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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

**FORM 8-K**

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) January 24, 2006

**Magellan Petroleum Corporation**

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(Exact Name of Registrant as Specified in Its Charter)

Delaware

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(State or Other Jurisdiction of Incorporation)

1-5507

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(Commission File Number)

06-0842255

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(IRS Employer Identification No.)

10 Columbus Boulevard, Hartford, CT

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(Address of Principal Executive Offices)

06106

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(Zip Code)

860-293-2006

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(Registrant's Telephone Number, Including Area Code)

Not Applicable

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(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### Item 8.01 Other Events

On January 24, 2006, Magellan Petroleum Corporation (the “Company”) announced that its Board of Directors has increased the exchange ratio and added a cash component pursuant to the terms of its ongoing exchange offer (the “Offer”) to acquire all of the ordinary shares of Magellan Petroleum Australia Limited (“MPAL”) (Australian Stock Exchange – code MAG) that it does not currently own. Magellan currently has a 55.13% ownership interest in MPAL. Under the terms of the revised Offer, Magellan is offering to exchange 0.75 of a share of Magellan common stock and A\$0.10 in cash consideration for each outstanding minority MPAL share.

A copy of the Company’s press release dated January 24, 2006 regarding the revised terms of the Exchange Offer is filed herewith as Exhibit 99.1 and is hereby incorporated by reference.

On January 24, 2006, the Company filed a Supplementary Bidder’s Statement with the Australian Securities and Investments Commission and the Australian Stock Exchange to reflect the revised terms of the Exchange Offer.

A copy of the Company’s Supplementary Bidder’s Statement is filed herewith as Exhibit 99.2 and is hereby incorporated by reference.

### Item 9.01 Financial Statements and Exhibits

#### (c) Exhibits

99.1 Press Release of the Company, dated January 24, 2006, regarding the Exchange Offer.

99.2 Supplemental Bidder’s Statement of the Company, dated January 24, 2006.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

MAGELLAN PETROLEUM CORPORATION

By: /s/ Daniel J. Samela

Name: Daniel J. Samela

Title: President, Chief Executive

Officer And Chief Financial Officer

Dated: January 24, 2006

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**MAGELLAN PETROLEUM CORPORATION  
ANNOUNCES REVISED TERMS OF THE  
EXCHANGE OFFER FOR MINORITY INTEREST  
IN MAGELLAN PETROLEUM AUSTRALIA LIMITED**

HARTFORD, Conn., United States, SYDNEY, Australia January 24, 2006 – Magellan Petroleum Corporation (NASDAQ Capital Market — trading symbol MPET) (“Magellan”) today announced that its Board of Directors has increased the exchange ratio and added a cash component to the terms of its ongoing exchange offer (the “Offer”) to acquire all of the ordinary shares of Magellan Petroleum Australia Limited (“MPAL”) (Australian Stock Exchange – code MAG) that it does not currently own. Magellan currently has a 55.13% ownership interest in MPAL.

Under the terms of the revised Offer, Magellan is offering to exchange 0.75 of a share of Magellan common stock and A\$0.10 in cash consideration for each outstanding MPAL share that it does not currently own (the “Minority Shares”). Based on Magellan’s closing share price of US\$2.23 on January 20, 2006 on the NASDAQ Capital Market and that day’s A\$/US\$ exchange rate of 0.75, the revised terms of the Offer provide the holder of each Minority Share with A\$2.23 in market value in Magellan stock plus A.\$0.10 in cash for a total value of A\$2.33. The proposed consideration in aggregate for the MPAL Minority Shares is A\$48.8 million based on the above. If the Offer is successful, the holders of MPAL’s Minority Shares will be entitled to receive either newly issued shares of Magellan’s common stock or CHESS Depository Interests (“CDIs”) representing Magellan shares, which will be listed and traded on the Australian Stock Exchange (“ASX”).

Magellan’s Chairman, Mr. Walter McCann, said today he believes “this is a rare and not-to-be-missed opportunity for MPAL shareholders to provide liquidity to their investment, and to do so at an attractive premium to the present market value of MPAL”.

**Offer Timing and Conditions**

Magellan has extended its Offer period to 9 March 2006.

A Supplementary Bidder’s Statement, outlining the revised terms of the Offer and other matters, was lodged today with the Australian Securities and Investments Commission and will be dispatched to holders of the MPAL Minority Shares shortly. The Company previously announced its intention to make the Offer on October 18, 2005. On October 31, 2005, Magellan filed with the U.S. Securities and Exchange Commission a Registration Statement on Form S-4 (SEC File No. 333-129329), which contains the prospectus/proxy statement to be used by the Company in connection with the issuance and sale of Magellan Shares in the Offer.

The Offer formally commenced on December 16, 2005, when a copy of the Company’s Bidder’s Statement, dated November 29, 2005, was sent to MPAL shareholders in Australia. The Bidder’s Statement was also filed as an Exhibit to the Company’s Form S-4 Registration Statement on December 15, 2005.

The Offer is subject to certain conditions including Magellan acquiring at least 90% of MPAL's outstanding shares on or before the end of the prescribed Offer Period, and approval of the issuance of Magellan common stock in the Offer by Magellan's shareholders at the upcoming 2005 annual meeting of shareholders, which is scheduled to take place in Hartford, Connecticut on February 23, 2006.

Other conditions to the Offer are more fully described in "Terms of the Offer," included as Appendix A to the Company's Bidder's Statement dated November 29, 2005, a copy of which was also included in Exhibit 99.1 to the Company's Form 8-K filed with the SEC on October 18, 2005.

#### **Forward Looking Statements**

Statements in this release which are not historical in nature are intended to be, and are hereby identified as, forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. These statements about Magellan and MPAL relate to their businesses and prospects, revenues, expenses, operating cash flows, the benefits of the proposed Offer, and other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Among these risks and uncertainties are the successful completion of the Offer, pricing and production levels from the properties in which Magellan and MPAL have interests, the extent of the recoverable reserves at those properties, the future outcome of the negotiations for gas sales contracts for the remaining uncontracted reserves at both the Mereenie and Palm Valley gas fields in the Amadeus Basin, including the likelihood of success of other potential suppliers of gas to the current customers of Mereenie and Palm Valley production. In addition, MPAL has a large number of exploration permits and faces the risk that any wells drilled may fail to encounter hydrocarbons in commercially recoverable quantities. Any forward-looking information provided in this release should be considered with these factors in mind. Magellan assumes no obligation to update any forward-looking statements contained in this release, whether as a result of new information, future events or otherwise.

This press release is for informational purposes only and shall not constitute an offer to sell or a solicitation of an offer to buy any securities of Magellan. The offer to exchange Magellan shares for MPAL shares will be made only by Magellan's Bidder's Statement and prospectus/proxy statement. Magellan has filed with the Securities and Exchange Commission a Registration Statement on Form S-4, which contains a prospectus/proxy statement in connection with the proposed Exchange Offer.

The Company expects that this Registration Statement will become effective on or about January 27, 2006. The Company intends to mail, on or about January 30, 2006, its final prospectus/proxy statement and 2005 annual report for its 2005 annual meeting of shareholders to its shareholders of record as of January 6, 2006. Shareholders of Magellan are advised to read the prospectus/proxy statement when they receive it, because it will contain important information. The final prospectus/proxy statement (when available) and other relevant documents may also be obtained, free of charge, on the Securities and Exchange Commission's website (<http://www.sec.gov>) or by request from the contacts listed below.

Magellan and certain persons may be deemed to be participants in the solicitation of proxies relating to the proposed Offer. The participants in such solicitation may include Magellan's

executive officers and directors. Further information regarding persons who may be deemed participants will be available in Magellan's final prospectus/proxy statement to be used in connection with the proposed Offer.

If MPAL Shareholders have any questions in relation to the Offer, they should call the information line on 1300 551 398 if calling within Australia or +613 9415 4303 if calling from outside Australia.

Magellan's Offer is scheduled to close at 7:00 p.m. (Sydney time) on 9 March 2006 unless extended further. MPAL Shareholders must submit their Acceptance Forms so as to be received by Magellan's share registry, by that time.

**For Further Information:**

In the United States:

Daniel J. Samela, President and Chief Executive Officer of Magellan –  
Tel: +1 (860) 293-2006

W. Gregory Robertson, TM Capital Corp –  
Tel: +1 (212) 809-1410

In Australia:

Paul Young/Peter Fraser, Baron Partners Limited (Corporate Adviser to Magellan)  
Sydney, +61 (2) 9232 5500



**Supplementary Bidder's Statement for the Offer by Magellan Petroleum Corporation (ARBN 117 452 454) to acquire all the Shares it does not already own in Magellan Petroleum Australia Limited (ACN 009 728 581)**

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ANNEXURE A – Offer Consideration

**PREAMBLE**

This document is a Supplementary Bidder's Statement, dated 24 January 2006, given pursuant to Division 4 of Part 6.5 of the Corporations Act 2001 in compliance with the requirements of Section 645 of the Corporations Act ("**Supplementary Bidder's Statement**").

It is the first Supplementary Bidder's Statement prepared by Magellan Petroleum Corporation ("**Magellan**") in relation to the Offer from Magellan to acquire all the ordinary shares in Magellan Petroleum Australia Limited ("**MPAL**") contained in Appendix A of Magellan's Bidder's Statement dated 29 November 2005 ("**Original Bidder's Statement**").

This Supplementary Bidder's Statement supplements, and should be read together with, the Original Bidder's Statement.

Defined terms used in this Supplementary Bidder's Statement are capitalised and have the meaning given to them in Section 12 of the Original Bidder's Statement.

This Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Original Bidder's Statement.

*This document contains important information and requires your immediate attention. If you are in any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional adviser as soon as possible. If you have any queries about this document, the Offer or how to accept the Offer, please call the shareholder information line on **1300 551 398** (within Australia) or **+61 3 9415 4303** (outside Australia). In accordance with legal requirements, calls to these numbers will be recorded.*

**MAGELLAN EXTENDS THE CLOSING DATE OF ITS OFFER TO 9 MARCH 2006**



**MAGELLAN PETROLEUM CORPORATION**

**CHAIRMAN'S LETTER**

24 January 2006

Dear MPAL Shareholder,

We are pleased to be writing to you once again in connection with our offer to acquire MPAL Shares, as more fully detailed in the Original Bidder's Statement.

In this Supplementary Bidder's Statement we:

- o increase the consideration being offered by over **26%\*** to a value of **A\$2.00** ("**Revised Benchmark Offer Consideration**"), by:
  - increasing the share swap ratio to 7.5 Magellan Shares for every 10 MPAL Shares; and
  - adding 10 cents of cash per MPAL share ("**Additional Cash Consideration**"). ("**Revised Offer**");
- o extend our Offer until 9 March 2006;
- o highlight the negative impact on MPAL which emerges from the recent Northern Territory Government announcement in respect of uncontracted Mereenie gas beyond 2009;
- o correct the shortcomings and inconsistencies made by PricewaterhouseCoopers Securities Ltd ("**PwC**"), MPAL's independent expert, in its valuation analysis contained in MPAL's Target's Statement, to more properly reflect relative values and the level of dilution in asset values that MPAL Shareholders would experience under the Offer;
- o emphasise the liquidity of Magellan Shares trading on NASDAQ; and
- o state why, in our opinion, we believe the Revised Offer is attractive to MPAL Shareholders.

The Revised Benchmark Offer Consideration of **A\$2.00** per MPAL Share compares favourably to:

- **A\$1.39** – the latest closing price for MPAL Shares..... **a premium of 44%**
- **A\$1.35** – closing price of MPAL on Offer Announcement Date..... **a premium of 48%**

Those MPAL Shareholders who have already accepted the Offer will be entitled to the higher consideration outlined herein, if the Revised Offer is successful.

To accept the Revised Offer you should follow the instructions on the acceptance form enclosed with our Original Bidder's Statement, or call the shareholder information line on **1300 551 398** (within Australia) or **+61 3 9415 4303** (outside Australia) for further details.

Yours sincerely

**Walter McCann**, Chairman

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\* Compared to the initial Benchmark Offer Consideration of A\$1.582, as per the Original Bidder's Statement. Throughout this document a US\$/A\$ exchange rate of 0.75 is assumed.

## **2. INCREASE IN OFFER CONSIDERATION**

### **2.1 Improvement in Share Swap Ratio, and addition of Cash Component**

Magellan has increased its Offer Consideration to **7.5** Magellan Shares for every **10** MPAL Shares.

In addition, Magellan will pay 10 cents cash for each MPAL Share.

### **2.2 Value of Revised Offer**

Magellan's Revised Offer:

- (a) is equivalent to **A\$2.00** per MPAL Share;
- (b) represents an increase in excess of **26%** over the Benchmark Offer Consideration of A\$1.582 outlined in the Original Bidder's Statement; and
- (c) values MPAL at **A\$93.4 million**, an increase of approximately **A\$19.5 million** in the capitalised value of MPAL (despite the negative implications in regard to the Northern Territory Government announcement – see Section 3.1 below);

The MPAL capitalised value of A\$93.4 million under the Offer is significantly higher than MPAL's current market capitalisation of A\$64.9 million.

The value of Magellan's Offer Consideration will depend, ultimately, on Magellan's Share price. Magellan Shares trade on NASDAQ and the Boston Stock Exchange at prices which vary from day to day and hour to hour. Accordingly, the value of the Offer Consideration varies. Please see Annexure A of this Supplementary Bidder's Statement for further discussion on the potential variations in the value of the Offer Consideration.

The increase in the share-swap ratio will result in Magellan issuing approximately 15.7 million new Magellan Shares. The Additional Cash Consideration amounts to an outlay of approximately A\$2.1 million to holders of MPAL Shares, excluding Magellan.

### **2.3 Funding of the Additional Cash Consideration**

#### **(a) Source of Funding of the Additional Cash Consideration**

Magellan currently holds, and at the time at which the Additional Cash Consideration is likely to be paid is forecast to hold, sufficient cash to effect the payment.

#### **(b) Payment of the Additional Cash Consideration**

The Additional Cash Consideration will be paid on or before the later of:

- (i) one month after the date MPAL Shareholders validly accept the Offer; or
- (ii) one month after the date the Offer becomes or is declared unconditional,

and in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.

### **2.4 Amendments to the Pro Forma Statement of Financial Performance**

As a result of the Revised Offer, the pro forma statement of financial position in Section 4.2 of the Original Bidder's Statement will change. The key changes are as follows:

- (a) Cash, cash equivalents and marketable securities decreases by US\$1.57 million;
- (b) Goodwill increases by US\$8.10 million;
- (c) Deferred income tax liability increases by US\$0.40 million; and
- (d) Shareholders' equity increases by US\$6.13 million.

Revised pro forma balances are not shown here as these can be derived arithmetically from the above information.

Magellan will include revised, updated pro forma financial statements in the final prospectus/proxy statement to be mailed by Magellan to its U.S. shareholders on or about 30 January 2006. A copy of this prospectus/proxy statement may be obtained without charge from Magellan at its website, [www.magpet.com](http://www.magpet.com), or at the U.S. Securities and Exchange Commission's website: [www.sec.gov](http://www.sec.gov).

### 3 IMPORTANT DEVELOPMENTS

#### 3.1 Northern Territory Government Announcement

On 23 December 2005, shortly after lodging its Target's Statement which recommended rejection of Magellan's Offer, MPAL advised the Australian Stock Exchange and the market of an important announcement by the Northern Territory Government in regard to gas supplies beyond 2009.

MPAL presently supplies gas from its Mereenie field to the Northern Territory's Power and Water Corporation. Supply agreements expire by June 2009.

The Northern Territory Government announcement confirmed the signing of a heads of agreement with a third party, Eni Australia Limited by which they will work together exclusively to negotiate the necessary commercial terms of a gas sale agreement for the supply of gas from the Blacktip field to meet the Northern Territory's long term gas requirements from 2009.

MPAL published a supplementary target's statement on 3 January 2006 which stated that the approximate value of the uncontracted gas sales from the Mereenie field beyond 2009 was A\$19.3 million, as used in PwC's valuation of MPAL for the Target's Statement. It is likely that MPAL's potential market for Mereenie's uncontracted gas beyond 2009 will now be lost and that the value of those gas sales may reduce to nil.

The mid-point value of MPAL as determined by PwC in the Target's Statement was A\$96 million (that is, A\$2.06 per share). Taking into account the full value of the likely loss of uncontracted Mereenie gas sales beyond 2009, we estimate that the notional intrinsic value of MPAL would be A\$76.7 million (that is, A\$1.65 per share), a reduction of approximately A\$19.3 million.

#### 3.2 MPAL's Target's Statement

MPAL's independent directors recommended rejection of the original Offer on the basis of the report of the independent expert.

Magellan believes that MPAL's Target Statement contains fundamental shortcomings particularly within the PwC report:

- When assessing the value of the Magellan, it appears that PwC did not give due consideration to the market value of Magellan Shares which we believe yields a more accurate value of Magellan for the following reasons:
  - Non-controlling, minority shareholders in a company, by definition, would not have, and cannot expect to have, direct access to a company's underlying net asset base or 'intrinsic value'; and
  - Magellan is offering the non-controlling, minority shareholders of MPAL securities in a company which is a going concern and which has an active market in its shares in the United States.
- PwC, in its assessment of intrinsic values, uses two different methodologies in determining the 'negative value' of corporate costs in each of MPAL and Magellan.
- PwC, in valuing Magellan and MPAL, applies a discount to Magellan's consolidated intrinsic value to differentiate between controlling share value and minority share value, but compares this only to a controlling share value for MPAL.

The financial effects of those inconsistencies are both absolute and relative:

- We believe that the true value of Magellan is measured by the trading performance of its shares. The market for Magellan's Shares is particularly active on NASDAQ in the United States (see comparisons in section 4 below). As stated in PwC's independent expert's report, the volume weighted average price of Magellan Shares in the 38 days after the announcement of the Offer was US\$1.70. This exceeds PwC's assessment which values Magellan's mid-point post transaction intrinsic value as US\$1.34 per Magellan Share (after successful completion of the Offer).

- The volume weighted average price of Magellan Shares in the period subsequent to the Northern Territory Government's announcement (see above in section 3.1) is approximately **US\$1.90**. Shortly before the completion and printing of this Supplementary Bidder's Statement, the closing price for Magellan Shares was **US\$2.23**.
- PwC's inconsistent calculation of the negative value of Magellan's corporate costs results in an understatement, in our opinion, of US\$4.6 million in the overall intrinsic value of Magellan (US\$0.114 per Magellan Share, post-completion of the Offer).
- PwC has assumed a minority discount factor of 20% in their assessment of Magellan's intrinsic share value on the basis that "there will not be any single dominant shareholders post merger, which serves to reduce the discount". In our opinion, the discount causes an understatement of US\$13.75 million in PwC's overall intrinsic value for Magellan (US\$0.34 per Magellan Share, post-completion of the Offer).
- If the PwC mid-point valuation of the intrinsic value of Magellan was extrapolated for the likely loss of uncontracted Mereenie gas sales beyond 2009, the flaws identified above, and the Revised Offer parameters (including the 10 cent cash outlay), the pro forma value of the Revised Offer increases appreciably. PwC assessed the value of the Offer (using intrinsic values) as A\$1.25 per MPAL Share. An extrapolated and up-dated figure, in Magellan's opinion, is A\$1.46 per MPAL Share – an increase of 17% over PwC's assessment of A\$1.25 per MPAL Share.

Magellan's firm opinion remains, however, that using the intrinsic value of a company in assessing an offer value provides an erroneous valuation as minority interests cannot, by definition, extract value directly from the underlying assets of a going-concern company in which they hold securities. We believe the true value of a company lies in the market value of its securities.

#### 4 REASONS WHY THE REVISED OFFER IS ATTRACTIVE

##### 4.1 Combination of Shares and Cash

Magellan values the Revised Benchmark Offer Consideration, including the cash component if applicable, at **A\$2.00** per MPAL share.

##### 4.2 Premium

This Revised Benchmark Offer Consideration of **A\$2.00** per MPAL Share compares favourably to:

- o **A\$1.39** – the latest closing price for MPAL Shares..... **a premium of 44%**
- o **A\$1.35** – closing price on Offer Announcement Date..... **a premium of 48%**

##### 4.3 Liquidity

Magellan Shares have a highly liquid trading profile on NASDAQ as compared with MPAL Shares trading on the ASX, as illustrated in the table below:

|          | Average Trading Volume on NASDAQ or ASX in calendar 2005 |           |
|----------|--|-----------|
|          | Monthly  | Daily     |
| Magellan | 13.9 million   | > 660,000 |
| MPAL     | 560,000  | 27,600    |

##### 4.4 Dilution

If the Offer is successful, minority MPAL Shareholders as a whole would forego their 44.87% interest in MPAL for a lesser 37.9% interest in the larger, combined group of Magellan.

The dilutionary impact, however, is justifiable for the following reasons:

- o A significant value premium is being offered by Magellan;
- o A cash component of 10 cents per MPAL Share is now a part of the Revised Offer; and
- o Magellan owns other, non-MPAL assets.

In assessing Magellan's initial Offer in its Target's Statement, the MPAL independent directors pointed out that the dilutionary impact was 8.6% in absolute terms. Magellan has recognised this and acted to address, at least in part, the perceived negativity. The Revised Offer (if the cash component was notionally taken as Magellan Shares) translates to a dilutionary impact of only 5.7%. This remaining dilution, in Magellan's opinion, is adequately compensated for by the premium represented by the Revised Benchmark Offer Consideration.

**For the reasons outlined above, we believe the Revised Offer is HIGHLY ATTRACTIVE to MPAL Shareholders, and we urge all Shareholders to accept the Offer.**

## 5 NOTICES

### 5.1 Section 650D Notice

Magellan hereby gives notice under Section 650D of the Corporations Act that it varies the Offer contained in Appendix A of the Original Bidder's Statement by:

(i) **Increase in Offer Consideration**

increasing the Offer Consideration to 7.5 Magellan Shares for every 10 MPAL Shares and an additional 10 cents cash for each MPAL Share. Accordingly, all references to:

- (A) "7 Magellan Shares for every 10 MPAL Shares" in the Original Bidder's Statement is taken to be deleted and replaced with "7.5 Magellan Shares for every 10 MPAL Shares and an additional 10 cents cash for each MPAL Share"; and
- (B) the issue of "up to 14,700,000 new Magellan Shares" in the Original Bidder's Statement is taken to be deleted and replaced with "up to 15,750,000 new Magellan Shares".

In accordance with Section 650B(2A) of the Corporations Act, but subject to Clause 6 of Appendix A of the Original Bidder's Statement, all MPAL Shareholders who accept, or have accepted, the Offer will be paid the additional 10 cents cash per MPAL Share at the same time as they are provided with the Offer Consideration; and

(ii) **Extension of Offer Period**

extending the period during which the Offer will remain open for acceptance until 7.00 pm (Sydney time) on 9 March 2006. Accordingly, the Original Bidder's Statement is hereby amended by replacing all references to "16 February 2006" in the Original Bidder's Statement with references to "9 March 2006".

### 5.2 Section 630(2) Notice – Conditions of the Offer

Magellan hereby gives notice under Section 630(2) of the Corporations Act that:

- (i) the Offer is not free from any of the conditions set out in Clause 7 of Appendix A of the Original Bidder's Statement;
- (ii) so far as it is aware, none of the conditions set out in Clause 7 of Appendix A of the Original Bidder's Statement were fulfilled as at the date of this Supplementary Bidder's Statement; and
- (iii) the new date range in Clause 7.6 of Appendix A of the Original Bidder's Statement under Section 630 of the Corporations Act as to the status of conditions in Clause 7 of Appendix A of the Original Bidder's Statement is "between 23 February and 1 March" 2006.

## 6 ASIC CLASS ORDER 01/1543

As permitted by Class Order 01/1543, this Supplementary Bidder's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or ASX. The Class Order permits certain statements to be included in this Supplementary Bidder's Statement without the consent of the person to whom the statement was attributed where the statement was made in a document lodged with ASIC or ASX.

Pursuant to the Class Order, Magellan will make available a copy of the following documents (or extracts from those documents), free of charge to MPAL Shareholders who request it during the Offer Period:

- (a) MPAL's Target Statement, and
- (b) MPAL's Supplementary Target's Statement.

To obtain a copy of these documents (or the relevant extracts), MPAL Shareholders may call the shareholder information line on 1300 551 398 if calling from within Australia or +613 9415 4303 if calling from outside Australia. As required under the Corporations Act, if any telephone communication is undertaken with MPAL Shareholders on the above numbers, those calls will be recorded, indexed and stored.

#### **7 APPROVAL OF SUPPLEMENTARY BIDDER'S STATEMENT AND NOTICES**

This Supplementary Bidder's Statement and the notices pursuant to Sections 630(2) and 650D of the Corporations Act herein have each been approved by resolutions passed by all of the Directors.

This Supplementary Bidder's Statement and the notices pursuant to Section 630(2) and 650D of the Corporations Act herein are each dated 24 January 2006.

Signed for and on behalf of Magellan Petroleum Corporation

/s/ Walter J. McCann

**Walter J. McCann**  
**Chairman**

/s/ Donald V. Basso

**Donald V. Basso**  
**Director**

/s/ Timothy L. Largay

**Timothy L. Largay**  
**Director**

/s/ Ronald P. Pettrossi

**Ronald P. Pettrossi**  
**Director**

A copy of this Supplementary Bidder's Statement and the notices pursuant to Sections 630(2) and 650D of the Corporations Act herein were lodged with ASIC and sent to MPAL on 24 January 2006. Neither ASIC nor any of its officers takes any responsibility as to the contents of this Supplementary Bidder's Statement or the notices pursuant to Sections 630(2) and 650D of the Corporations Act herein.



## ANNEXURE A – OFFER CONSIDERATION

The value of Magellan’s Offer Consideration will depend, ultimately, on Magellan’s Share price. The table below illustrates a range of possible values and is designed to assist MPAL Shareholders in making a determination of the value of the Offer. Magellan Shares trade on NASDAQ and the Boston Stock Exchange at prices which vary from day-to-day and hour-to-hour.

In addition, the US\$/A\$ exchange rate varies from day-to-day.

Accordingly, the value of the Offer Consideration varies. Prices may be higher or lower than those illustrated.

| Magellan<br>Share Price<br>US\$              | Exch<br>Rate | Offer<br>Ratio | Value of Share<br>Component<br>A\$ | Cash<br>Component<br>A\$ | Total Value<br>A\$ | Offer Premium On:             |                 |
|--|--------------|----------------|------------------------------------|--------------------------|--------------------|-------------------------------|-----------------|
|  |              |                |                                    |                          |                    | MPAL Pre                      | Adjusted PwC    |
|  |              |                |                                    |                          |                    | Announcement<br>Closing Price | Intrinsic Value |
| 1.70   | 0.75         | 0.75           | 1.70                               | 0.10                     | 1.80               | 33%                           | 9%              |
| 1.75   | 0.75         | 0.75           | 1.75                               | 0.10                     | 1.85               | 37%                           | 12%             |
| 1.80   | 0.75         | 0.75           | 1.80                               | 0.10                     | 1.90               | 41%                           | 15%             |
| 1.85   | 0.75         | 0.75           | 1.85                               | 0.10                     | 1.95               | 44%                           | 18%             |
| 1.90   | 0.75         | 0.75           | 1.90                               | 0.10                     | 2.00               | 48%                           | 21%             |
| 1.95   | 0.75         | 0.75           | 1.95                               | 0.10                     | 2.05               | 52%                           | 24%             |
| 2.00   | 0.75         | 0.75           | 2.00                               | 0.10                     | 2.10               | 56%                           | 27%             |
| 2.05   | 0.75         | 0.75           | 2.05                               | 0.10                     | 2.15               | 59%                           | 30%             |
| 2.10   | 0.75         | 0.75           | 2.10                               | 0.10                     | 2.20               | 63%                           | 33%             |
| 2.15   | 0.75         | 0.75           | 2.15                               | 0.10                     | 2.25               | 67%                           | 36%             |
| <b>Revised Benchmark Offer Consideration</b> |              |                |                                    |                          |                    |                               |                 |
| 1.90 (VWAP)*                                 | 0.75         | 0.75           | 1.90                               | 0.10                     | 2.00               | 48%                           | 21%             |

\* VWAP is the volume weighted average share price of Magellan – source: Bloomberg — in the period since 23 December 2005 (the date of the Northern Territory Government announcement)