 2005. The expenditures for the years 2002-2003 are obligatory and are discretionary for the years 2004-2005.

Maryborough Basin

MPAL holds a 98% interest in exploration permit ATP 613P, in the Maryborough Basin in Queensland, Australia. MPAL (100%) also has an application pending for permit ATP 674P which is adjacent to ATP 613P. MPAL is seeking partners to drill a well to test the gas potential of the block in exchange for an interest in the permit. MPAL's share of work obligations total $1,378,000 for both permits and are as follows: $357,000 for the fiscal year 2002, $434,000 for 2003, $102,000 for 2004, $102,000 for 2005 and $383,000 for 2006.

Cooper Basin

During fiscal year 1999, MPAL (50%) and its partner Beach Petroleum NL were successful in bidding for two exploration blocks in South Australia's Cooper Basin. The formal grant of the permits is pending. MPAL's share of the work obligations will total $2,629,000 and are as follows: $918,000 for the fiscal year 2003, $561,000 for 2004, $409,000 for 2005, $332,000 for 2006 and $409,000 for 2007.

During fiscal year 2001, MPAL (50%) and its partner Beach Petroleum NL were also successful in bidding for two additional exploration blocks in the Cooper Basin. The formal grant of the permits is pending. MPAL's share of the work obligations will total $1,775,000 and are as follows: $523,000 for the fiscal year 2003, $39,000 for 2004, $511,000 for 2005, $166,000 for 2006 and $536,000 for 2007.

Rowley Basin

During fiscal year 2001, MPAL acquired a 37.5% working interest in each of exploration permits WA-306-P and WA-307-P in the Rowley Sub-basin of the offshore Canning Basin adjacent to the Browse Basin. Antrim Energy, a Canadian company, is the operator of the joint venture. MPAL's share of the work obligations will total $1,455,000 and are as follows: $843,000 for the fiscal year 2002, $230,000 for 2003, and $382,000 for 2004.

NEW ZEALAND

During fiscal year 2001, MPAL earned a 7.5% interest in permit PEP 38256 in the Canterbury Basin of New Zealand by funding part of the cost of drilling the Ealing-1 exploration well which was plugged and abandoned. The cost of approximately $336,000 is included in exploratory and dry hole costs. MPAL's share of the work obligations will total $2,000 through fiscal year 2003.

UNITED KINGDOM

During fiscal year 2001, MPAL acquired a 30% interest in two licenses in southern England. The two licenses; PEDL 098 in the Isle of Wight and PEDL 099 in the Portsdown area of Hampshire, were each granted for a period of six years. MPAL's share of the work obligations will total $595,000 and are as follows: $13,000 for the fiscal year 2002, $17,000 for 2003, $10,000 for 2004, $4,000 for 2005 and $551,000 for 2006.

UNITED STATES

Baca County, Colorado

MPAL holds leases in Baca County, Colorado, in which an exploration company plans to fund and drill two wells during late September 2001. MPAL will retain an 18 3/4% interest in the leases, unless it elects to participate in the completion of the wells for production, in which case it would retain a 25% interest.

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. Anderson Oil & Gas, Inc., is the operator of this partially developed field which is connected to a major pipeline system. During the month of June 2001, average production from the field was approximately 41.8 million cubic feet per day.

Production at Kotaneelee commenced in February 1991. According to government reports, total production in bcf from the Kotaneelee gas field for the calendar years 1991 through 2000 has totaled 164.1 bcf as follows: 1991 - 8.1, 1992 - 18.0, 1993 -17.5, 1994 - 16.7, 1995 - 15.7, 1996 - 15.2, 1997 - 14.4, 1998 - 16.0, 1999 - 22.3 and 2000 - 20.2.

On January 19, 2001, MPC's carried interest account in the Kotaneelee gas field reached undisputed payout status. During the 4th quarter of the fiscal year 2001, MPC began accruing its share of Kotaneelee net proceeds as income. See Item 3 - Legal Proceedings for a discussion of litigation relating to the Kotaneelee field which may affect the status of the carried interest and the amount of the carried interest account.

(b) Financial Information about Industry Segments.

Since the Company is engaged in only one industry, namely, oil and gas exploration, development, production and sale, this item is not applicable to the Company.

(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, the United Kingdom and United States.

(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 - for a discussion of the current and future operations of the Mereenie and Palm Valley fields in Australia. See Item 3. Legal Proceedings for a discussion of 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.

Permit	Expiration Date	Location
Petroleum Lease No. 4 and No.5 (Mereenie)	November 2002	Northern Territory
Petroleum Lease No. 3 (Palm Valley)	November 2003	Northern Territory
Retention License 2 (Dingo)	October 2003	Northern Territory
ATP 613P (Maryborough)	March 2003	Queensland
ATP 674P (Maryborough)	Application pending	Queensland
WA-291-P (Carnarvon Basin)	August 2005	Offshore Western Australia
WA-281-P (Browse Basin)	February 2005	Offshore Western Australia
WA-282-P (Browse Basin)	August 2004	Offshore Western Australia
WA-283-P (Browse Basin)	February 2005	Offshore Western Australia
WA-287-P (Browse Basin)	February 2005	Offshore Western Australia
WA-288-P (Browse Basin)	February 2005	Offshore Western Australia
WA-311-P (Bonaparte Basin)	September 2007	Offshore Western Australia
WA-306-P (Rowley Basin)	July 2006	Offshore Western Australia
WA-307-P (Rowley Basin)	August 2006	Offshore Western Australia
CO98I (Cooper Basin)	2007	South Australia
CO98J (Cooper Basin)	2007	South Australia
CO2000-C (Cooper Basin)	2007	South Australia
CO2000-S (Cooper Basin)	2007	South Australia
PEP 38256 (Canterbury Basin)	August 22,2002	New Zealand
PEDL 098 (Weald/Wessex Basins)	September 7,2006	United Kingdom
PEDL 098 (Weald/Wessex Basins)	September 7,2006	United Kingdom
Baca County	2002	United States

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 25 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 PAWA, a governmental authority of the Northern Territory Government, which also has substantial regulatory authority over MPAL's oil and gas operations. The loss of PAWA as a customer would have a material adverse effect on MPAL's business.

Oil Production

There is presently a small local market for the Mereenie crude oil in the Alice Springs area. Most of the crude oil production is being shipped and sold to a refinery in Adelaide.

(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, competitive conditions may be substantially affected by various forms of energy legislation which have been or may be proposed in Australia, Canada and the United States. 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, imports of crude oil are made by refiners and others 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, 2001, the Company had accrued $953,000 for future site restoration costs for the Mereenie, Palm Valley and Dingo fields. The balance of the estimated liability was $2,539,000 at June 30, 2001 which will be accrued over the remaining life of the related reserves based on units of production.

(xiii) Number of Persons Employed by Company.

At June 30, 2001, MPC had one part-time employee in the United States and MPAL had 32 employees in Australia. MPC relies to a great extent on consultants for legal, accounting, administrative and geological services.

(d) Financial Information About Foreign and Domestic Operations and Export Sales.

(1) Financial Information Relating to Foreign and Domestic Operations.

See Note 12 to the Consolidated Financial Statements.

(2) 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.

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

MPAL and its co-venturer in the Mereenie field have been negotiating with PAWA and other parties to sell production out of the field's uncommitted gas reserves. A new gas supply contract for the uncommitted reserves in the Mereenie field could increase revenue from gas sales in the future.

Item 2. Properties.
------- -----------

(a) MPC has interests in properties in Australia through its 51.3% equity interest in MPAL which holds interests in the Northern Territory, Queensland, South Australia and Western Australia. MPAL also has interests in New Zealand, the United Kingdom and the United States. 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 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
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

(2) Reserves reported to other agencies.

None

(3) Production.

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

	June 30, 2001	2000	1999
Australia:			
Gas (per mcf)	A.$ 2.53	A.$ 2.51	A.$ 2.32
Crude oil (per bbl)	A.$ 54.64	A.$ 39.14	A.$ 20.20

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 1999 and 2001, the cost of remedial work on various wells in the Mereenie field and lower production levels increased production costs.

	June 30, 2001	2000	1999
Australia:			
Gas (per mcf)	A.$ .43	A.$ .46	A.$ .33
Crude oil (per bbl)	A.$ 21.24	A.$ 17.91	A.$ 19.35

(4) Productive Wells and Acreage.

Productive wells and acreage at June 30, 2001:

<TABLE>
<CAPTION>

	Productive Wells				Developed Acreage	
	Oil		Gas			
	Gross	Net	Gross	Net	Gross Acres	Net Acres
<S>	<C>	<C>	<C>	<C>	<C>	<C>

Australia	25.0	8.8	16.0	6.37	72,025	30,001
Canada	-	-	-	-	3,350	89
	25.0	8.8	16.0	6.37	75,375	30,090

</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, 2001

(i) MPAL has interests in the following properties (before royalties). MPC has an interest in these properties through its 51.3% interest in MPAL.

<TABLE>
<CAPTION>

		MPAL		The Company	
	Gross Acres	Net Acres	Interest %	Net Acres	Interest %
Australia					
Northern Territory:					
Amadeus Basin:					
<S>	<C>	<C>	<C>	<C>	<C>
Mereenie (OL4&5)(1)	69,407	24,292	35.00	12,462	17.95
Palm Valley (OL3)(2)	151,905	77,130	50.78	39,568	26.05
Dingo (RL2)	115,596	39,696	34.34	20,364	17.62
Total Amadeus Basin	336,908	141,118		72,394	
Queensland:					
Maryborough Basin (ATP 613P)	342,836	335,979	98.00	172,357	50.27
Maryborough Basin (ATP 674P)	1,942,161	1,942,161	100.00	996,329	51.30
	2,284,997	2,278,140		1,168,686	
South Australia:					
Cooper Basin (CO98I&J)	1,621,802	810,902	50.00	415,993	25.65
Cooper Basin (CO2000C&J)	1,058,395	529,198	50.00	271,478	25.65
	2,680,197	1,340,100		687,471	
Western Australia:					
Browse WA-281-P	1,145,092	200,391	17.50	102,801	8.98
Browse WA-282-P	1,467,921	256,886	17.50	131,783	8.98
Browse WA-283-P	1,059,136	185,349	17.50	95,084	8.98
Carnarvon WA-291-P	2,205,710	2,205,710	100.00	1,131,529	51.30
Browse WA-287-P	515,736	515,736	100.00	264,573	51.30
Browse WA-288-P	513,266	513,266	100.00	263,305	51.30
Canning WA-306/307	1,986,621	744,983	37.50	382,176	19.24
Total Western Australia	8,893,482	4,622,321		2,371,251	
United Kingdom					
PEDL098/099	96,083	28,825	30.00	14,787	15.39
New Zealand					
PEP 38256	1,372,332	102,925	7.50	52,801	3.85
United States					
Baca Country, Colorado	18,525	3,473	18.75	1,782	9.62

Total MPAL	15,682,524	8,516,902	4,369,172	
Properties held directly by MPC:				
Canada				
Yukon and Northwest Territories:				
Carried interest(3)	31,885		850	2.67
Total	15,714,409		4,370,022	

----

(1) Includes 41,644 gross developed acres and 14,575 net acres.
(2) Includes 30,381 gross developed acres and 15,426 net acres.
(3) Includes 3,350 gross developed acres and 89 net acres.
</TABLE>

(6) Drilling activity.

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

Australia/New Zealand

Year ended June 30,	Exploration Productive	Exploration Dry	Development Productive	Development Dry
2001	-	.12	-	-
2000	-	-	.70	-
1999	-	.15	.70	-

Americas

Year ended June 30,	Exploration Productive	Exploration Dry	Development Productive	Development Dry
2001	-	-	-	-
2000	-	-	-	-
1999	.20	.19	-	-

(7) Present Activities.

There are no wells being drilled at the present time.

(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% carried interest in the field. Canada Southern and MPC (the Plaintiffs) believe 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. ("Mobil") and Esso Resource of Canada Ltd. (collectively the Defendants).

The Plaintiffs claim that the Defendants breached a contractual obligation and a fiduciary duty owed to the Plaintiffs to market gas from the Kotaneelee gas field when it was possible. The Plaintiffs assert that marketing the Kotaneelee gas was possible in 1984 and that the Defendants deliberately failed to do so. The Plaintiffs seek monetary damages and the forfeiture of the Kotaneelee gas field. The Plaintiffs presented evidence at trial that the monetary damages sustained by the Plaintiffs were approximately Cdn.$110 million (MPC share-U.S.$5.8 million).

In addition, the Plaintiffs claimed that the Plaintiffs' carried interest account should be reduced because of the negligent operation of the field and improper charges to the carried interest account by the Defendants. The charges, the Plaintiffs claim, were inappropriately charged to the field's carried interest account. The effect of an increased carried interest account is to extend the period before payout begins to the carried interest account owners.

On September 14, 2001, the trial court rendered its decision. The court ruled that:

(a) Although the defendants had an affirmative contractual obligation (but not a fiduciary obligation) to market the gas from the Kotaneelee gas field when it was possible to do so, the defendants had not breached their contractual obligation.

(b) The defendants made improper charges to the carried interest account in the amount of approximately U.S.$3.4 million in connection with the repair and rebuilding of the field's dehydration facilities.

(c) Defendant Amoco Canada was not entitled to make gas processing fee charges to the carried interest account. The Company estimates that Magellan's share of charges made to date is approximately $1.3 million.

The Court made no ruling on the issue of taxable costs of the litigation, saying only that "Costs may be spoken to if and when necessary". The trial court's decision may be appealed by either the plaintiffs or defendants. Therefore, the final outcome remains uncertain.

On January 19, 2001, MPC'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. The amount due of $441,000 from the working interest partners is included in accounts receivable. These funds are currently being held in escrow pending the completion of a surety being given to the working interest partners. However, MPC believes that the court's decision should eliminate the need for any surety.

Prior to the Kotaneelee field reaching undisputed payout status, the operator of the Kotaneelee field had been reporting and depositing in escrow its share of the disputed amount of MPC's share of net revenues. Based on the reported data, MPC believes the total amount due MPC through April 30, 2001 production (including interest) was approximately $1.3 million. The disputed amount, which has not been included in income, represent gas processing fees claimed by the working interest partners.

The trial was lengthy, complicated and costly to all parties. The Court has very broad discretion as to whether to award costs and disbursements and as to the calculation of the amount to be awarded. Accordingly, MPC is unable to determine whether costs will be assessed against MPC or in what amount. However, since the costs incurred by the Defendants have been substantial, and since the Court has broad discretion in the awarding of costs, an award to the Defendants potentially could be material. Costs may be assessed jointly and severally against nonprevailing parties. MPC has not agreed to share any costs that might be assessed against Canada Southern and would seek to be indemnified by Canada

Southern for any such costs.

MPC believes that the outcome of the Kotaneelee litigation is not reasonably likely to have a material adverse effect on MPC's future consolidated financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Executive Officers of the Registrant

The following information with respect to the 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	60	President and Chief Financial Officer	President since 1993	Director
Hedley Howard	59	General Manager - MPAL	Since 1999	Director

</TABLE>

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.

(a) Principal Market

The principal markets for MPC's common stock are the Pacific Exchange, Inc. symbol [MPC] and the NASDAQ SmallCap market symbol [MPET]. The stock is also traded on the Boston Stock Exchange. 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>

2001	1st Qtr.	2nd Qtr.	3rd Qtr.*	4th Qtr.
<S>	<C>	<C>	<C>	<C>
High..................	1.19	1.65	1.10	
Low...................	.81	.76	.91	
Number of shares traded	2,081,855	2,745,248	1,018,362	

2000	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
High..................	1.97	1.50	1.38	1.28
Low...................	1.16	1.11	.97	.72
Number of shares traded	5,558,966	3,394,720	3,274,059	5,142,813

1999	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
High.................	1.81	2.50	2.81	1.97
Low..................	1.27	1.19	1.63	1.16
Number of shares traded	2,272,566	3,985,679	3,196,791	4,323,884

----
* Through September 20, 2001, on which date the closing price was $.94.
</TABLE>

(b) Approximate Number of Holders of Common Stock at September 20, 2001

Title of Class	Number of Record Holders
Common stock, par value $.01 per share	8,700

(c) Frequency and Amount of Dividends

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

(d) Recent Sales of Unregistered Securities

None.

Item 6. Selected Consolidated Financial Information.

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>

	Year ended June 30,				
	2001	2000	1999	1998	1997
Financial Data	$	$	$	$	$
<S>	<C>	<C>	<C>	<C>	<C>
Operating revenues	14,008	16,330	13,398	15,235	19,936
Total revenues	14,900	17,147	14,115	15,340	20,758
Net income	1,072	1,490	945	1,037	694
Net income per share (basic and diluted)	.04	.06	.04	.04	.03
Working capital	15,398	15,046	12,772	13,452	14,219
Cash provided by operating activities	3,044	6,149	4,993	6,737	11,181

Property and equipment (net)	16,482	21,741	26,725	23,019	28,623
Total assets	37,498	43,976	44,234	39,779	46,230
Long-term liabilities	3,982	5,190	6,910	6,512	7,738
Minority interests	12,701	14,696	15,318	13,123	16,147
Stockholders' equity:					
Capital	43,426	43,838	43,838	43,782	43,659
Accumulated deficit	(15,843)	(16,914)	(18,405)	(19,350)	(20,387)
Accumulated other comprehensive loss	(10,410)	(7,827)	(5,699)	(7,013)	(3,729)
Total stockholders' equity	17,173	19,097	19,734	17,419	19,543
Exchange rate A.$=U.S. at end of period	.51	.60	.67	.62	.75
Common stock outstanding shares	24,698	25,108	25,108	24,982	24,851
Book value per share	.70	.76	.79	.70	.78
Quoted market value per share	1.07	1.28	2.50	2.28	2.38
Operating Data					
Annual production (Net of royalties)					
Gas (bcf)	5.6	6.0	5.9	5.8	5.7
Oil (bbls)(In thousands)(net of royalties)	148	172	205	248	307
Standard measure of discounted future cash flow relating to proved oil and gas reserves.(approximately 49% attributable to minority interests)	33,000	44,000	53,000	48,000	68,000

</TABLE>

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(1) Liquidity and Capital Resources

Consolidated

At June 30, 2001, the Company on a consolidated basis had approximately $14.6 million of cash and cash equivalents and marketable securities.

A summary of the major changes in cash and cash equivalents during the period is as follows:

Cash and cash equivalents at beginning of period	$13,891,000
Cash provided by operations	3,044,000
Dividends to MPAL minority shareholders	(593,000)

Net additions to property and equipment	(2,346,000)
Effect of exchange rate changes	(2,044,000)
Marketable securities which matured	1,251,000
Repurchases of common stock	(411,000)
Cash and cash equivalents at end of period	$12,792,000

As to MPC (unconsolidated)

At June 30, 2001, MPC, on an unconsolidated basis, had working capital of approximately $2.4 million. 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 its majority interest in its subsidiary, MPAL. During fiscal 2001, MPC purchased 74,000 shares of MPAL's stock at a cost of approximately $79,000.

During fiscal 2001, MPC received a dividend from MPAL of $621,000 which was added to MPC's working capital.

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. At June 30, 2001, MPC had purchased 410,000 of its shares at a cost of approximately $411,000.

As to MPAL

At June 30, 2001, MPAL had working capital of approximately $13 million. MPAL has budgeted approximately $4.5 million for specific exploration projects in the fiscal year 2002 as compared to the $2.3 million expended during fiscal 2001. 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 2009. 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.

The following is a summary of MPAL's required and contingent commitments for exploration expenditures for the five year period ending June 30, 2006. The contingent amounts will be dependent on such factors as the results of the current program to evaluate the exploration permits, drilling results and MPAL's financial position.

Fiscal Year	Required Expenditures	Contingent Expenditures	Total
2002	$2,971,000	$ -	$ 2,971,000
2003	2,175,000	8,431,000	10,606,000
2004	1,145,000	2,666,000	3,811,000
2005	924,000	5,566,000	6,490,000
2006	-	1,100,000	1,100,000
Total	$7,215,000	$17,763,000	$24,978,000

MPAL expects to fund its exploration costs through its cash and cash equivalents, cash flow from Australian operations and any balance remaining from its available A.$10 million bank line of credit. MPAL also expects that it will seek partners to share the above exploration costs. If MPAL's efforts to find partners is unsuccessful, it may be unable or unwilling to complete the exploration program for some of its properties.

(2) Results of Operations

2001 vs. 2000

The components of consolidated net income for the fiscal years 2001 and 2000 were as follows:

	Year ended June 30, 2001	2000
MPC unconsolidated pretax loss	$ (220,599)	$ (709,939)
MPC income tax expense	(108,888)	(113,989)
Share of MPAL pretax income	1,897,096	2,347,857
Share of MPAL income taxes	(495,845)	(33,525)
Consolidated net income	$ 1,071,764	$ 1,490,404
Net income per share (basic and diluted)	$.04	$.06

Revenues

Oil sales in 2001 remained essentially the same as 2000. Oil sales in Australia in 2001 amounted to $4,639,000 as compared to $4,637,000 in 2000 because of a 40% increase in oil prices which was partially offset by a 14% decrease in the number of units produced and the 14% Australian foreign exchange decrease discussed below. Oil unit sales (before deducting royalties) in barrels (bbls) and the average price per barrel sold during the periods indicated were as follows:

	Fiscal 2001 Sales		Fiscal 2000 Sales	
	Bbls	Average Price per bbl	Bbls	Average Price per bbl
Australia - Mereenie	170,037	A.$54.64	198,272	A.$39.14

Gas sales decreased 19% in fiscal 2001. Gas sales decreased from $10,510,000 in 2000 to $8,537,000 in 2001 primarily because of the 10% decrease in the volume of gas sold and the 14% Australian foreign exchange decrease discussed below which was partially offset by a 1% increase in the average price of gas sold. The decrease in the volume of gas sold is primarily the result of a customer discontinuing its operations. Gas sales in 2001 include $392,000 of gas sales from the Kotaneelee field for the production period January 19, 2001 through April 30, 2001. 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:

	Fiscal 2001 Sales		Fiscal 2000 Sales	
	Bcf	Average Price per mcf	bcf	Average Price per mcf
Australia:		(A.$)		(A.$)
Palm Valley				
Alice Springs contract	0.970	3.12	0.922	2.97
Darwin contract	2.251	2.07	2.216	2.02
Mereenie				
Darwin contract	3.025	2.56	2.497	2.33
Other	0.461	3.29	1.817	3.13

Total	6.707	7.452
	=====	=====

Other production income decreased 30% to $833,000 in 2001 from $1,184,000 in 2000. Other production income includes royalties and MPAL's share of gas pipeline tariffs. In addition, MPAL, as a Palm Valley producer, had been receiving an additional share of revenues from the Mereenie field which ended in August 2000.

Interest income in 2001 increased 9%. Interest income in 2001 amounted to $891,000 as compared to $817,000 in 2000. Although more funds were available for investment and interest rates were higher, the increase was partially offset by the 14% decrease in the Australian foreign exchange rate discussed below.

Costs and Expenses

Production costs decreased 22% in 2001 to $3,492,000 from $4,492,000 in 2000 primarily because of the 14% decrease in the Australian foreign exchange rate discussed below. The decrease in costs also relates primarily to the Mereenie field where substantial remedial work was performed in 2000.

Exploratory and dry hole costs totaled $1,624,000 during 2001 compared to $2,089,000 in 2000. The 2001 costs relate primarily to the work being performed on MPAL's offshore Australian properties. The cost ($336,000) of the Ealing-1 exploration well in New Zealand, which was a dry hole, is also included in 2001. The 2000 costs also relate primarily to the work being performed on MPAL's offshore Western Australian properties. The costs (in thousands) for MPC and MPAL were as follows:

<TABLE>
<CAPTION>

	2001			2000		
Location	MPAL	MPC	Total	MPAL	MPC	Total
<S>	<C>		<C>	<C>	<C>	<C>
United States/Belize	$ 2	-	$ 2	$ 32	$ 124	$ 156
Australia/New Zealand	1,622	-	1,622	1,933	-	1,933
	$1,624	-	$1,624	$1,965	$ 124	$2,089
	======	=======	======	======	======	======

</TABLE>

Salaries and employee benefits decreased 5% to $1,694,000 in 2001 from $1,780,000 in 2000 primarily because of the 14% Australian foreign exchange decrease discussed below.

Depreciation, depletion and amortization decreased 5% in 2001 to $3,474,000 from $3,670,000 in 2000. The decrease in depreciation, depletion and amortization is primarily the result of the 14% Australian foreign exchange decrease discussed below. The decrease was partially offset by a 25% net decrease in reserves used to calculate the 2001 depletion rate. As of June 30, 2001, the remaining estimated proved reserves at Palm Valley were reduced by approximately 46% to reflect the inability of the field to deliver the amount of gas that has been contracted. In addition, the estimated capital costs for additional drilling and capital improvements at the Mereenie field also increased approximately 40% from $6.8 million to $9.4 million. The amount of depletion per unit of production is expected to remain at the 2001 level in future years.

Auditing, accounting and legal expenses decreased 22% from $323,000 in 2000 to $252,000 in 2001 primarily because of the 14% Australian foreign exchange rate decrease discussed below.

Shareholder communications costs decreased 10% to $172,000 in 2001 compared to $191,000 in 2000 primarily because of the 14% Australian foreign exchange rate decrease discussed below.

Other administrative expenses decreased 1% from $721,000 in 2000 to $717,000 in 2001 primarily because of the 14% Australian foreign exchange rate decrease discussed below. The decrease was offset by a reduction in the amount of overhead that MPAL, as operator, was able to charge its partners during 2001.

Income Taxes

Income tax expense increased from $180,000 in 2000 to $1,075,000 in 2001. The effective income tax rate for 2001 was 32% compared to 5% in 2000. The components of income tax expense (benefit) in thousands were as follows:

	2001	2000
Pretax consolidated income	$ 3,476	$ 3,879
MPC's losses not recognized	221	710
Permanent differences	(471)	(1,534)
Book taxable income	$ 3,226	$ 3,055
Australian tax rate	34%	36%
Australian income tax provision	$ 1,097	$ 1,100
Tax (benefit) attributable to reconciliation of year end deferred tax liability	(131)	(1,034)
MPAL Australian tax	966	66
MPC Income tax	109	114
Consolidated income tax provision	$ 1,075	$ 180

MPC's 2001 income tax represents the 25% Canadian withholding tax on its Kotaneelee net proceeds. MPC's 2000 income tax represents the 15% Australian withholding tax on the dividend it received from MPAL. The 2000 income tax provision also reflects the effect of permanent tax benefits ($552,000). In addition, Australia enacted corporate tax rate reductions for 2001 (36% to 34%) and for 2002 (34% to 30%) which reduced the provision by $131,000 in 2001 and $656,000 in 2000. The utilization of prior year losses ($378,000) not previously taken into account also reduced the provision.

Exchange Effect

The value of the Australian dollar relative to the U.S. dollar decreased to $.5104 at June 30, 2001 compared to $.5968 at June 30, 2000. This resulted in a $2,817,000 charge to accumulated translation adjustments for fiscal 2001. The 14% decrease in the value of the Australian dollar decreased the reported asset and liability amounts in the balance sheet at June 30, 2001 from the June 30, 2000 amounts. The annual average exchange rate used to translate MPAL's operations in Australia for fiscal 2001 was $.5379, which is a 14% decrease compared to the $.6289 rate for the comparable 2000 period.

2000 vs. 1999

The components of consolidated net income for the fiscal years 2000 and 1999 were as follows:

	Year ended June 30,	
	2000	1999

MPC unconsolidated pretax loss	$ (709,939)	$ (688,814)
MPC income tax expense	(113,989)	(105,370)
Share of MPAL pretax income	2,347,857	1,659,185
Share of MPAL income (taxes) benefit	(33,525)	80,211
Consolidated net income	$ 1,490,404	$ 945,212
Net income per share (basic and diluted)	$.06	$.04

Revenues

Oil sales increased 80% in fiscal 2000. Oil sales in Australia increased in 2000 to $4,637,000 from $2,573,000 in 1999 because of a 94% increase in oil prices which was partially offset by a 16% decrease in the number of units produced. 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>

	Fiscal 2000 Sales		Fiscal 1999 Sales	
	Bbls	Average Price per bbl	Bbls	Average Price per bbl
<S>	<C>	<C>	<C>	<C>
Australia - Mereenie	198,272	A.$39.14	235,808	A.$20.20

</TABLE>

Gas sales in Australia increased 9% in fiscal 2000. Gas sales increased from $9,640,000 in 1999 to $10,510,000 in 2000 because of the 4% increase in the volume of gas sold and an 8% increase in prices. The volumes in billion cubic feet (bcf) (before deducting royalties) and the average price of gas per thousand cubic feet (mcf) sold during the periods indicated were as follows:

<TABLE>
<CAPTION>

	Fiscal 2000 Sales		Fiscal 1999 Sales	
	Bcf	Average Price per mcf	bcf	Average Price per mcf
Australia:		(A.$)		(A.$)
Palm Valley				
<S>	<C>	<C>	<C>	<C>
Alice Springs contract	0.922	2.97	1.232	2.95
Darwin contract	2.216	2.02	2.507	2.02
Mereenie				
Darwin contract	2.497	2.33	2.289	2.08
Other	1.817	3.13	1.138	2.77
Total	7.452		7.166	

</TABLE>

Other production income decreased to $1,184,000 in 2000 compared to $1,185,000 in 1999. Other production income includes royalties and MPAL's share of gas pipeline tariffs.

Interest income increased 14% to $817,000 in 2000 from $717,000 in 1999 because additional funds were available for investment and interest rates were higher.

Costs and Expenses

Production costs increased 3% to $4,492,000 in 2000 from $4,372,000 in 1999. The costs relate primarily to the Mereenie field where substantial remedial work is being performed.

Exploratory and dry hole costs totaled $2,089,000 during 2000 compared to $2,059,000 in 1999. The 2000 costs relate primarily to the work being performed on MPAL's offshore Western Australian properties. The costs in 1999 related primarily to the Springbok-1 well offshore Western Australia which was plugged and abandoned during the first quarter and the Belize project which was written off in the third quarter of the fiscal year. The costs (in thousands) for MPC and MPAL were as follows:

<TABLE>
<CAPTION>

	2000			1999		
Location	MPAL	MPC	Total	MPAL	MPC	Total
United States/Belize	$ 32	$ 124	$ 156	$ 361	$ 50	$ 411
Australia	1,933	-	1,933	1,648	-	1,648
	$1,965	$ 124	$2,089	$2,009	$ 50	$2,059

</TABLE>

Salaries and employee benefits increased 37% to $1,780,000 in 2000 from $1,297,000 in 1999. Compensation costs increased approximately $397,000 in Australia. During August 1999, MPAL's General Manager retired and received the balance of his unpaid salary under his employment contract which included his salary for the period July-December 2000. In addition, there was an increase in staff compensation levels. Effective January 1, 2000, the President of MPC became a paid employee instead of a consultant and this resulted in an increase of $86,000. This arrangement resulted in a corresponding reduction in accounting and administrative expenses.

Depreciation, depletion and amortization increased 56% in 2000 to $3,670,000 from $2,357,000 in 1999. The operator of the Mereenie field has implemented an extensive program for additional drilling and capital improvements. The estimated cost of these expenditures (MPAL share $8 million) increased the amount of depletion by approximately $763,000 in the 2000 period. In addition, there was a 14% net decrease in reserves used to calculate the depletion rate during the 2000 period.

Auditing, accounting and legal expenses decreased 37% from $510,000 in 1999 to $323,000 in 2000. Effective January 1, 2000, the President of MPC became a paid employee instead of a consultant which reduced the amount of auditing, accounting and legal expenses. In addition, 1999 includes expenses related in part to legal and tax advice sought in connection with an unsuccessful bid to acquire certain oil and gas properties in Australia.

Shareholder communications costs increased 3% to $191,000 in 2000 compared to $185,000 in 1999.

Other administrative expenses decreased 6% from $765,000 in 1999 to $721,000 in 2000. Consulting and travel expenses decreased during 2000.

Income Taxes

Income tax expense increased from a credit of $52,000 in 1999 to an expense of $180,000 in 2000. The effective income tax rate for 2000 was 5%

compared to (2%) in 1999. The components of income tax expense (benefit) between MPC and MPAL were as follows:

	2000	1999
MPC	$114,000	$105,000
MPAL	66,000	(157,000)
Consolidated income tax (benefit)	$180,000	$(52,000)

MPC's income tax represents the 15% Australian withholding tax on the dividend it received from MPAL. Income tax benefit in 1999 was due to the effect of permanent tax benefits ($452,000) under Australian tax law and the utilization of prior year losses ($879,000) not previously taken into account. The 2000 income tax provision also reflects the effect of permanent tax benefits ($552,000). In addition, Australia has enacted corporate tax rate reductions for the fiscal year ending June 30, 2001 (36% to 34%) and for the fiscal year ending June 30, 2002 (34% to 30%) which reduced the provision by $656,000. The utilization of prior year losses ($378,000) not previously taken into account also reduced the provision.

Exchange Effect

The value of the Australian dollar relative to the U.S. dollar decreased to $.5986 at June 30, 2000 compared to $.6675 at June 30, 1999. This resulted in a $2,128,000 charge to accumulated translation adjustments for fiscal 2000. The 11% decrease in the value of the Australian dollar decreased the reported asset and liability amounts in the balance sheet at June 30, 2000 from the June 30, 1999 amounts. The annual average exchange rates of $.63 used to translate MPAL's operations in Australia for fiscal 2000 and fiscal 1999 were approximately the same.

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, as the only market risk sensitive instruments are its investments in marketable securities. At June 30, 2001, the carrying value of such investments was approximately $14.6 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 AUDITORS

The Board of Directors and Stockholders
Magellan Petroleum Corporation

We have audited the accompanying consolidated balance sheets of Magellan Petroleum Corporation as of June 30, 2001 and 2000 and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended June 30, 2001. 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 auditing standards generally accepted in the 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, 2001 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Stamford, Connecticut
September 14, 2001

MAGELLAN PETROLEUM CORPORATION
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	June 30, 2001	June 30, 2000
ASSETS		
Current assets:		
<S>	<C>	<C>
Cash and cash equivalents	$12,792,191	$13,890,834
Accounts receivable	4,580,809	4,011,475
Marketable securities	846,063	1,581,730
Inventories	537,138	289,743
Other assets	283,372	265,462
Total current assets	19,039,573	20,039,244
Marketable securities	961,514	1,476,449
Property and equipment:		
Oil and gas properties (successful efforts method)	37,723,278	42,766,638
Land, buildings and equipment	1,590,322	1,763,272
Field equipment	1,054,060	1,236,097
	40,367,660	45,766,007
Less accumulated depletion, depreciation and amortization	(23,885,240)	(24,025,493)
Net property and equipment	16,482,420	21,740,514
Other assets	1,014,578	719,510
Total assets	$37,498,085	$43,975,717
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,907,672	$ 3,024,604
Accrued liabilities	741,972	751,399
Income taxes payable	991,571	1,216,995
Total current liabilities	3,641,215	4,992,998

Long term liabilities:		
Deferred income taxes	3,029,180	4,255,096
Reserve for future site restoration costs	953,210	934,790
Total long term liabilities	3,982,390	5,189,886
Minority interests	12,701,000	14,696,267
Commitments (Note 2)	-	-
Stockholders' equity:		
Common stock, par value $.01 per share:		
Authorized 200,000,000 and 50,000,000 shares		
Outstanding 24,698,226 and 25,108,226 shares	246,982	251,082
Capital in excess of par value	43,179,475	43,586,606
Total capital	43,426,457	43,837,688
Accumulated deficit	(15,842,656)	(16,914,420)
Accumulated other comprehensive loss	(10,410,321)	(7,826,702)
Total Stockholders' equity	17,173,480	19,096,566
Total liabilities, minority interests and stockholders' equity	$37,498,085	$43,975,717

See accompanying notes.

</TABLE>

MAGELLAN PETROLEUM CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

<S>	Years ended June 30, 2001 <C>	2000 <C>	1999 <C>
Revenues:			
Oil sales	$ 4,638,782	$ 4,636,595	$ 2,572,966
Gas sales	8,537,064	10,509,600	9,639,657
Other production related revenues	832,516	1,183,570	1,185,020
Interest income	891,489	817,066	717,118
	14,899,851	17,146,831	14,114,761
Costs and expenses:			
Production costs	3,492,045	4,492,443	4,372,253
Exploratory and dry hole costs	1,623,914	2,088,871	2,058,977
Salaries and employee benefits	1,693,998	1,780,076	1,297,036
Depletion, depreciation and amortization	3,473,758	3,670,417	2,356,582
Auditing, accounting and legal services	251,567	323,353	509,891
Shareholder communications	171,710	191,057	184,721
Other administrative expenses	716,777	721,255	764,503
	11,423,769	13,267,472	11,543,963
Income before income taxes and minority interests	3,476,082	3,879,359	2,570,798
Income tax provision (benefit)	1,075,091	179,520	(52,211)
Income before minority interests	2,400,991	3,699,839	2,623,009
Minority interests	1,329,227	2,209,435	1,677,797
Net income	$ 1,071,764	$ 1,490,404	$ 945,212

Average number of shares:			
Basic	24,979,572	25,108,226	25,040,300
	==========	==========	==========
Diluted	24,979,572	25,227,519	25,040,300
	==========	==========	==========
Per share, based on average number of shares outstanding during the period:			
Net income (basic and diluted)	$.04	$.06	$.04
	====	====	====

See accompanying notes.

</TABLE>

MAGELLAN PETROLEUM CORPORATION
CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY
Three years ended June 30, 2001

<TABLE>
<CAPTION>

	Number of shares	Common stock	Capital in excess of par value	Accumulated deficit	Accumulated other comprehensive Loss	Total	Total comprehensive income (loss)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
July 1, 1998	24,982,495	$249,825	$43,532,238	$(19,350,036)	$(7,012,939)	$17,419,088	
Net income	-	-	-	945,212	-	945,212	$ 945,212
Foreign currency translation adjustments	-	-	-	-	1,313,871	1,313,871	1,313,871

Total comprehensive income	-	-	-	-	-	-	$2,259,083
							==========
Exercise of stock options	125,731	1,257	54,368	-	-	55,625	
	----------	-------	----------	------------	-----------	----------	
June 30, 1999	25,108,226	251,082	43,586,606	(18,404,824)	(5,699,068)	19,733,796	
	----------	-------	----------	------------	-----------	----------	
Net income	-	-	-	1,490,404	-	1,490,404	$1,490,404
Foreign currency translation adjustments	-	-	-	-	(2,127,634)	(2,127,634)	(2,127,634)

Total comprehensive loss	-	-	-	-	-	-	$ (637,230)
	----------	-------	----------	------------	-----------	----------	============
June 30, 2000	25,108,226	251,082	43,586,606	(16,914,420)	(7,826,702)	19,096,566	
	----------	-------	----------	------------	-----------	----------	
Net income	-	-	-	1,071,764	-	1,071,764	$1,071,764
Foreign currency translation adjustments	-	-	-	-	(2,816,765)	(2,816,765)	(2,816,765)
Unrealized gain on available-for-sale securities	-	-	-	-	233,146	233,146	233,146

Total comprehensive loss	-	-	-	-	-	-	$(1,511,855)
							============
Repurchases of common stock	(410,000)	(4,100)	(407,131)	-	-	(411,231)	

June 30, 2001	24,698,226	$ 246,982	$ 43,179,475	$(15,842,656)	$(10,410,321)	$17,173,480

See accompanying notes.

</TABLE>

MAGELLAN PETROLEUM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Years ended June 30,		
	2001	2000	1999
Operating Activities:			
Net income	$ 1,071,764	$ 1,490,404	$ 945,212
Adjustments to reconcile net income to net cash provided by operating activities:			
Exploratory and dry hole costs	-	70,634	420,748
Depletion, depreciation and amortization	3,473,758	3,670,417	2,356,582
Deferred income taxes	(609,897)	(1,805,306)	206,141
Minority interests	1,329,227	2,209,435	1,677,797
Increase (decrease) in operating assets and liabilities:			
Accounts receivable	(1,153,637)	(1,888,247)	24,676
Other assets	(182,457)	87,695	(330,742)
Inventories	(307,681)	(33,385)	14,367
Accounts payable and accrued liabilities	(660,252)	1,250,716	(442,159)
Income taxes payable	(72,437)	1,096,845	120,150
Reserve for future site restoration costs	156,069	-	-
Net cash provided by operating activities	3,044,457	6,149,208	4,992,772
Investing Activities:			
Additions to property and equipment	(2,345,577)	(2,512,483)	(4,679,109)
Marketable securities matured (purchased)	1,250,602	(955,751)	364,957
Repurchases of common stock	(411,231)	-	-
Net cash used in investing activities	(1,506,206)	(3,468,234)	(4,314,152)
Financing Activities:			
Dividends to MPAL minority shareholders	(593,034)	(730,709)	(686,567)
Exercise of stock options	-	-	55,625
Net cash used in financing activities	(593,034)	(730,709)	(630,942)
Effect of exchange rate changes on cash and cash equivalents	(2,043,860)	(1,440,130)	896,724
Net increase (decrease) in cash and cash equivalents	1,098,643	510,135	944,402
Cash and cash equivalents at beginning of year	13,890,834	13,380,699	12,436,297
Cash and cash equivalents at end of year	$12,792,191	$13,890,834	$13,380,699

See accompanying notes.

</TABLE>

MAGELLAN PETROLEUM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2001

1. Summary of significant accounting policies

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Magellan Petroleum Corporation (MPC) and its majority owned subsidiary, Magellan Petroleum Australia Limited (MPAL), hereafter referred to collectively as the Company. At June 30, 2001 and 2000, MPC owned a 51.3% and 51.2% interest in MPAL, respectively. During fiscal 2001, MPC increased its interest in MPAL by purchasing an additional 74,000 MPAL shares for approximately $79,000. 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.

Oil and Gas Properties

Oil and gas properties are located in Australia, New Zealand, Canada, the United Kingdom and the United Stated. 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. Estimated future abandonment and site restoration costs, net of anticipated salvage values, are accrued based on units of production. 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. This method requires an impairment provision or noncash charge against earnings for any period in which their carrying value exceeds the standardized measure of undiscounted future net cash flows from proved oil and gas reserves based on prices received for oil and gas production as of the end of that period or a subsequent date prior to publication of financial results for the period.

1. Summary of significant accounting policies (Cont'd)

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.

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, which is usually immaterial, 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 a quarterly weighted average exchange rate for the period. At June 30, 2001 and 2000, the Australian dollar was equivalent to U.S.$.51 and $.60, respectively. The annual average exchange rate used to translate MPAL's operations in Australia for the fiscal years 2001, 2000 and 1999 was $.53, $.63 and $.63, respectively.

1. Summary of significant accounting policies (Cont'd)

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.

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:

	June 30, 2001	June 30, 2000
Cash	$ 17,269	$ 140,732
U.S. marketable securities	842,172	-
Australian money market accounts and short-term commercial paper	11,932,750	13,750,102
	$12,792,191	$13,890,834

Marketable securities

At June 30, 2001 and 2000, MPC had the following marketable securities which are expected to be held until maturity:
<TABLE>

<CAPTION>

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

June 30, 2001	Par value	Maturity Date	Amortized Cost	Fair value
Short-term securities				
Federal Home Loan Bank Note	$ 350,000	Jul. 9, 2001	$ 343,327	$ 343,697
State of Connecticut Bond	500,000	Dec.15, 2001	502,736	507,475
	$ 850,000		$ 846,063	$ 851,172
Long-term securities				
State of Connecticut Bond	$ 550,000	Jan. 15, 2003	$ 553,374	$ 558,707
State of Connecticut Bond	400,000	Jul.1, 2003	408,140	408,784
Total long-term	$ 950,000		$ 961,514	$ 967,491

</TABLE>

1. Summary of significant accounting policies (Cont'd)

Marketable securities (Cont'd)

<TABLE>
<CAPTION>

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

June 30, 2000	Par value	Maturity Date	Amortized Cost	Fair value
Short-term securities				
Federal National Mortgage Association	$ 164,000	Jul. 7, 2000	$ 160,139	$ 163,512
Federal National Mortgage Association	200,000	Aug. 2, 2000	196,296	198,818
Federal National Mortgage Association	300,000	Sep. 5, 2000	294,317	296,371
Federal National Mortgage Association	200,000	Oct. 6, 2000	195,978	196,450
Federal National Mortgage Association	400,000	Feb. 16, 2001	400,000	396,148
New Britain Connecticut Bond	335,000	May 1, 2001	335,000	330,407
Total short-term	$ 1,599,000		$ 1,581,730	$ 1,581,706
Long-term securities				
State of Connecticut Bond	$ 550,000	Jan. 15, 2003	$ 555,558	$ 532,285
State of Connecticut Bond	400,000	Jul.1, 2003	412,210	388,528
State of Connecticut Bond	500,000	Dec.15, 2001	508,681	500,450
Total long-term	$1,450,000		$1,476,449	$1,421,263

</TABLE>

Unrealized Gain on Available-for-Sale Securities

During August 1999, MPC sold its interest in the Tapia Canyon, California heavy oil project for its approximate cost of $101,000 and received shares of stock in the purchaser. During late December 2000, the purchaser became a public company (Sefton Resources, Inc) which is listed on the London Stock Exchange. At June 30, 2001, MPC owned approximately 3.3% of Sefton Resources, Inc. with a fair market value of $326,480 and a cost of $93,334 which is included in other assets. The $233,146 has been recorded as unrealized gain on available-for-sale securities. The shares of Sefton Resources, Inc. are restricted and cannot be sold before December 2001.

Earnings per share

Earnings per common share is 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. The Company's basic and diluted calculations of EPS are the same in 2001 and 1999 because the exercise of options is not assumed in calculating diluted EPS, as the result would be anti-dilutive. The exercise price of the outstanding stock options exceeded the average market price of the common stock during the years 2001 and 1999.

1. Summary of significant accounting policies (Cont'd)

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.

Segment Disclosure

FASB Statement No. 131 requires the disclosure of certain financial data based on an entity's operating segments. The Company's two operating segments are MPC and MPAL. Condensed financial statements of these segments are included in Notes 3 and 4 and additional segment data are included in Note 11.

Comprehensive Income (loss)

Total comprehensive income (loss) during the three years ended June 30, 2001 was as follows:

<TABLE>
<CAPTION>

	2001	2000	1999	Accumulated
<S>	<C>	<C>	<C>	<C>
Net income	$ 1,071,764	$ 1,490,404	$ 945,212	$ -
Foreign currency translation adjustments	(2,816,765)	(2,127,634)	1,313,871	(10,643,467)
Unrealized gain on available-for-sale securities	233,146	-	-	233,146
Total comprehensive income (loss)	$(1,511,855)	$ (637,230)	$ 2,259,083	$ (10,410,321)

</TABLE>

Reclassifications

Certain amounts in the prior year balance sheet have been reclassified to conform to the presentation in the current period.

2. Oil and gas properties

(a) Australia

Mereenie

MPAL (35%) and Santos (65%) the operator (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 522,000 barrels at June 30, 2001.

.

During 2001, MPAL's share of oil sales was 170,000 barrels and 3.5 billion cubic feet (bcf) of gas sold which is subject to net overriding royalties aggregating 3.0625% 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. Most of the oil is then shipped south approximately 950 miles by rail and road to a refinery in the Adelaide area. The cost of transporting the oil to the refinery is being borne by the producers. The Mereenie Producers are providing Mereenie gas in the Northern Territory to the Power and Water Authority (PAWA) and Gasgo Pty. Ltd., a company PAWA wholly owns, for use in Darwin and other Northern Territory centers. See "Gas Supply Contracts" below.

Palm Valley

MPAL has a 50.8% 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 a 48% interest in Palm Valley which provides gas to meet the Alice Springs and Darwin supply contracts with PAWA. See "Gas Supply Contracts" below. During fiscal 2001, MPAL's share of gas sales was 3.2 bcf which is subject to a 10% statutory government royalty and net overriding royalties aggregating 4.2548%. As of June 30, 2001, the remaining estimated proved reserves at Palm Valley were reduced by approximately 46% to reflect the inability of the field to deliver the amount of gas that has been contracted. Under the terms of the sales contract, PAWA is obligated to pay for the capital costs of maintaining production levels to meet the annual contract volumes. For more than four years, PAWA has been on notice that additional drilling would be necessary to meet the contract supply requirements. PAWA still has the matter under consideration.

Gas Supply Contracts

The following is a summary of MPAL's interest in the Palm Valley and the Mereenie gas supply contracts in billion cubic feet:
<TABLE>
<CAPTION>

	Maximum contract (balance/after royalties)	Percentage of contract completed	Contract Period
Palm Valley:			
<S>	<C>	<C>	<C>
Alice Springs (1981)	1.53	90	1983-2003
Darwin (1985)	21.54	63	1987-2009

	23.07		
Mereenie:			
Darwin (1985)	7.06	59	1987-2009
Darwin (1999)	17.64	12	1999-2009
Darwin (2001)	3.51	4	2001-2008
Other	.87	-	Various

	29.08		

Total	52.15		
	=====		

</TABLE>

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.

At June 30, 2001, MPAL had accrued $953,000 for future site restoration costs for the Mereenie, Palm Valley and Dingo fields. The balance of the estimated liability was $2,539,000 at June 30, 2001 which will be accrued over the remaining life of the related reserves based on units of production.

Dingo Gas Field

MPAL has a 34.3% interest in the Dingo gas field which is held under Retention License 2 and is subject to renewal in 2003. The Dingo gas field, which is located in the Amadeus Basin in the Northern Territory, has approximately 25 bcf of presently proved and recoverable reserves based on four delineation wells. Dingo 2 and Dingo 3 wells are estimated to have the capacity of producing a combined rate of 5 mmcfd per day. MPAL's share of potential production from these permit areas is subject to a 10% statutory government royalty and overriding royalties aggregating 2.5043%.

Browse Basin

During the fiscal year 1999, MPAL and its partners were granted exploration permits WA-281-P, WA-282-P and WA-283-P in the Browse Basin offshore Western Australia. MPAL's share (17.5%) of the remaining work obligations for the three permits total $5,503,000 at June 30, 2001 and are as follows: $1,947,000 for the year 2002, $1,286,000 for 2003, $2,216,000 for 2004 and $54,000 for 2005. A well is scheduled to be drilled in permits WA-281-P and WA283-P during the last quarter of the calendar year 2001.

During fiscal year 2000, MPAL was granted exploration blocks WA-287-P and WA-288-P in the Eastern Browse Basin. During fiscal 2001, MPAL applied for a permit over area WA-311-P which is adjacent to WA-288-P and the permit was granted on September 3, 2001. MPAL's share (100%) of the work obligations of the three permits total $9,553,000 and are as follows: $469,000 for fiscal year 2002, $3,623,000 for the 2003, $307,000 for 2004, $5,103,000 for 2005 and $51,000 for 2006. The expenditures for the year 2002 are obligatory and discretionary for the years 2003-2006.

2. Oil and gas properties (Cont'd)

Carnarvon Basin

During fiscal year 1999, MPAL was awarded permit WA-291-P, offshore Western Australia in the Carnarvon Basin. MPAL's share (100%) of the remaining work obligations of the permit total $3,717,000 at June 30, 2001 and are as follows: $26,000 for the fiscal year 2002, $3,573,000 for 2003, $92,000 for 2004 and $26,000 for 2005. The expenditures for the years 2002-2003 are obligatory and are discretionary for the years 2004-2005.

Maryborough Basin

MPAL holds a 98% interest in exploration permit ATP 613P, in the Maryborough Basin in Queensland, Australia. MPAL (100%) also has an application pending for permit ATP674P which is adjacent to ATP613P. MPAL is seeking partners to drill a well to test the gas potential of the block in exchange for an interest in the permit. MPAL's share of work obligations total $1378,000 for both permits and are as follows: $357,000 for the fiscal year 2002, $434,000 for 2003, $102,000 for 2004, $102,000 for 2005 and $383,000 for 2006.

Cooper Basin

During fiscal year 1999, MPAL (50%) and its partner Beach Petroleum NL were successful in bidding for two exploration blocks in South Australia's Cooper Basin. The formal grant of the permits is pending. MPAL's share of the work obligations will total $2,629,000 and are as follows: $918,000 for the fiscal year 2003, $561,000 for 2004, $409,000 for 2005, $332,000 for 2006 and $409,000 for 2007.

During fiscal year 2001, MPAL (50%) and its partner Beach Petroleum NL were also successful in bidding for two additional exploration blocks in the Cooper Basin. The formal grant of the permits is pending. MPAL's share of the work obligations will total $1,775,000 and are as follows: $523,000 for the fiscal year 2003, $39,000 for 2004, $511,000 for 2005, $166,000 for 2006 and $536,000 for 2007.

Rowley Basin

During fiscal year 2001, MPAL acquired a 37.5% working interest in each of exploration permits WA-306-P and WA-307-P in the Rowley Sub-basin of the offshore Canning Basin adjacent to the Browse Basin. Antrim Energy, a Canadian company, is the operator of the joint venture. MPAL's share of the work obligations will total

$1,455,000 and are as follows: $843,000 for the fiscal year 2002, $230,000 for 2003, and $382,000 for 2004.

(b) New Zealand

During fiscal year 2001, MPAL earned a 7.5% interest in permit PEP 38256 in the Canterbury Basin of New Zealand by funding part of the cost of drilling the Ealing-1 exploration well which was plugged and abandoned. The cost of approximately $336,000 is included in exploratory and dry hole costs. MPAL's share of the work obligations will total $2,000 through fiscal year 2003.

(c) United Kingdom

During fiscal year 2001, MPAL acquired a 30% interest in two licenses in southern England. The two licenses; PEDL 098 in the Isle of Wight and PEDL 099 in the Portsdown area of Hampshire, were each granted for a period of six years. MPAL's share of the work obligations will total $595,000 and are as follows: $13,000 for the fiscal year 2002, $17,000 for 2003, $10,000 for 2004, $4,000 for 2005 and $551,000 for 2006.

(d) Canada

MPC has a 2.67% carried interest in the Kotaneelee gas field in the Yukon Territory which has been on 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) believe 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. However, the issue of court costs has not yet been decided and any of the parties has the right to appeal the decision. Therefore, the final outcome remains uncertain.

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. The amount due of $441,000 from the working interest partners is included in accounts receivable. These funds are currently being held in escrow pending the completion of a surety being given to the working interest partners. However, the court's decision should eliminate the need for any surety.

Prior to the Kotaneelee field reaching undisputed payout status, the operator of the Kotaneelee field had been reporting and depositing in escrow its share of the disputed amount of MPC's share of net revenues. Based on the reported data, the Company believes the total amount due MPC through April 30, 2001 production (including interest) was approximately $1.3 million. The disputed amount, which have not been included in income, represent gas processing fees claimed by the working interest partners. The trial court ruled in favor of the Company on this issue.

(e) United States

Baca County, Colorado

MPAL holds leases in Baca County, Colorado, in which an exploration company plans to fund and drill two wells beginning September 2001. MPAL will retain an 18 3/4% interest in the leases, unless it elects to participate in the completion of the wells for production, in which case it would retain a 25% interest.

Stephens County, Texas

During fiscal 1999, MPC participated (20%) in the drilling of the Puckett No. 1 well. During late June 1999, MPC also participated (21.4%) in the drilling of the Smith No. 1 well. During the fiscal year 2000, the $119,000 cost of both wells was written off because the project was deemed to be uneconomic.

(f) Belize

Southern Offshore Block PSA

During July 2000, MPC (3%) and MPAL (20%) withdrew from the joint venture which was formed to explore the Southern Offshore Blocks in Belize, Central America. Most of the costs related to this project had been written off in prior years except for $33,000 written off in fiscal 2000.

2. Oil and gas properties (Cont'd)

(g) Exploratory and dry hole costs

The 2001 costs relate primarily to the work being performed on MPAL's offshore Australian properties. The cost ($336,000) of the Ealing-1 exploration well in New Zealand, which was a dry hole, is also included in 2001. The 2000 costs also relate primarily to the work being performed on MPAL's offshore Western Australian properties. The costs in 1999 related primarily to the Springbok-1 well offshore Western Australia which was plugged and abandoned and the Belize project which was written off. The costs (in thousands) for MPC and MPAL by location were as follows:

2001	MPC	MPAL	Total
U.S. / Belize	$ -	$ 2	$ 2
Australia/New Zealand	-	1,622	1,622
Total	$ -	$ 1,624	$ 1,624

2000

U.S. / Belize	$ 124	$ 32	$ 156
Australia	-	1,933	1,933
	-----	-----	-----
Total	$ 124	$ 1,965	$ 2,089
	=====	=======	=======

1999

U.S. / Belize	$ 50	$ 361	$ 411
Australia	-	1,648	1,648
	-----	----	-----
Total	$ 50	$ 2,009	$2,059
	======	====	======

Commitments

The following is a summary of MPAL's required and contingent commitments for exploration expenditures in thousands for the five year period ending June 30, 2006. The contingent amounts will be dependent on such factors as the results of the current program to evaluate the exploration permits, drilling results and MPAL's financial position.

Fiscal Year	Required Expenditures	Contingent Expenditures	Total
2002	$2,971	$ -	$ 2,971
2003	2,175	8,431	10,606
2004	1,145	2,666	3,811
2005	924	5,566	6,490
2006	-	1,100	1,100
	-------	--------	--------
Total	$7,215	$17,763	$24,978
	======	=======	=======

MPAL expects to fund its exploration costs through its cash and cash equivalents, cash flow from Australian operations and any balance remaining from its available A.$10 million bank line of credit. MPAL also expects that it will find partners to share the above exploration costs. If MPAL's efforts to find partners is unsuccessful, it may be unable or unwilling to complete the exploration program for some of its properties.

3. MPC condensed financial statements

The following are unconsolidated condensed balance sheets and statements of income and cash flows of MPC (in thousands).

Magellan Petroleum Corporation
Condensed Balance Sheets

	June 30,	
	2001	2000
	----	----
Assets		
Current assets	$ 2,485	$ 2,044
Other assets	1,276	1,476
Oil and gas properties - net	-	100
Investment in MPAL	13,536	15,495
	--------	--------
Total assets	$17,297	$19,115
	=======	=======
Liabilities And Stockholders' Equity		
Current liabilities	$ 124	$ 18
	-------	-------
Stockholders' equity:		
Capital	43,426	43,838
Accumulated deficit	(15,843)	(16,914)
Accumulated other comprehensive loss	(10,410)	(7,827)
	---------	----------
Total stockholders' equity	17,173	19,097
	--------	--------
Total liabilities and stockholders' equity	$17,297	$19,115

======= =======

Magellan Petroleum Corporation
Condensed Statements Of Income

	Years ended June 30,		
	2001	2000	1999
Revenues	$ 564	$ 220	$ 190
Costs and expenses	785	930	(879)
Loss before income taxes	(221)	(710)	(689)
Income tax provision	109	114	105
Loss before equity in MPAL	(330)	(824)	(794)
Equity in MPAL net income	1,402	2,314	1,739
Net income	$ 1,072	$ 1,490	$ 945

3. MPC condensed financial statements (Cont'd)

Magellan Petroleum Corporation
Condensed Statements Of Cash Flows

<TABLE>
<CAPTION>

	Years ended June 30,		
	2001	2000	1999
Operating Activities:			
<S>	<C>	<C>	<C>
Net income	$ 1,072	$ 1,490	$ 945
Adjustments to reconcile net income to net cash used in operating activities:			
Abandonments	-	71	47
Equity in MPAL net income	(1,402)	(2,314)	(1,739)
Change in operating assets and liabilities:			
Accounts receivable and other assets	(366)	(6)	(37)
Accounts payable and accrued liabilities	106	(52)	(27)
Net cash used in operating activities	(590)	(811)	(811)
Investing Activities:			
Additions to property and equipment	7	-	(92)
Marketable securities (purchased) sold	1,250	(956)	365
Purchase of MPAL shares	(79)	(110)	(112)
Repurchases of common stock	(411)	-	-
Net cash provided by (used in) investing activities	(767)	(1,066)	161
Financing Activities:			
Dividends from MPAL	621	760	705
Exercise of stock options	-	-	56
Net cash provided by financing activities	621	760	761
Net increase (decrease) in cash and cash equivalents:	798	(1,117)	111
Cash and cash equivalents at beginning of year	82	1,199	1,088
Cash and cash equivalents at end of year	$ 880	$ 82	$1,199

</TABLE>

4. MPAL transactions and condensed financial statements

The following are the condensed consolidated balance sheets and consolidated statements of income of MPAL (in thousands). At June 30, 2001, Santos Ltd. held 18.2% of MPAL and Origin Energy Limited held 17.1% with the balance of 13.4% held by approximately 1,900 shareholders in Australia.

4. MPAL transactions and condensed financial statements (Cont'd)

The condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include all of MPAL's subsidiaries.

Magellan Petroleum Australia Limited
Condensed Consolidated Balance Sheets

	June 30, 2001	June 30, 2000
Assets		
Current assets	$16,566	$17,995
Other assets	688	720
Oil and gas properties - net	15,485	20,510
Land, building and equipment - net	757	928
Total assets	$33,496	$40,153
Liabilities And Stockholders' Equity		
Current liabilities	$ 3,517	$ 4,975
Long term liabilities	4,077	5,285
Stockholders' equity:		
Capital	34,408	34,408
Retained earnings	11,440	9,923
Accumulated other comprehensive loss	(19,946)	(14,438)
	25,902	29,893
Total liabilities and stockholders' equity	$33,496	$40,153

4. MPAL transactions and condensed financial statements (Cont'd)

Magellan Petroleum Australia Limited
Condensed Consolidated Statements of Income

	Years ended June 30, 2001	2000	1999
Revenues	$14,336	$16,927	$13,925
Costs and expenses	10,639	12,337	10,666
Income before income taxes	3,697	4,590	3,259
Income tax provision (benefit)	966	66	(158)
Net income	$ 2,731	$ 4,524	$ 3,417

Magellan and Minority Equity in MPAL

Magellan equity interest in MPAL:			
Magellan equity in net income	$ 1,402	$ 2,314	$ 1,739
	========	========	========
Minority equity interest in MPAL:			
Minority interest in net income	$ 1,329	$ 2,210	$ 1,678
Other comprehensive income (loss)	(2,682)	(2,023)	1,203
Other	(49)	(77)	-
Dividends paid	(593)	(731)	(687)
	---------	----------	---------
Total minority interest increase (decrease)	$ (1,995)	$ (621)	$ 2,194
	=========	==========	========

5. 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. At June 30, 2001, MPC had purchased 410,000 of its shares at a cost of approximately $411,000.

5. Capital and stock options (cont'd)

On October 5, 1989, MPC adopted a Stock Option Plan covering one million shares of its common stock. The plan provided 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. On December 3, 1997, the Board of Directors approved a new stock option plan for an additional one million shares with similar terms.

At June 30, 2001, 784,333 of the stock options outstanding were vested and exercisable. During fiscal 1999, options to purchase 50,000 shares were repriced from $2.75 to $1.57, the fair market value on the date of repricing. In addition, options to purchase 175,000 shares of common stock were exercised in a cashless exchange which resulted in the issuance of 75,731 shares during fiscal 1999. During fiscal 2000, options to purchase 235,000 shares were granted with 1/3rd of the shares being vested at the end of each year after the grant. Following is a summary of option transactions for the three years ended June 30, 2001:

Options outstanding	Expiration Dates	Number of shares	Exercise Prices ($)
June 30, 1998		275,000	.8125 - 2.75
Granted	Oct. 2003	146,000	1.57
Exercised		(225,000)	.8125

June 30, 1999		196,000	1.57
Granted	Feb. 2005	745,000	1.28

June 30, 2000		941,000	1.28-1.57
Expired		(20,000)	1.57

June 30, 2001		921,000	($1.34 weighted average)
		=======	

Summary of Options Outstanding at June 30, 2001

Granted 1997	Sep. 2001	50,000	1.57
Granted 1999	Oct. 2003	126,000	1.57
Granted 2000	Feb. 2005	745,000	1.28
Total		921,000	

Options reserved for future grants	255,000

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 because the alternative fair value accounting provided under FASB Statement No. 123, "Accounting for Stock Based Compensation," requires use of option valuation models that were not developed for use in valuing stock options. Under APB No. 25, because the exercise price of the Company's stock options equals

5. Capital and stock options (Cont'd)

the market price of the underlying stock on the date of grant, no compensation expense is recognized.

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, 2001.

Pro forma information regarding net income and earnings per share is required by Statement 123, and 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 2001 and 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 1999 valuation model were: risk free interest rate - 4.45%, expected life - 5 years, expected volatility - 1.0, expected dividend -0. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

For the purpose of pro forma disclosures, 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. The Company's pro forma information follows:

	Amount	Per Share
Net income as reported - June 30, 1999	$ 945,000	$ .04
Stock option expense	(200,000)	(.01)
Pro forma net income - June 30, 1999	$ 745,000	$ .03
Net income as reported - June 30, 2000	$1,490,000	$ .06
Stock option expense	(336,000)	(.01)
Pro forma net income - June 30, 2000	$1,154,000	$ .05
Net income as reported - June 30, 2001	$1,072,000	$ .04

Stock option expense	(69,000)	-
Pro forma net income - June 30, 2001	$1,003,000	$ .04

6. Income taxes

(a) Components of pretax income (loss) by geographic area (in thousands) are as follows:

	Years ended June 30, 2001	2000	1999
United States	$(247)	$(686)	$(743)
Foreign	3,723	4,565	3,314
Total	$3,476	$3,879	$2,571

(b) 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, 2001 <C>	2000 <C>	1999 <C>
Pretax consolidated income	$3,476	$3,879	$2,571
MPC's losses not recognized	221	710	689
Permanent differences	(471)	(1,534)	(1,256)
Book taxable income - Australia	$3,226	$3,055	$2,004
Australian tax rate	34 %	36 %	36 %
Australian income tax	$ 1,097	$ 1,100	$ 722
Tax (benefit) attributable to reconciliation of year end deferred tax liability	(131)	(1,034)	(879)
MPAL Australian tax (benefit)	966	66	(157)
MPC income tax	109	114	105
Consolidated income tax (benefit)	$ 1,075	$ 180	$ (52)
Current income tax provision	$ 1,682	$ 1,343	$ 225
Deferred income tax (benefit)	(607)	(1,163)	(277)
Consolidated income tax provision (benefit)	$ 1,075	$ 180	$ (52)
Effective tax rate	32 %	5 %	(2 %)

</TABLE>

The amounts of $3,029,000 and $4,255,000 in deferred income tax liability at June 30, 2001 and June 30, 2000, respectively, relate primarily to the deduction of acquisition and development costs which are capitalized for financial statement purposes. The 2001 credit of $131,000 represents the tax benefit of the reduction in the Australian income tax rate. The 2000 credit of $1,034,000 represents the tax benefit of $378,000 of prior years' losses previously not taken into account and the tax benefit of $656,000 from the reduction in the Australian income tax rate. The 1999 credit of $879,000 represent the tax benefit of prior years' losses previously not taken into account.

6. Income taxes (Cont'd)

(c) United States

At June 30, 2001, the Company had approximately $15,184,000 and $2,604,000 of net operating loss carry forwards for federal and state income tax purposes, respectively, which are scheduled to expire periodically between the years 2002 and 2021. Of this amount, MPC has federal loss carry forwards that expire as follows: $912,000 in 2002, $209,000 in 2003, $915,000 in 2004, $570,000 in 2005, $865,000 in 2007, $2,055,000 in 2008 and $408,000 in 2020. 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 and $25,000 in 2021. The Company also has approximately $603,000 of foreign tax credit carryovers, which are scheduled to expire periodically between the years 2002 and 2006. MPC's state loss carry forwards expire periodically between the years 2002 and 2006. 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. Significant components of the Company's deferred tax assets were as follows:

	June 30, 2001	June 30, 2000
Net operating losses	$3,741,000	$3,889,000
Foreign tax credits	603,000	743,000
Interest	214,000	214,000
Total deferred tax assets	4,558,000	4,846,000
Valuation allowance	(4,558,000)	(4,846,000)
Net deferred tax assets	$ -	$ -

7. Bank loan

MPAL has a A.$10 million line of credit with an Australian bank at the bank's prime rate of interest (5.2% at June 30, 2001, and 6.2% at June 30, 2000) plus .5%. The line of credit, which is renewed annually, is unsecured and expires December 31, 2001. In addition, there is an annual fee of A.$30,000 payable with respect to the line of credit. At June 30, 2001 and 2000, the line of credit was not being utilized.

8. 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 $38,900, $138,953 and $235,028 in fees for fiscal years 2001, 2000 and 1999 respectively. James R. Joyce, the President and Chief Financial Officer, is the owner of G&O'D INC. Effective January 1, 2000, Mr. Joyce became a paid officer of MPC and received an annual salary of $150,000 ($155,000 for 2001). 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 $33,054, $29,943 and $44,860 for fiscal years 2001, 2000 and 1999 respectively. In addition, Mr. Benjamin W. Heath, a director until December 2000, has overriding royalty interests which were granted between 1957 and 1968 on certain of the Company's oil and gas properties prior to any discoveries. The following gross royalty amounts represent payments by all of the owners of the fields, not just the Company's share. The payments to Mr. Heath with respect to these royalties in fiscal 2000 were $47,270 and $44,469 in fiscal 1999.

9. Leases

At June 30, 2001, future minimum rental payments applicable to MPAL's noncancelable operating (office) lease were as follows:

Fiscal Year	Amount
2002	$ 84,000
2003	99,000
2004	104,000
Total	$287,000

The information regarding the rental expense for all operating leases is included in Note 13.

10. 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. MPAL is committed to make up any shortfall in the plan's assets to meet payments to employees as they become due. Plan participants are entitled to defined benefits on normal retirement, death or disability.

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

	June 30, 2001	June 30, 2000
Change in Benefit Obligation		
Benefit obligation at beginning of year	$2,281,366	$2,834,084
Service cost	156,846	194,154
Interest cost	114,610	125,634
Actuarial gains and losses	79,053	285,652
Benefits paid	(4,977)	(784,168)
Taxes on contributions	(25,474)	(33,506)
Expenses	(43,263)	(40,303)
Foreign currency effect	(330,277)	(300,181)
Benefit obligation at end of year	$2,227,884	$2,281,366
Change in Plan Assets		
Fair value of plan assets at beginning of year	$2,812,230	$3,498,661
Actual return on plan assets	118,536	371,209
Contributions by employer	163,387	170,907
Benefits paid	(4,977)	(784,164)
Foreign currency effect	(407,132)	(370,570)
Other (expenses)	(68,737)	(73,809)
Fair value of plan assets at end of year	$2,613,307	$2,812,230
Reconciliation of Funded Status		
Funded Status	$ 385,422	$ 530,864
Unamortized transition asset	(68,115)	(106,195)
Unamortized loss	370,791	294,842
Prepaid benefit costs	$ 688,098	$ 719,511

10. Pension Plan (Cont'd)

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

	Years ended June 30,		
	2001	2000	1999
Service cost	$156,846	$194,154	$207,386
Interest cost	114,610	125,634	137,739
Actual return on plan assets	(158,893)	(167,133)	(209,038)
Net amortization and deferred items	(22,705)	(26,549)	(29,694)
Net pension cost	$ 89,858	$126,106	$106,393
Plan contributions by MPAL	$172,000	$180,000	$220,000

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

	2001	2000	1999
Assumed discount rate	5.5%	6.0%	6.0%
Rate of increase in future compensation levels	4.0%	4.5%	4.5%
Expected long term rate of return on plan assets	6.0%	6.5%	6.0%
Australian exchange rate	$.51	$.60	$.67

11. 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:

	Years ended June 30,		
	2001	2000	1999
Revenues:			
MPC	$ 1,185	$ 980	$ 895
MPAL	14,336	16,927	13,925
Elimination of intersegment dividend	(621)	(760)	(705)
Total consolidated revenues	$14,900	$17,147	$14,115

11. Segment information (Cont'd)

<TABLE>
<CAPTION>

	Years ended June 30,		
	2001	2000	1999
Interest income:			
<S>	<C>	<C>	<C>
MPC	$ 171	$ 174	$ 183
MPAL	720	643	534
Total consolidated	$ 891	$ 817	$ 717

Net income (loss):			
MPC	$ 291	$ (64)	$ (89)
MPAL	1,402	2,314	1,739
Elimination of intersegment dividend	(621)	(760)	(705)
Consolidated net income	$ 1,072	$ 1,490	$ 945
Assets:			
MPC	$ 17,297	$ 19,115	$ 19,804
MPAL	33,496	40,153	41,130
Equity elimination	(13,295)	(15,292)	(15,788)
Total consolidated assets	$ 37,498	$ 43,976	$ 45,146
Other significant items:			
Depletion, depreciation and amortization:			
MPC	$ -	$ -	$ -
MPAL	3,474	3,670	2,357
Total consolidated	$ 3,474	$ 3,670	$ 2,357
Exploratory and dry hole costs:			
MPC	$ -	$ 124	$ 50
MPAL	1,624	1,965	2,009
Total consolidated	$ 1,624	$ 2,089	$ 2,059
Income tax expense (benefit):			
MPC	$ 109	$ 114	$ 105
MPAL	966	66	(157)
Total consolidated	$ 1,075	$ 180	$ (52)

</TABLE>

12. 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, 2001	2000	1999
Revenue:			
<S>	<C>	<C>	<C>
Australia	$14,336	$16,927	$13,924
United States	172	177	191
Canada	392	43	-
	$14,900	$17,147	$14,115
Operating income (loss):			
Australia/New Zealand	$ 3,029	$ 4,038	$ 3,144
Belize	(7)	(80)	(351)
United States	365	94	(46)
	3,387	4,052	2,747
Corporate overhead and interest, net of other income (expense)	89	(173)	(176)

Consolidated operating income before income taxes and minority interests	$ 3,476	$ 3,879	$ 2,571
Net income (loss):			
Australia	$ 1,419	$ 2,332	$ 1,945
Belize	(4)	(42)	(178)
United States	(343)	(800)	(822)
	$ 1,072	$ 1,490	$ 945
Identifiable assets:			
Australia	$33,498	$40,152	$41,130
United States	-	100	169
	33,498	40,252	41,299
Corporate assets	4,000	3,724	3,847
	$37,498	$43,976	$45,146

</TABLE>

Substantially all of MPAL's gas sales were to the Power and Water Authority (PAWA) of the Northern Territory of Australia (NTA). Most of MPAL's crude oil production was sold to the Mobil Port Stanvac Refinery near Adelaide.

13. Other financial information

<TABLE>
<CAPTION>

	Years ended June 30, 2001	2000	1999
Costs and expenses - Other			
<S>	<C>	<C>	<C>
Consultants	$ 84,569	$ 91,524	$ 160,684
Directors' fees and expense	166,862	210,449	200,373
Insurance	163,666	166,004	189,765
Interest expense	16,531	19,093	19,259
Rent	183,780	193,098	167,947
Taxes	174,333	195,305	158,925
Travel	129,118	97,110	145,046
Other (net of overhead reimbursements)	(202,082)	(251,328)	(277,496)
	$ 716,777	$ 721,255	$ 764,503
Royalty payments	$ 1,326,455	$ 1,508,146	$ 1,224,149
Interest payments	$ 16,531	$ 19,093	$ 19,259
Income tax payments	$1,752,371	$ 239,750	$ 105,370

</TABLE>

14. 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, 2001 and 2000: See Management's Discussion and Analysis of Financial Condition and Results of Operations.

<TABLE>

<CAPTION>

2001	QTR 1	QTR 2	QTR 3	QTR 4
	($)	($)	($)	($)
<S>	<C>	<C>	<C>	<C>
Total revenues	3,868	3,823	3,529	3,680
Costs and expenses	(2,460)	(3,574)	(2,092)	(3,298)
Income tax (provision) benefit	(478)	(114)	(489)	6
Minority interests	(538)	(157)	(527)	(107)
Net income (loss)	392	(22)	421	281
Per share (basic & diluted)	.01	-	.02	.01
Average number of shares outstanding	25,108	25,091	24,967	24,772

2000	QTR 1	QTR 2	QTR 3	QTR 4
	($)	($)	($)	($)
Total revenues	3,630	4,622	4,282	4,614
Costs and expenses	(2,931)	(4,209)	(2,700)	(3,428)
Income tax (provision) benefit	(228)	531	(491)	8
Minority interests	(328)	(615)	(594)	(673)
Net income (loss)	143	329	497	521
Per share (basic & diluted)	.01	.01	.02	.02
Average number of shares outstanding	25,209	25,209	25,209	25,209

</TABLE>

MAGELLAN PETROLEUM CORPORATION
SUPPLEMENTARY OIL AND GAS INFORMATION
(unaudited)

June 30, 2001

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 (Bcf)		Oil (1,000 Bbls)
Proved Reserves:	Australia (*)	Canada (**)	Australia
<S>	<C>	<C>	<C>
June 30, 1998	85.167	-	915
Revision of previous estimates	.011	-	20
Extensions and discoveries	1.258	-	-
Production	(5.898)	-	(205)
June 30, 1999	80.538	-	730
Revision of previous estimates	(3.902)	-	(62)

Extensions and discoveries	-	-	-
Production	(6.047)	-	(172)
	-------		-----
June 30, 2000	70.589	-	496
Revision of previous estimates	(16.788)	.724	175
Extensions and discoveries	3.963	-	-
Production	(5.595)	(.137)	(148)
	-------	------	-----
June 30, 2001	52.169	.587	523
	======	======	======
Proved Developed Reserves:			
June 30, 1998	85.167	-	915
	======	=====	===
June 30, 1999	80.538	-	730
	======	=====	===
June 30, 2000	70.589	-	496
	======	=====	===
June 30, 2001	52.169	.587	496
	======	=====	===

(*) The amount of proved reserves applicable to the Palm Valley and Mereenie fields only reflects the amount of gas committed to specific contracts. Approximately 48.7% of reserves are attributable to minority interests at June 30, 2001 (48.8% for 2000 and 49.1% for 1999).
(**) On January 19, 2001, MPC's carried interest account in the Kotaneelee reached undisputed payout status.
</TABLE>

Costs of oil and gas activities (in thousands):

Australia/New Zealand

Fiscal Year	Exploration Costs	Development Costs
2001	$ 1,622	$ 2,266
2000	2,001	2,080
1999	1,648	3,757

Americas

Fiscal Year	Exploration Costs	Acquisition Costs
2001	$ 2	$ -
2000	17	-
1999	81	-

Capitalized costs subject to depletion, depreciation and amortization (DD&A) (in thousands):

June 30, 2001

	Australia	Americas	Total
Costs subject to DD&A	$40,367	$ -	$40,367
Costs not subject to DD&A	-	-	-
Less accumulated DD&A	(23,885)	-	(23,885)
	---------	--------	---------
Net capitalized costs	$16,482	$ -	$16,482
	=======	=======	=======

	June 30, 2000		
	Australia	Americas	Total
Costs subject to DD&A	$ 45,666	$ -	$ 45,666
Costs not subject to DD&A	-	100	100
Less accumulated DD&A	(24,025)	-	(24,025)
Net capitalized costs	$ 21,641	$ 100	$ 21,741

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, 2001. For the fiscal years 2000 and 1999, Australia was the only cost center with proved reserves. At June 30, 2001, approximately 48.7% (48.8% for 2000 and 49.1% for 1999) of the reserves and the respective discounted future net cash flows are attributable to minority interests.

<TABLE>
<CAPTION>

	Australia		
	2001	2000	1999
<S>	<C>	<C>	<C>
Future cash inflows	$90,984	$120,385	$144,116
Future production costs	(15,339)	(16,696)	(17,917)
Future development costs	(9,421)	(7,896)	-
Future income tax expense	(17,740)	(26,482)	(42,288)
Future net cash flows	48,484	69,311	83,911
10% annual discount for estimating timing of cash flows	(16,837)	(25,261)	(30,590)
Standardized measures of discounted future net cash flows	$ 31,647	$ 44,050	$ 53,321

	Canada		
	2001	2000	1999
Future cash inflows	$1,831	None	None
Future production costs	(444)		
Future development costs	(40)		
Future income tax expense	(337)		
Future net cash flows	1,010		
10% annual discount for estimating timing of cash flows	(134)		
Standardized measures of discounted future net cash flows	$ 876		

	Total		
	2001	2000	1999
Future cash inflows	$92,815	$120,385	$144,116
Future production costs	(15,783)	(16,696)	(17,917)
Future development costs	(9,461)	(7,896)	-
Future income tax expense	(18,077)	(26,482)	(42,288)
Future net cash flows	49,494	69,311	83,911
10% annual discount for estimating timing of cash flows	(16,971)	(25,261)	(30,590)
Standardized measures of discounted future net cash flows	$ 32,523	$ 44,050	$ 53,321

</TABLE>

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

<TABLE>
<CAPTION>

<S>	2001 <C>	2000 <C>	1999 <C>
Net change in prices and production costs	$ 725	$ 1,123	$ 952
Extensions and discoveries	4,895	-	1,123
Revision of previous quantity estimates	(9,997)	929	(62)
Changes in estimated future development costs	(3,968)	(8,831)	-
Sales and transfers of oil and gas produced	(7,254)	(7,990)	(6,033)
Previously estimated development cost incurred during the period	2,266	-	893
Accretion of discount	4,134	4,372	3,966
Net change in income taxes	3,028	6,344	386
Net change in exchange rate	(5,356)	(5,218)	3,844
	$(11,527)	$(9,271)	$ 5,069

</TABLE>

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 have been limited to the quantities of gas committed to specific contracts.

Reserves and Costs - Oil

At June 30, 2001, 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, 2001. 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.$13,892,000, A.$13,248,000, and A.$13,081,000 in unrecouped capital expenditures at June 30, 2001, 2000 and 1999, respectively. The tax rate in computing Australian future income tax expense was 30% for the fiscal year 2001 and 34% for 2000 and 1999.

Canada

For financial statements purposes in fiscal 1987 and 1988, MPC wrote down its costs relating to the Kotaneelee gas 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. On January 19, 2001, MPC's carried interest account in the Kotaneelee gas field reached undisputed payout status. During the 4th quarter of the fiscal year 2001, MPC began accruing its share of Kotaneelee net proceeds as income.

Reserves and Costs

Future net cash flows from net proved gas reserves in Canada were based on MPC'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. $4.70 at June 30, 2001 and estimated future production and development costs at June 30, 2001.

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, 2001:
<TABLE>
<CAPTION>

	Americas			Australia/New Zealand		
	2001	2000	1999	2001	2000	1999
Revenues:						
Oil sales	$ -	$ 2	$ 7	$4,639	$4,634	$ 2,566
Gas sales	392	43	-	8,144	10,466	9,640
Other production income	-	-	-	835	1,225	1,180
Total revenues	392	45	7	13,618	16,325	13,386
Costs:						
Production costs	2	2	14	3,490	4,490	4,358
Depletion, exploratory and dry hole costs	2	88	410	4,973	5,264	3,905
Total costs	4	90	424	8,463	9,754	8,263
Income (loss) before taxes and minority interest	388	(45)	(417)	5,155	6,571	5,123
Income tax provision*	(133)	-	-	(1,753)	(2,365)	(1,844)
Income before minority interests	255	(46)	(417)	3,402	4,206	3,279
Minority interests**	1	17	177	(1,657)	(2,054)	(1,610)
Net income (loss) from operations	$ 256	$ (62)	$ (240)	$ 1,745	$ 2,154	$ 1,669
Depletion per unit of production	-	-	-	A.$5.33	A.$4.27	A.$2.73

</TABLE>

* Income tax provision 34% in 2001,36 % in 2000 and 36% in 1999.
**Minority interests 48.7% in 2001, 48.8 % in 2000 and 49.1% in 1999.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

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 Item 13 - Certain Relationships and Related Transactions, see the Proxy Statement of Magellan Petroleum Corporation relative to the Annual Meeting of Stockholders for the fiscal year ended June 30, 2001, 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.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) (1) Financial Statements.

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

(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.

(b) Reports on Form 8-K.

On May 24, 2001, the Company filed a Current Report on Form 8-K to report that the Kotaneelee gas field in Canada reached undisputed payout status on January 19, 2001.

(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.

(b) Copy of the By-Laws, as amended filed as exhibit 4(c) to Form S-8 Registration Statement, filed on January 14, 1999 is incorporated herein by reference.

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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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, is incorporated filed as Exhibit 10(m) to Annual Report on Form 10-K for the year ended June 30, 1999 is incorporated herein by reference.

(n) Employment Agreement between James R. Joyce and Magellan Petroleum Corporation dated January 1, 2000 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.

None.

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 Ernst & Young LLP filed herein
2 Consent of Paddock Lindstrom & Associates, Ltd. filed herein.

24. Power of attorney.

None.

99. Additional Exhibits.

None.

(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/ James R. Joyce

James R. Joyce, President

Dated: September 21, 2001

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.

/s/ Donald V. Basso	/s/ James R. Joyce
Donald V. Basso Director	James R. Joyce Director, President and Chief Executive Officer, Chief Financial and Accounting Officer
Dated: September 21, 2001	Dated: September 21, 2001
/s/ Hedley Howard	/s/ Walter McCann
Hedley Howard Director	Walter McCann Director
Dated: September 21, 2001	Dated: September 21, 2001
/s/ Timothy L. Largay	/s/ Ronald P. Pettirossi

----------------------------------   ---
Timothy L. Largay   Ronald P. Pettirossi
Director   Director

Dated: September 21, 2001   Dated: September 21, 2001
        --------------------------   ------------------------------------

INDEX TO EXHIBITS

10. (n) Employment Agreement between James R. Joyce and Magellan Petroleum Corporation dated January 1, 2000.

21. Subsidiaries of the Registrant.

23. 1 Consent of Independent Auditors.
    2 Paddock Lindstrom & Associates, Ltd.

MAGELLAN PETROLEUM CORPORATION

EMPLOYMENT AGREEMENT

Employment Agreement dated as of January 1, 2000 by and between Magellan Petroleum Corporation, a Delaware corporation (the "Company") and James R. Joyce, an individual residing in Madison, Connecticut (the "Executive").

1. Employment. Executive shall be employed as President and Chief Executive Officer of Magellan Petroleum Corporation effective as of January 1, 2000, (the "Effective Date") and shall report only to the Board of Directors of the Company. The term (the "Term") of Executive's employment shall be three years from the Effective Date. Executive shall give notice to the Company of his desire to continue employment beyond the Term on or before December 31, 2001. Executive shall devote as much of his business time, energies, attention and ability to the business of the Company as shall be reasonably necessary to fulfill his duties as chief executive officer of the Company. The Executive may continue to be employed by G&O'D Inc. ("G&O'D") and may continue to provide services to other companies. The Executive shall not be required to relocate during the Term from the Madison, Connecticut area.

2. Salary. Executive shall receive a base salary of $150,000 for 2000, $155,000 for 2001 and $160,000 for 2002, to be paid in equal monthly installments in advance not later than the sixth day of each month. This base salary may be supplemented by any merit increase, bonuses or additional compensation approved by the Company's Board of Directors.

3. Pension Plan. The Company shall adopt a SEP/IRA plan and shall make an annual contribution of 15% of Executive's total compensation to the plan.

4. Insurance Coverage. The Company shall reimburse G&O'D at the rate of $500 per month for a share of Executive's medical premiums.

The Company shall purchase a disability income policy on the Executive which will provide for a monthly disability benefit of $8,200 per month until the Executive reaches age 65. 5. Reimbursements and G&O'D Fees.

(a) Business Expenses. The Company shall pay or reimburse Executive for expenses reasonably incurred in the performance of his duties on behalf of the Company upon presentation of appropriate documentation thereof and in accordance with established Company policy;

(b) Rent. The Company shall reimburse G&O'D INC for a share of the cost of maintaining and operating Executive's office. The amount shall be set at $1,666.67 per month until it is changed by mutual agreement;

(c) G&O'D Fees. The Company shall continue to pay G&O'D fees computed in the same manner as previously billed for the staff personnel (excluding Executive) who directly provide services to the Company.

6. Termination; Rights Upon Termination.

6.1 Termination. Executive's employment with the Company shall be terminated upon the occurrence of any of the following:

(a) On December 31, 2002, unless it is extended by mutual agreement of the parties; (b) Executive's resignation, death or Disability; (c) A Change in Control (as defined hereafter) of the Company; (d) Three months' written notice by the Company to Executive terminating his employment without Cause. (e) Termination of Executive's employment by the Company with Cause.

6.2 Rights Upon Termination. In the event that:

(a) the employment of the Executive is terminated by reason of the Executive's resignation or Disability, then the Company shall pay and provide to the Executive at the time otherwise due under this agreement all amounts through the end of the month in which the termination occurs, but reduced by any payments received by Executive under any insurance plan, program or policy paid for by the Company;

(b) The employment of the Executive is terminated by reason of the Executive's death, then the Company shall pay and provide to the Executive's designated beneficiary, at the time otherwise due under this agreement, one year's base salary at the rate then in effect;

(c) The employment of the Executive is terminated by the Company for Cause, then the Company shall pay to the Executive at the time otherwise due all compensation and benefits accrued through the time of termination;

(d) The employment of the Executive is terminated without Cause, or by reason of a Change in Control, then the Company shall pay the Executive within ten business days of such termination the balance of his salary for the remainder of the Term.

7. Definitions.

7.1 "Cause" shall be limited to and mean only the following:

(a) Misappropriating any funds or property of the Company;

(b) Attempting to obtain any personal profit from any transaction in which the Executive has an interest which is adverse to the interest of the Company, unless Executive shall have first obtained the consent of the Board of Directors;

(c) Neglect or unreasonable refusal to perform the duties assigned to Executive under or pursuant to this Agreement;

(d) Being convicted of any felony or an offense involving moral turpitude.

7.2 "Disability" shall be deemed to have occurred when Executive shall be unable to perform the duties of his employment with the Company for an aggregate period of more than 90 days in a consecutive period of 52 weeks, due to physical or mental impairment (other than as a result of addiction to alcohol or any drug) as determined by a physician acceptable to the Company and Executive.

7.3 "Change of Control." For the purpose of this Agreement, a Change of Control shall mean:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"))(a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 7.3; or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company (or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company. Anything herein to the contrary notwithstanding, if the Incumbent Board (as defined in Section 7.3(b) hereof, including the provided however clause) by a majority vote of directors then in office, consents in advance to any action, event, or occurrence set forth in Sections 7.3(a), (b), (c) or (d) hereof which would otherwise be deemed to be a Change in Control, such action, event, or occurrence shall not be deemed to be a Change in Control.

8. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit to the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by act by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it.

9. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

10. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

James R. Joyce
c/o G&O'D Inc.
149 Durham Road
Oak Park - Unit 31
Madison, Connecticut 06443

If to the Company:

Magellan Petroleum Corporation
c/o Murtha, Cullina, Richter and Pinney LLP
CityPlace I
185 Asylum Street
Hartford, Connecticut 06103-3469

Attention: Timothy L. Largay, Esq.

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute on and the same instrument.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

/s/ James R. Joyce
Executive

MAGELLAN PETROLEUM CORPORATION

By /s/ Timothy L. Largay
Timothy L. Largay
Secretary

EXHIBIT 21

Subsidiaries of the Registrant

<TABLE>
<CAPTION>

Subsidiary	State of Incorporation	Ownership
----------	----------------------	---------
<S>	<C>	<C>
Magellan Petroleum Australia Limited	Queensland,.Australia	51.3%

The following subsidiaries are owned directly or indirectly by Magellan Petroleum Australia Limited:

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%

</TABLE>

EXHIBIT 23.1

Consent of Independent Auditors

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 14, 2001 with respect to the consolidated financial statements of Magellan Petroleum Corporation included in this Annual Report (Form 10-K) for the year ended June 30, 2001.

/s/ Ernst & Young LLP

Stamford, Connecticut
September 26, 2001

Exhibit 23.2

Consent of Independent Petroleum Engineers

The undersigned firm of Independent Petroleum Engineers, of Calgary, Alberta, Canada, knows that it is named as having prepared an evaluation of the interests of Canada Southern Petroleum Ltd., dated August 21, 2001, prepared for filings with the Securities and Exchange Commission on Form 10-K for the year ended June 30, 2001, 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

L. K. Lindstrom, P. Eng.
President