

**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): May 19, 2010 (May 13, 2010)

Magellan Petroleum Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-5507

(Commission File Number)

06-0842255

(IRS Employer Identification No.)

7 Custom House Street, Portland, ME

(Address of Principal Executive Offices)

04101

(Zip Code)

207-619-8500

(Registrant's Telephone Number, Including Area Code)

(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))

Item 8.01 Other Events

On May 18, 2010, Magellan Petroleum Corporation (the “Company”) announced that the Company has signed a term sheet (the “Term Sheet”) with its strategic investor, Young Energy Prize S.A. (“YEP”) embodying an agreement in principle for YEP’s purchase from the Company of an additional 5,200,000 shares of the Company’s Common Stock at a purchase price per share of \$3.00, for an aggregate price of \$15.6 million. Currently, YEP owns approximately 27% of the outstanding shares of the Company’s Common Stock, calculated as if the warrants to purchase shares of such stock held by YEP were fully exercised. The financing transaction set forth in the Term Sheet, upon completion, would result in YEP owning approximately 33% of the outstanding shares of the Company’s Common Stock, calculated as if such warrants were fully exercised.

Upon completion of the transaction, the Company would also grant customary registration rights to YEP with respect to the Shares. The Term Sheet also provides for certain percentage-maintenance rights for YEP, certain restrictions on transfers of the Shares and certain standstill obligations. The financing transaction set forth in the Term Sheet is subject to the negotiation, execution and delivery of definitive documentation and the Company’s receipt of a favorable fairness opinion.

The Term Sheet was the result of a negotiation between a special committee of non-management independent members of the Board of Directors of the Company and YEP and was signed on May 13, 2010. A copy of the Term Sheet is attached hereto as Exhibit 99.1 and is hereby incorporated herein by reference.

On May 18, 2010, the Company issued a press release to announce the signing of the Term Sheet. A copy of the Company’s May 18, 2010 press release is attached hereto as Exhibit 99.2 and is hereby incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

The following exhibits are filed herewith:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Term Sheet dated May 10, 2010, between the Company and Young Energy Prize S.A.
99.2	Company press release, dated May 18, 2010.

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/ WILLIAM H. HASTINGS

Name: **William H. Hastings**

Title: **President and Chief Executive Officer**

Dated: May 19, 2010

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Term Sheet dated May 10, 2010, between the Company and Young Energy Prize S.A.
99.2	Company press release, dated May 18, 2010.

MAGELLAN PETROLEUM CORPORATION
TERM SHEET
COMMON STOCK INVESTMENT AND PLACEMENT
MAY 10, 2010

Issuer: Magellan Petroleum Corporation (the "Company")

Purpose Facilitate the Evans Shoal Transaction

Purchaser Young Energy Prize, S.A. (the "Purchaser")

Purchase Approximately \$15.6 million, being such amount as will bring the total stockholdings of the Purchaser and affiliates in the Company to approximately 33% of the outstanding shares of common stock as if the Purchaser exercised the outstanding warrant held by such Purchaser (the "Purchase"), subject to the satisfaction or waiver of closing conditions, including but not limited to the receipt of a favorable fairness opinion (see "Closing Conditions" below)

Purchase Price \$3.00 per share

Other related transactions The Purchaser will provide material leadership and support, and working cooperatively with the Company's Board and Business Development Committee to maximize shareholder value, shall identify sources of subsequent investment for the advancement of the Evans Shoal project and provide guidance for the completion of such financing so it is received by the Company no later than October 31, 2010,

Closing The closing of the transaction shall take place on or before the acquisition of Evans Shoal.

Restrictions on Transfer The Purchaser shall agree not to transfer any common stock acquired in the Purchase prior to December 31, 2012, without the prior approval of the Company, which approval will not be unreasonably withheld. Subject to the foregoing, the Company shall grant registration rights to the Purchaser for the common stock purchased by it, consistent with the registration rights previously granted to the Purchaser.

Percentage maintenance rights For a period ending December 31, 2012, the Purchaser shall have the right to purchase its pro rata portions of subsequently issued equity securities at the issue prices thereof, except securities issued: (i) to employees and others pursuant to the Company's equity incentive plans; (ii) upon the exercise of options, warrants or convertible securities by the holders thereof.

Company duties The Company shall rely on the effort and diligence of the Special Transaction Committee (Committee), counsel to such Committee and the advice of, and a fairness opinion prepared by, the Company's financial advisor in developing the final terms and conditions of this agreement. With the advice of counsel, the Committee has considered the Company's duties in assessing related party transactions, including, but not limited to those arising under the Revlon doctrine, and has concluded that the recommended transaction would be prudent and in the best interest of the shareholders of the Company, in conformance with legal requirements and would allow the Company to advance the Evans Shoal transaction.

Closing Conditions The closing shall be subject to the satisfaction of customary closing conditions for transactions of this kind, including but not limited to the receipt by the Company of a favorable fairness opinion from the financial advisor to the Committee.

Status Quo Maintenance The Purchaser shall agree for a period ending December 31, 2012 not to, without the approval of the Company: (i) acquire shares of capital stock in the Company; (ii) initiate, conduct, encourage or participate in (A) any proxy contest to elect directors of the Company in opposition to nominees of the Company's Compensation, Nominating and Governance Committee or for any proposal for stockholder approval or (B) any unsolicited tender offer to acquire capital stock of the Company; or (iii) take any other action which is customarily prohibited by standstill agreements or provisions entered in to in connection with transactions of a similar kind.

Expenses At or promptly after the Closing, the Company shall pay or reimburse the Purchaser for the reasonable, documented expenses incurred by the Purchaser (not to exceed \$00,000)as a result of the negotiation of the terms and conditions of, and the preparation, negotiation, execution and delivery of definitive documents for, the investment made by the Purchaser at such closing. Expenses incurred by the Purchaser (to be discussed and agreed upon) in connection with material support provided by the Purchaser in advancing the Evans Shoal transaction, will be reimbursed by the Company

Definitive Documents The definitive documents for the Purchase shall be drafted in the first instance by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P. C., counsel to the Committee, and shall be finalized by discussion and negotiation between the Purchaser and the Committee and their respective counsel and other representatives.

The foregoing summary is intended as an outline and does not purport to include all the terms and conditions to be contained in definitive investment agreements.

MAGELLAN PETROLEUM CORPORATION

BY: /s/ William H. Hastings
Name: William H. Hastings
Title: President

YOUNG ENERGY PRIZE S.A.

By: /s/ Nikolay V. Bogachev
Name: Nikolay V. Bogachev
Title: Chairman, President & CEO



**MAGELLAN PETROLEUM CORPORATION
ANNOUNCES ADDITIONAL \$15.6 MILLION INVESTMENT
BY ITS STRATEGIC INVESTOR**

PORTLAND, Maine, May 18, 2010 — Magellan Petroleum Corporation (NASDAQ: MPET) (ASX: MGN) announced that the Company has signed a term sheet (the "Term Sheet") with Young Energy Prize S.A. ("YEP"), a Luxembourg corporation, embodying an agreement in principle for an additional equity investment in the Company of \$15.6 million. Currently, YEP owns approximately 27% of the outstanding shares of the Company's Common Stock, calculated as if the warrants to purchase shares of such stock held by YEP were fully exercised. The financing transaction set forth in the Term Sheet, upon completion, would result in YEP owning approximately 33% of the Company's Common Stock, calculated as if such warrants were fully exercised. The Term Sheet is subject to the negotiation, execution and delivery of definitive documentation and the Company's receipt of a favorable fairness opinion.

YEP, the Company's strategic investor since July 2009, is a European firm targeting investments in the exploitation of underdeveloped oil and gas fields and in energy small-cap, equity issues. YEP has informed the Company that it may make its investment in part through the ECP Fund, SICAV-FIS (the "ECP Fund"), a specialized investment fund based in Luxembourg. Closing of YEP's additional investment is related to the payment of Evans Shoal planning work and the second Evans Shoal disbursement to Santos Limited and will be set to be consistent with the Company's future commitment dates for Evans Shoal development. The Company expects the closing to occur within 120 days and the Term Sheet contemplates an outside closing date of October 31, 2010.

Magellan's President and Chief Executive Officer, William H. Hastings said, "This is the first step in the financing process for the purchase of a 40% interest in the Evans Shoal field, offshore Australia. We are working other, parallel initiatives which, when complete, will yield major new investment in the Company. We expect to use the majority of equity funding for the purchase of the field interest and the planning, testing, analysis, and drilling of Evans Shoal subject to the Evans Shoal Joint Venture sanction and approval. A portion of the proceeds will go towards project development in addition to proceeds from other parallel initiatives."

Walter McCann, Magellan's Chairman of the Board, stated, "Progress continues with regard to our plans to build a strong Company with new, attractive assets. We remain positive that continued methodical, step-by-step efforts will yield strong value for our shareholders in the future."

Nikolay V. Bogachev is Chairman and CEO of YEP. Of the financing transaction, he said "YEP continues to believe in Magellan's business models and, based on recent key progress, wishes to invest further in Magellan."

J. Thomas Wilson, First Vice President of YEP said “This is the first step toward an ambitious plan building key assets in strategic, low-cost areas to supply energy for the inevitable future demand growth in Asia.”

Investment Terms

Under the Term Sheet, YEP would acquire an additional 5,200,000 shares of the Company’s Common Stock (the “Shares”) at a price of \$3.00 per share (the “Transaction”), pursuant to a securities purchase agreement to be negotiated. The Company would also grant customary registration rights to YEP with respect to the Shares. The Term Sheet also provides for certain percentage-maintenance rights for YEP, certain restrictions on transfers of the Shares and certain standstill obligations. The purchase price is approximately 71% above the closing price of the Company’s Common Stock calculated as of the close of trading on May 17, 2010. After completion of the Transaction, YEP’s ownership position in the Company would include approximately 20.5 million shares and approximately 4.4 million shares issuable under YEP’s existing warrants, or approximately 33% of the outstanding shares of the Company’s Common Stock, calculated as if the warrants held by YEP were fully exercised.

Messrs. Bogachev and Wilson are members of the Company’s Board of Directors and are contemplated to continue to serve.

Canaccord Adams, Inc., of Boston, Massachusetts, is serving as the Company’s financial adviser with respect to the Transaction.

The Company intends to file with the SEC a current report on Form 8-K to announce the signing of the Term Sheet and a subsequent current report on Form 8-K which will include as exhibits copies of the securities purchase agreement and an investor’s agreement providing for registration rights, percentage-maintenance rights, restrictions on transfer and standstill obligations, at such time as those agreements are executed by the parties to the Transaction.

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 Shares to be sold to YEP in the private placement have not been registered under the Securities Act of 1933, as amended, or state securities laws, and may not be offered or sold in the United States without being registered with the U.S. Securities and Exchange Commission (“SEC”) or through an applicable exemption from SEC registration requirements. The Shares are being offered and sold only to YEP. The Term Sheet provides that Magellan will grant customary registration rights to YEP for the resale of the Shares to be issued in the private placement.

About Magellan

Magellan’s common stock is quoted on the NASDAQ Capital Market (symbol: MPET) and on the Australian Stock Exchange in the form of CDI’s (symbol: MGN). The Company is engaged in the sale of oil and gas resulting from the exploration for and development of oil and gas reserves. Magellan’s most significant assets are its 100% equity ownership interest in Magellan Petroleum Australia Limited (“MPAL”) and its 83.7% interest in all zones surface to deep at the Poplar Dome fields, Roosevelt Co., Montana. MPAL also has signed an agreement to acquire a 40% equity interest in the Evans Shoal gas field, offshore Northern Territory, Australia. Magellan and MPAL also hold various override and working interest holdings elsewhere in the United Kingdom and in Canada.

About YEP

YEP was founded in 2007 by recognized entrepreneur Nikolay V. Bogachev, who has had partnerships with major oil companies in developing earlier investments. YEP is building a portfolio of energy investments worldwide with current efforts within Australia and in Africa. The ECP Fund, SICAV-FIS is a Specialized Investment Fund in Luxembourg – a regulated vehicle under the supervision of the Commission de Surveillance du Secteur Financier (CSSF) there. The ECP Fund, SICAV-FIS is managed by an entity that is independent of its investors.

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For further information, please contact:

William H. Hastings, President and CEO of Magellan, (207) 619-8501

Susan Filipos, Interim Chief Financial Officer and Controller of Magellan, (207) 619-8503

Forward- Looking Statements

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