

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark one)

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

For the quarterly period ended March 31, 1997

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 (I.R.S. Employer
incorporation or organization) Identification No.)

149 Durham Road, Madison, Connecticut 06443

.....
(Address of principal executive offices) (Zip Code)

203-245-7664

.....
(Registrant's telephone number, including area code)

.....
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days.

Yes No

The number of shares outstanding of the issuer's single class of common
stock as of May 12, 1997 was 24,851,245.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MAGELLAN PETROLEUM CORPORATION

CONSOLIDATED BALANCE SHEET
(unaudited)

<TABLE>
<CAPTION>

| | March 31, 1997 | June 30, 1996 |
|------------|-------------------|------------------|
| <S> ASSETS | <C> | <C> |

| | | |
|---|--------------|---------------|
| Current assets: | | |
| Cash and cash equivalents | \$12,203,348 | \$ 11,278,957 |
| U. S. Government securities | 946,946 | - |
| Accounts receivable | 1,606,136 | 2,496,085 |
| Reimbursable development costs | 126,236 | 237,112 |
| Inventories | 282,397 | 371,925 |
| | ----- | ----- |
| Total current assets | 15,165,063 | 14,384,079 |
| | ----- | ----- |
| Property and equipment: | | |
| Oil and gas properties (full cost method) | 69,654,257 | 65,621,151 |
| Land, buildings and equipment | 1,893,165 | 2,328,174 |
| Field equipment | 1,484,959 | 1,621,561 |
| | ----- | ----- |
| | 73,032,381 | 69,570,886 |
| Less accumulated depletion, depreciation and amortization | (28,213,108) | (26,053,222) |
| | ----- | ----- |
| Net property and equipment | 44,819,273 | 43,517,664 |
| | ----- | ----- |
| Other assets | 518,769 | 519,759 |
| | ----- | ----- |
| | \$60,503,105 | \$58,421,502 |
| | ===== | ===== |
| LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,529,980 | \$ 1,504,167 |
| Accrued liabilities | 940,502 | 1,041,372 |
| Income tax payable | - | 1,980,817 |
| | ----- | ----- |
| Total current liabilities | 2,470,482 | 4,526,356 |
| | ----- | ----- |
| Long term liabilities: | | |
| Deferred income taxes | 10,749,859 | 9,054,117 |
| Reserve for future restoration costs | 3,895,475 | 3,902,909 |
| | ----- | ----- |
| | 14,645,334 | 12,957,026 |
| | ----- | ----- |
| Minority interests: | 19,605,265 | 18,966,281 |
| | ----- | ----- |
| Stockholders' equity: | | |
| Common stock, par value \$.01 per share: | | |
| Authorized 50,000,000 shares | | |
| Outstanding 24,851,245 and 24,691,245 shares | 248,512 | 246,912 |
| Capital in excess of par value | 43,410,176 | 43,244,901 |
| | ----- | ----- |
| | 43,658,688 | 43,491,813 |
| Deficit | (17,098,155) | (18,735,378) |
| Foreign currency translation adjustments | (2,778,509) | (2,784,596) |
| | ----- | ----- |
| Total stockholders' equity | 23,782,024 | 21,971,839 |
| | ----- | ----- |
| | \$60,503,105 | \$58,421,502 |
| | ===== | ===== |

</TABLE>

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MAGELLAN PETROLEUM CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

<TABLE>

<CAPTION>

| | Three months ended | | Nine months ended | | |
|---|--------------------|--------------|-------------------|--------------|------------|
| | March 31, 1997 | 1996 | March 31, 1997 | 1996 | |
| <S> | <C> | <C> | <C> | <C> | |
| Revenues: | | | | | |
| Oil sales | \$ 1,692,263 | \$ 1,620,607 | \$ 5,328,738 | \$ 4,469,217 | |
| Gas sales | 2,925,565 | 2,475,558 | 8,636,923 | 7,148,921 | |
| Other production related revenues | | 364,631 | 222,018 | 1,134,186 | 962,106 |
| Interest income | 193,464 | 161,415 | 644,043 | 483,267 | |
| Gain on sale of assets | - | 290,311 | - | 290,311 | |
| | 5,175,923 | 4,769,909 | 15,743,890 | 13,353,822 | |
| Costs and expenses: | | | | | |
| Production costs | 1,251,602 | 1,361,096 | 3,647,038 | 3,423,556 | |
| Salaries and employee benefits | | 398,609 | 410,402 | 1,337,026 | 1,327,934 |
| Depletion, depreciation and amortization | 947,925 | 761,164 | 2,762,024 | 2,257,059 | |
| Auditing, accounting and legal services | 87,819 | 158,506 | 339,242 | 596,481 | |
| Shareholder communications | | 25,434 | 32,429 | 159,619 | 162,141 |
| Other | 302,572 | 14,005 | 672,239 | 632,493 | |
| Interest | 9,381 | 7,558 | 40,216 | 22,856 | |
| | 3,023,342 | 2,745,160 | 8,957,404 | 8,422,520 | |
| Income before income taxes and minority interests | | 2,152,581 | 2,024,749 | 6,786,486 | 4,931,302 |
| Income tax provision | | 759,330 | 724,036 | 2,754,292 | 2,175,881 |
| Income before minority interests | | 1,393,251 | 1,300,713 | 4,032,194 | 2,755,421 |
| Minority interests | | 738,670 | 706,041 | 2,394,971 | 1,762,846 |
| Net income | \$ 654,581 | \$ 594,672 | \$ 1,637,223 | \$ 992,575 | |
| Average number of shares outstanding | | 24,851,245 | 24,599,370 | 24,761,695 | 24,572,495 |
| Net income per share | | \$.03 | \$.02 | \$.07 | \$.04 |

</TABLE>

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(unaudited)

<TABLE>

<CAPTION>

| | Number of shares | Capital in | | Accumulated | | Total |
|----------------------------------|---------------------|-----------------|------------------------|----------------|----------------------------|--------------|
| | | Common stock | excess of par value | Deficit | translation adjustments | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| June 30, 1996 | 24,691,245 | \$246,912 | \$43,244,901 | \$(18,735,378) | \$(2,784,596) | \$21,971,839 |
| Net income | - | - | 1,637,223 | - | 1,637,223 | |
| Currency translation adjustments | - | - | - | 6,087 | 6,087 | |
| Exercise of stock options | 160,000 | 1,600 | 165,275 | | | 166,875 |
| March 31, 1997 | 24,851,245 | \$248,512 | \$43,410,176 | \$(17,098,155) | \$(2,778,509) | \$23,782,024 |

</TABLE>

Item 1. Financial Statements

MAGELLAN PETROLEUM CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

<TABLE>
<CAPTION>

| | Nine months ended March 31, | |
|--|--------------------------------|--------------|
| | 1997 | 1996 |
| | ----- | ----- |
| <S> | <C> | <C> |
| Operating Activities: | | |
| Net income | \$ 1,637,223 | \$ 992,575 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depletion, depreciation and amortization | 2,762,024 | 2,257,059 |
| Deferred income taxes | 1,695,742 | 1,967,245 |
| Minority interests | 2,394,971 | 2,712,179 |
| Increase (decrease) in operating assets and liabilities: | | |
| Accounts receivable | 829,802 | 145,655 |
| Reimbursable development costs | 104,815 | (25,626) |
| Other assets | (16,333) | (151,952) |
| Inventories | 78,613 | (87,867) |
| Income tax payable | 1,977,044 | - |
| Accounts payable and accrued liabilities | (156,971) | (184,078) |
| | ----- | ----- |
| Net cash provided by operating activities | 7,352,842 | 7,625,190 |
| | ----- | ----- |
| Investing Activities: | | |
| Purchase of U.S. Government securities | (946,946) | - |
| Net additions to property and equipment | (4,145,561) | (3,815,625) |
| | ----- | ----- |
| Net cash used in investing activities | (5,092,507) | (3,815,625) |
| | ----- | ----- |
| Financing Activities: | | |
| Dividends to MPAL minority shareholders | (1,778,622) | (1,619,104) |
| Exercise of MPC stock options | 166,875 | 134,000 |
| | ----- | ----- |
| Net cash used in financing activities | (1,611,747) | (1,485,104) |
| | ----- | ----- |
| Effect of exchange rate changes on cash and cash equivalents | 275,803 | 202,620 |
| | ----- | ----- |
| Net increase in cash and cash equivalents | 924,391 | 2,527,081 |
| Cash and cash equivalents at beginning of year | 11,278,957 | 8,982,582 |
| | ----- | ----- |
| Cash and cash equivalents at end of period | \$12,203,348 | \$11,509,663 |
| | ===== | ===== |

</TABLE>

PART I - FINANCIAL INFORMATION

MAGELLAN PETROLEUM CORPORATION

March 31, 1997

The information for the three and nine month periods ended March 31, 1997 and 1996, is unaudited but includes all adjustments which the Company considers necessary for a fair presentation of the results of operations for those periods. All adjustments are of a normal recurring nature. The consolidated financial statements include the Company's 50.7% owned subsidiary, Magellan Petroleum Australia Limited ("MPAL").

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

Consolidated

At March 31, 1997, the Company on a consolidated basis had approximately \$12,203,000 of cash and cash equivalents. A summary of the major changes in cash items during the period is as follows:

| | |
|--|--------------|
| Cash and cash equivalents at beginning of period | \$11,279,000 |
| Cash provided by operations | 7,353,000 |
| Net additions to property and equipment | (4,146,000) |
| Purchase of U.S. Government securities | (947,000) |
| Dividends paid to MPAL minority shareholders | (1,779,000) |
| Other | 443,000 |
| | ----- |
| Cash and cash equivalents at end of period | \$12,203,000 |

As to the Company (unconsolidated)

At March 31, 1997, Magellan Petroleum Corporation ("MPC"), on an unconsolidated basis, had working capital of approximately \$3,059,000. MPC's normal annual operating budget is approximately \$700,000 and its current cash position and its future dividends from MPAL should be adequate to meet its current cash requirements. During fiscal 1997, MPC has budgeted approximately \$350,000 for oil and gas exploration. MPC also has available a \$1.5 million bank line of credit. MPC has in the past invested and may in the future invest substantial portions of its available funds to maintain its majority interest in MPAL.

PART I - FINANCIAL INFORMATION

MAGELLAN PETROLEUM CORPORATION

March 31, 1997

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Cont'd)

As to MPAL

At March 31, 1997, MPAL had working capital of approximately \$9,635,000. MPAL has budgeted approximately \$5.6 million for exploration in fiscal 1997 in comparison to the \$2.9 million incurred during fiscal 1996. MPAL expects to fund its exploration and development costs through its cash flow from Australian operations, and, if necessary, any additional requirements from its A.\$10 million bank line of credit.

Results of Operations

Three month period ended March 31, 1997 vs. March 31, 1996.

The Company had consolidated net income of \$654,581 for the three month period ended March 31, 1997 compared to net income of \$594,672 for the comparable 1996 period. The components of consolidated net income for the comparable periods were as follows:

Three month period ended
March 31,

| | 1997 | 1996 |
|------------------------------------|--------------|--------------|
| MPC unconsolidated pretax loss | \$ (103,796) | \$ (130,205) |
| MPC income tax | - | (2) |
| Share of MPAL pretax income | 1,143,040 | 1,090,445 |
| Share of MPAL income tax provision | (384,663) | (365,566) |
| Consolidated net income | \$ 654,581 | \$ 594,672 |
| Net income per share | \$.03 | \$.02 |

On April 22, 1997, the Dogwood 140-1 well was spudded in Baca County, Colorado. The well has reached a total depth 4,623 and the drilling rig was released. A work-over rig is presently on site in order to test two potential producing zones. The tests are not yet complete. If the results of the tests are unfavorable, the Company would write off all of the remaining costs associated with the project during the fourth quarter. The estimated after tax charge to net income would be approximately \$1.1 million.

PART I FINANCIAL INFORMATION

MAGELLAN PETROLEUM CORPORATION

March 31, 1997

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Cont'd)

Revenues

Oil sales increased by 4% in the current quarter from \$1,621,000 in 1996 to \$1,692,000 in 1997 because of a 15% increase in oil prices, partially offset by a 12% decrease in the number of units sold. The average value of the Australian dollar also increased 3% during the 1997 period. Oil unit sales in barrels ("bbls") and the average price per barrel sold during the periods indicated were as follows:

<TABLE>
<CAPTION>

| | Three month period ended March 31, | | 1996 Sales | |
|--------------------|------------------------------------|---------------|------------|---------------|
| | 1997 Sales | Average price | bbls | Average price |
| | bbls | per bbl | <C> | per bbl |
| <S> | <C> | <C> | <C> | <C> |
| Australia-Mereenie | 82,490 | A.\$29.25 | 94,223 | A.\$25.39 |

</TABLE>

Gas sales increased 18% to \$2,926,000 in 1997 from \$2,476,000 in 1996 with a 15% increase in the volumes of gas sold and price increases as shown below. The average value of the Australian dollar also increased 3% during the 1997 period. Total gas volumes are expected to continue at least at current levels in the short term. 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>

| | Three month period ended March 31, | | 1996 Sales | |
|---|------------------------------------|---------------|------------|---------------|
| | 1997 Sales | Average price | bcf | Average price |
| | bcf | per mcf | <C> | per mcf |
| <S> | <C> | <C> | <C> | <C> |
| Australia: Palm Valley Alice Springs contract | .296 | A.\$2.95 | .311 | A.\$2.91 |

| | | | | |
|-----------------|--------------|----------|--------------|----------|
| Darwin contract | .755 | A.\$2.03 | .534 | A.\$2.02 |
| Mereenie: | | | | |
| Darwin contract | .392 | A.\$1.81 | .484 | A.\$1.98 |
| Other | .350 | A.\$2.79 | .230 | A.\$2.66 |
| | ---- | | ---- | |
| Total | <u>1.793</u> | | <u>1.559</u> | |
| | ===== | | ===== | |

</TABLE>

PART I - FINANCIAL INFORMATION

MAGELLAN PETROLEUM CORPORATION

March 31, 1997

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Cont'd)

Other production related revenues increased 64% in 1997 to \$364,000 from \$222,000 in 1996. Increased prices and production accounted for the increase in MPAL's share of gas pipeline tariffs during the current period.

Interest income increased 20% in 1997. The increase from \$161,000 in 1996 to \$193,000 in 1997 resulted from the additional funds available for investment and higher interest rates.

Costs and Expenses

Production costs decreased 8% from \$1,361,000 in 1996 to \$1,252,000 in 1997. The 1996 period included the costs of the Palm Valley field reserve study which accounted for the decrease during the current period.

Depreciation, depletion and amortization increased 25% in 1997 to \$948,000 compared to \$761,000 in 1996. The increase reflects an increase in capitalized exploration costs and a 3% increase in the value of the Australian dollar.

Auditing, accounting and legal services decreased 45% from \$159,000 in 1996 to \$88,000 in 1997. The Company has reduced legal costs by consolidating the activities of its legal firms. In addition, the 1996 period included various non-recurring legal disputes and activities which have now been favorably settled.

Other costs increased from \$14,000 in 1996 to \$303,000 in 1997. Because current operations at Palm Valley are relatively inactive, the Company was unable to charge a greater part of its overhead to its Palm Valley partners in the current period as compared to the prior period.

PART I - FINANCIAL INFORMATION

MAGELLAN PETROLEUM CORPORATION

March 31, 1997

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Cont'd)

Income Taxes

A reconciliation of the income tax provisions (in thousands) for the periods is as follows:

Three month period

ended March 31,

| | 1997 ----- | 1996 ----- |
|-----------------------------------|---------------------------|---------------------------|
| Pretax consolidated income | \$2,153 | \$2,025 |
| Losses not recognized: | | |
| MPC's U.S. operations | 104 | 130 |
| MPAL's non Australian operations | 323 | 490 |
| Permanent differences | (472) | (642) |
| Book taxable income | ----- \$2,108 ===== | ----- \$2,003 ===== |
| Australian tax rate | ==== 36% | ==== 36% |
| Australian tax provision | 759 | 721 |
| U.S. tax provision | - | 3 |
| Consolidated income tax provision | ----- \$759 ===== | ----- \$724 ===== |

Exchange Effect

The value of the Australian dollar relative to the U.S. dollar decreased to \$.7860 at March 31, 1997 compared to a value of \$.7947 at December 31, 1996. This resulted in a \$288,000 charge to the foreign currency translation adjustments account for the three month period ended March 31, 1997. The average exchange rate used to translate MPAL's operations in Australia was \$.7784 for the quarter ended March 31, 1997, which is a 3% increase compared to the \$.7562 rate for the quarter ended March 31, 1996.

PART I - FINANCIAL INFORMATION

MAGELLAN PETROLEUM CORPORATION

March 31, 1997

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Cont'd)

Nine month period ended March 31, 1997 vs. March 31, 1996.

The Company had consolidated net income of \$1,637,223 for the nine month period ended March 31, 1997 compared to net income of \$992,575 for the comparable 1996 period. The components of consolidated net income for the comparable periods were as follows:

| | Nine month period ended March 31, | |
|------------------------------------|--------------------------------------|------------------------------|
| | 1997 ----- | 1996 ----- |
| MPC unconsolidated pretax loss | \$ (545,527) | \$ (567,815) |
| MPC income tax | (276,117) | (249,488) |
| Share of MPAL pretax income | 3,714,266 | 2,784,538 |
| Share of MPAL income tax provision | (1,255,399) | (974,660) |
| Consolidated net income | ----- \$1,637,223 ===== | ----- \$ 992,575 ===== |
| Net income per share | ==== \$.07 | ==== \$.04 |

Revenues

Oil sales increased by 19% in the current quarter because of a 19% increase in oil prices which was partially offset by a 3% decrease in the number of units sold. The average value of the Australian dollar also increased 5% during the 1997 period. Oil unit sales in barrels ("bbls") and the average price per barrel sold during the periods indicated were as follows:

<TABLE>
<CAPTION>

| | Nine month period ended March 31, | | | |
|--------------------|-----------------------------------|-----------------------|------------|-----------------------|
| | 1997 Sales | | 1996 Sales | |
| | bbls | Average price per bbl | bbls | Average price per bbl |
| <S> | <C> | <C> | <C> | <C> |
| Australia-Mereenie | 272,000 | A.\$28.18 | 280,155 | A.\$23.64 |

</TABLE>

PART I FINANCIAL INFORMATION

MAGELLAN PETROLEUM CORPORATION

March 31, 1997

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Cont'd)

Gas sales increased 21% with a 9% increase in the volumes of gas sold and price increases as shown below. The average value of the Australian dollar also increased 5% during the 1997 period. Total gas volumes are expected to continue at least at current levels in the short term. 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>

| | Nine month period ended March 31, | | | |
|------------------------|-----------------------------------|-----------------------|------------|-----------------------|
| | 1997 Sales | | 1996 Sales | |
| | bcf | Average price per mcf | bcf | Average price per mcf |
| <S> | <C> | <C> | <C> | <C> |
| Alice Springs contract | .813 | A.\$2.95 | .846 | A.\$2.88 |
| Australia: | | | | |
| Palm Valley | | | | |
| Darwin contract | 1.767 | A.\$2.02 | 1.803 | A.\$2.01 |
| Mereenie: | | | | |
| Darwin contract | 1.541 | A.\$2.02 | 1.383 | A.\$1.93 |
| Other | .987 | A.\$2.74 | .639 | A.\$2.65 |
| | ----- | | ----- | |
| Total | 5.108 | | 4.671 | |
| | ===== | | ===== | |

</TABLE>

Other production related revenues increased 18% from \$962,000 in 1996 to \$1,134,000 in 1997. Increased gas prices and production accounted for the increase in MPAL's share of gas pipeline tariff during the current period.

Interest income increased 33% in 1996. The increase from \$483,000 in 1996 to \$644,000 in 1997 resulted from the combination of additional funds available for investment and higher interest rates.

Costs and Expenses

Production costs increased 7% from \$3,424,000 in 1996 to \$3,647,000 in 1997. The increase relates to an increase in costs at Mereenie and a 5% increase in the value of the Australian dollar.

PART I - FINANCIAL INFORMATION

MAGELLAN PETROLEUM CORPORATION

March 31, 1997

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Cont'd)

Depreciation, depletion and amortization increased 22% in 1997 to \$2,762,000 from \$2,257,000 in 1996. The increase reflects the increase in the number of units sold, an increase in capitalized exploration costs and a 5% increase in the value of the Australian dollar.

Auditing, accounting and legal services decreased 43% from \$596,000 in 1996 to \$339,000 in 1997. The 1997 period includes a credit of \$67,000 for certain legal costs recovered by MPAL in settlement of a 1994 Sagasco tender offer dispute. In addition, the 1996 period included various non-recurring legal disputes and activities which have now been favorably settled and a consolidation of the activities of the Company's legal firms.

Other costs increased 6% from \$632,000 in 1996 to \$672,000 in 1997. The primary reason for the increase is the 5% increase in the value of the Australian dollar.

Income Taxes

A reconciliation of the income tax provisions (in thousands) for the periods is as follows:

| | Nine month period ended March 31, | |
|-----------------------------------|--------------------------------------|---------|
| | 1997 | 1996 |
| Pretax consolidated income | \$6,786 | \$4,931 |
| Losses not recognized: | | |
| MPC's U.S. operations | 546 | 568 |
| MPAL's non Australian operations | 1,104 | 988 |
| Permanent differences | (1,553) | (1,143) |
| Book taxable income | \$6,883 | \$5,344 |
| Australian tax rate | 36% | 36% |
| Australian tax provision | 2,478 | 1,924 |
| U.S. tax provision | 276 | 252 |
| Consolidated income tax provision | \$2,754 | \$2,176 |

PART I - FINANCIAL INFORMATION

MAGELLAN PETROLEUM CORPORATION

March 31, 1997

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Cont'd)

Exchange Effect

The value of the Australian dollar relative to the U.S. dollar decreased to \$.7860 at March 31, 1997 compared to a value of \$.7875 at June 30,

1996. This resulted in a \$6,000 charge to the foreign currency translation adjustments account for the nine month period ended March 31, 1997. The slight decrease in the value of the Australian dollar increased the reported asset and liability amounts in the balance at March 31, 1997 from the June 30, 1996 amounts. The average exchange rate used to translate MPAL's operations in Australia was \$.7874 for the period ended March 31, 1997, which is a 5% increase compared to the \$.7484 rate for the period ended March 31, 1996.

PART II - FINANCIAL INFORMATION

MAGELLAN PETROLEUM CORPORATION

March 31, 1997

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

On March 14, 1997, the Company filed a Current Report on Form 8-K to report that Mr. C. Dean Reasoner, 79, resigned as a director of the Company for health related reasons.

On April 24, 1997, Mr. Ronald P. Pettirossi, 54, was elected a director to fill the vacancy created by Mr. Reasoner's resignation. Mr. Pettirossi is a former audit partner of Ernst & Young LLP, who has worked with public and privately held companies for the past 31 years.

SIGNATURES

Pursuant to the requirements 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

Date: May 13, 1997

By /s/ James R. Joyce

James R. Joyce, President and
Chief Financial and Accounting Officer

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